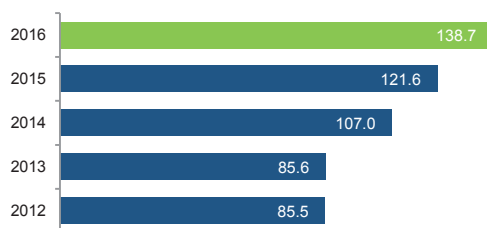
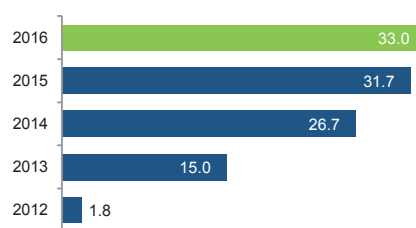


**bet-at-home**  
**.com**



**ANNUAL REPORT**  
**2016**

**Gross betting and gaming revenue (in mEUR)**

**EBITDA (in mEUR)**

**Group and financial key figures**

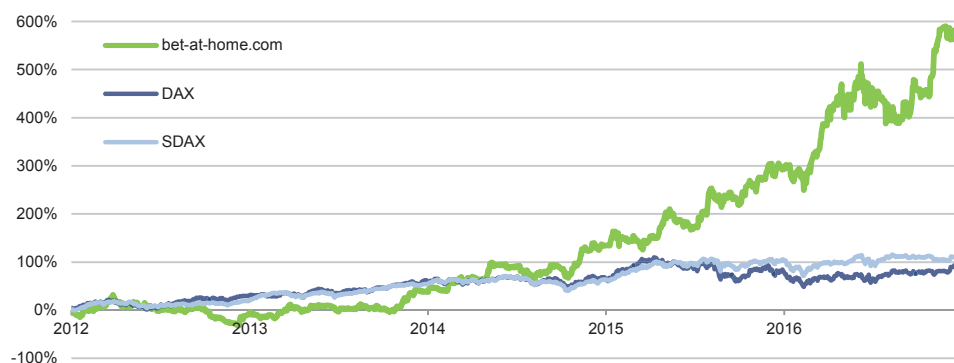
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Betting and gaming volume</b>	<b>EUR'000</b>	<b>2,039,780</b>	<b>1,834,803</b>	<b>2,136,404</b>	<b>2,410,791</b>	<b>2,926,165</b>
Betting volume	EUR'000	597,217	475,224	577,572	614,743	640,392
Gaming volume	EUR'000	1,442,563	1,359,579	1,558,832	1,796,047	2,285,773
<b>Gross betting and gaming revenue</b>	<b>EUR'000</b>	<b>85,458</b>	<b>85,619</b>	<b>107,026</b>	<b>121,608</b>	<b>138,674</b>
thereof sports betting	EUR'000	38,712	41,987	55,676	61,186	66,151
thereof eGaming	EUR'000	46,746	43,632	51,351	60,421	72,523
<b>Net betting and gaming revenue</b>	<b>EUR'000</b>	<b>75,513</b>	<b>74,663</b>	<b>94,744</b>	<b>100,312</b>	<b>112,888</b>
thereof sports betting	EUR'000	34,578	36,770	49,199	49,851	54,008
thereof eGaming	EUR'000	40,935	37,893	45,545	50,461	58,880
<b>EBITDA</b>	<b>EUR'000</b>	<b>1,826</b>	<b>14,982</b>	<b>26,731</b>	<b>31,690</b>	<b>33,044</b>
<b>EBIT</b>	<b>EUR'000</b>	<b>1,190</b>	<b>14,306</b>	<b>25,802</b>	<b>30,764</b>	<b>31,884</b>
<b>Consolidated profit for the period</b>	<b>EUR'000</b>	<b>1,705</b>	<b>14,505</b>	<b>25,643</b>	<b>30,672</b>	<b>31,004</b>

Balance sheet total as at 31.12.	EUR'000	53,453	69,171	94,474	126,775	145,375
Group equity ratio as at 31.12.	%	64.16	64.46	71.40	74.15	75.37
Financial debts and liabilities as at 31.12.	EUR'000	0	0	0	0	0
Liabilities to customers as at 31.12.	EUR'000	9,907	10,317	9,742	9,355	9,508
Number of employees as at 31.12.		230	240	264	264	296
Number of employees (average)		216	245	256	266	289
Registered customers as at 31.12.	mEUR	3.23	3.58	3.98	4.27	4.60

**Stock market indicators**

		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Closing price as at 31.12.	EUR	11.10	16.93	28.84	48.30	79.99
Market capitalisation as at 31.12.	EUR'000	77,900	118,815	202,399	338,969	561,370
Dividend per share	EUR	0.30	0.40	0.60	2.25	7.50*
Dividend	EUR'000	2,105	2,807	4,211	15,791	52,635*
Dividend yield	%	2.70	2.36	2.08	4.66	9.38*
Average daily trading volume	EUR	46,114	35,481	122,119	234,714	869,662
Average daily trading volume	pcs	3,806	2,056	4,968	6,006	13,216
Earnings per share	EUR	0.24	2.07	3.65	4.37	4.42

\* according to the proposed resolution submitted to the Annual General Meeting of Shareholders on 17 May 2017

**Stock chart**


## CONTENTS

<b>COMPANY PROFILE</b> .....	<b>3</b>
<b>REPORT BY THE MANAGEMENT BOARD</b> .....	<b>9</b>
<b>REPORT BY THE SUPERVISORY BOARD</b> .....	<b>15</b>
<b>CORPORATE GOVERNANCE REPORT</b> .....	<b>21</b>
<b>BET-AT-HOME.COM SHARE</b> .....	<b>37</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b> .....	<b>43</b>
<b>CONSOLIDATED STATEMENT OF INCOME</b> .....	<b>47</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b> .....	<b>51</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b> .....	<b>89</b>
<b>STATEMENT OF CHANGES IN IFRS GROUP EQUITY</b> .....	<b>93</b>
<b>SUMMARISED MANAGEMENT REPORT</b> .....	<b>97</b>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	<b>117</b>
<b>IMPRINT</b> .....	<b>121</b>

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Consolidated Statement of Financial Statements	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFRS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--	--------------------------------------	---	------------------------------	------------------------------





Hertha BSC



# COMPANY PROFILE

The bet-at-home.com AG group is active in the domain of online sports betting and online gaming. With 4.6 million registered customers, the listed company and its subsidiaries make up one of the most successful online gaming providers in Europe. The wide-ranging offerings on www.bet-at-home.com include sports betting, casino, poker, games, and virtual sports. In 2016, sports bets were placed on more than 387,000 events in over 75 types of sport alone. bet-at-home.com has companies in Germany, Austria, Malta and Gibraltar. The successful development of the company can be attributed to its 296 employees as at 31 December 2016.

The company holds licences via its Maltese companies for a variety of online sports betting and gaming. The licences allow the company to organise and market online sports betting and online casinos.

Bet-at-home.com was founded in 1999 in Wels, Austria, by Jochen Dickinger and Franz Ömer and in the beginning provided only online sports betting. Thanks to an expansive growth strategy over the past years, bet-at-home.com AG's subsidiaries and second-tier subsidiaries recorded a betting and gaming volume of EUR 2,926.2 million and gross betting and gaming income of EUR 138.7 million in 2016.

#### **bet-at-home.com AG Group structure in detail**

On 31 December 2016, bet-at-home.com AG was listed on the regulated market of the Frankfurt Stock Exchange in the Prime Standard market segment. The core business of the Company's associates is sports betting and casino and poker games, which is exclusively offered online.

The company holds 100% of bet-at-home.com Entertainment GmbH. The company based in Linz, Austria, is mainly responsible for the constant transfer of technology within the Group as well as for further developing its own software. The business in Malta is part of bet-at-home.com Holding Ltd.

Founded in 1999 as a German limited liability company, its capital was increased in 2004 and the company was transformed into a company limited by shares. In December of the same year the company went public on the Frankfurt Stock Exchange. Further capital increases were made in the following years. Since 2009, Betclix Everest SAS Group, a leading French group specialising in online gambling and online sports betting, has been the majority shareholder of bet-at-home.com AG. The following chart illustrates the corporate structure in detail:



## Responsible gaming

The Company is aware of its social responsibility and creates sustainable conditions for using its entertainment – services responsibly. It also intervenes if customers are at risk of developing a gambling addiction so as to protect them from the negative effects as best as possible. In order to meet the high standards and assume the related responsibility, bet-at-home.com undergoes regular and voluntary product tests, which exceed legal requirements, and has been cooperating with organisations such as the Gambling and Dependency Institute, which operates in Austria and Germany, for many years. In addition, the continuously developed anti-fraud department investigates the gaming behaviour of customers, in order to prevent gambling addiction. Voluntary membership in the ESSA and EGBA associations, which were established to promote fair competition for providers offering online gambling, combined with annual voluntary compliance audits by the auditing association for the gambling sector – eCogra – round off our measures in this area.

In addition to its membership with the European Gaming und Betting Association (EGBA) and its new membership with the German Sports Betting Association (DSWV) in 2015, bet-at-home.com became a founding member of the German Online Casino Association (DOCV). All associations campaign for fair and legally sound regulations in the corresponding countries. Bet-at-home.com is also a founding member of the Austrian Association for Betting and Gaming (OWVG), established in September 2016, which lobbies for the creation of clear general conditions such as European standardised regulations, standardised tax rates and legal security for online sports betting and gaming providers

Independent Auditor's Report
Summarised Management Report
Statement of Changes in IFRS Group Equity
Consolidated Statement of Cash Flows
Notes to the Consolidated Financial Statements
Consolidated Statement of Income
Consolidated Statement of Financial Position
bet-at-home.com Share
Corporate Governance Report
Report by the Supervisory Board
Report by the Management Board
Company Profile



#### **Management Board**

- Franz Ömer, CEO
- Michael Quatember, CEO

#### **Supervisory Board**

- Martin Arendts, Chairman of the Supervisory Board
- Isabelle Andres, Member of the Supervisory Board
- Jean-Laurent Nabet, Member of the Supervisory Board

<b>Copany Profile</b>	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFRS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------



FC Schalke 04



# REPORT BY THE MANAGEMENT BOARD

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFFS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------

**Ladies and Gentlemen, dear Shareholders,**

In 2016, bet-at-home.com AG Group once again showed its strength by generating new record in betting and gaming volumes, betting and gaming income and earnings figures in the history of the company. Numerous targeted marketing campaigns, particularly in relation to the European Football Championship 2016, also consistently increased the popularity of the Group. In addition to the advertising measures relating to this major sport event in France, the sponsoring activities in the German Bundesliga as well as other campaigns in the European core markets further increased the popularity of the Brand. This strong development was also clearly reflected in the price of the shares of bet-at-home.com AG, which increased further by 65.6% during the past reporting period and reached their historical high on 28 November 2016 with a closing price of EUR 84.90.

In 2016, the gross betting and gaming revenue amounted to EUR 138.7 million, thus 14.0% up on the previous year's figure and once again reaching a record in the history of bet-at-home.com. Despite the scheduled increase in investments in the brand's popularity, the EBITDA in 2016 also increased by 4.3% to a record of EUR 33.0 million, thus around EUR 1.4 million up on the comparative figure in the previous year.

Moreover, the bet-at-home.com AG group was able to further strengthen its position as one of the top players in the European eGaming market. bet-at-home.com has undoubtedly developed into a strong brand that is very well known across Europe. Our committed employees, who endeavoured daily to drive innovation and continuously develop and optimise the product portfolio, once again contributed significantly to this excellent development.

**International success: 4.6 million customers trust in bet-at-home.com**

The constantly growing gaming income and ever rising customer numbers are key indicators that the bet-at-home.com AG Group is going to continue on its current path to success in the future. 4.6 million registered customer trust in the bet-at-home.com brand by now. As a result, betting and gaming volumes of EUR 2,926.2 million was generated in 2016.

**Ongoing innovation combined with reliable customer service**

The continuous further development of the comprehensive product portfolio coupled with trustworthy and reliable customer service in 13 languages provides our customers with exciting entertainment of the highest standard and makes it possible to continuously strengthen our international competitive position and sustainably develop our market shares. Innovations on our mobile platform and the optimisation of the smartphone and tablet product portfolio are the main focus. As a result, more than 30% of the gross betting and gaming income was already generated through mobile devices in 2016.

In the sports betting segment alone, bet-at-home.com offered bets on more than 387,000 events in over 75 types of sports in the 2016 financial year. Live bets continue to be the main growth driver in the sports betting business. In the financial year 2016, our customers used the opportunity to visit the virtual stadium for more than 85,000 live events.

The eGaming product portfolio was also very well received in 2016. The segment's success continued similar to that of the sports betting segment due to numerous bonus campaigns in the casino, live casino, poker and virtual sports businesses.

**Further increase of the brand's popularity thanks to targeted marketing campaigns**

Starting with May 2016, bet-at-home.com had a presence throughout Europe in the form of international advertising campaigns such as TV spots, posters and online media. The contents of the comprehensive marketing measures were aimed at the European Football Championship in France, which started on 10 June 2016. International football tournaments and major events have always been an ideal time for bet-at-home.com to increase the popularity of the brand and therefore the number of registered customers on a lasting basis.

Besides traditional advertising on TV, online and in print media, sport sponsoring remains a cornerstone of bet-at-home.com's market strategy, involving interaction with viewers while at the same time promoting clubs, where it is always our objective to create long-term partnerships. As the main sponsor of the traditional Berlin football club Hertha BSC, bet-at-home.com has been active in the prestigious German Football Bundesliga since August 2015 and for the first time acted as a football shirt sponsor. This successful partnership further increased the popularity of the bet-at-home.com brand and at the same time supported the further development of the traditional football club Hertha BSC. In August 2011, bet-at-home.com became the premium partner of FC Schalke 04. The football club was founded in 1904, has more than 144,000 members and is one of Germany's largest sports clubs. In June 2016, the premium partnership between bet-at-home.com and the Bundesliga club, which has won seven championships and five DFB Cups in its history, was renewed once again for another two years until 2018. FC Schalke 04 first gained international fame in 1997 as the winner of the UEFA Cup, the forerunner of today's Europa League.

In addition, bet-at-home.com is represented as a sponsor of two clubs in the Austrian Football Bundesliga and at the WTA tennis tournament in Linz, Austria, as well as a long-standing partner of numerous other sports associations. Total marketing expenses therefore increased to EUR 44.0 million, as planned, in 2016 and are 20.6% up year-on-year.

**Expansive growth in the online sports betting and eGaming segments**

The global online sports betting and gaming market is continuing to boom and is growing significantly faster than comparable offers in the offline sector. The continuing growth of the gaming sector, particularly in Europe, which depends on economic developments, confirms the



strategic alignment of bet-at-home.com. Demographic trends, increasing popularity of online activities within the target group in our core markets and the global penetration of smartphones and tablets favour long-term growth in the online segment. An increasing number of European countries are also realising the opportunities provided by deregulated gaming markets.

Bet-at-home.com is confident that the successful development will continue with further investments in the strong market presence in our European core markets and continuous optimisation of our product portfolio.

We would like to thank all those who have made this such a successful financial year for bet-at-home.com in 2016, most particularly all our staff. They have once more contributed significantly to a very positive business development and, through their strong commitment, will ensure a sustainable and successful future for the bet-at-home.com AG Group. We would also like to sincerely thank our business partners and shareholders for the trust they have shown in us. We hope to share our success with you as our partner in the future.

Franz Ömer  
CEO

Michael Quatember  
CEO

Company Profile	<b>Report by the Management Board</b>	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFRS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	---------------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------



FK Austria Wien



# REPORT BY THE SUPERVISORY BOARD

Company Profile	Report by the Management Board	<b>Report by the Supervisory Board</b>	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFFS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	--	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------

**Ladies and Gentlemen,**

In 2016, the bet-at-home.com AG Group's business development was again successful. On 18 May 2016, the Annual General Meeting was once again able to approve the payment of dividends. The success and name recognition of the brand is reflected by its just under 4.6 million registered customers.

The Supervisory Board was involved in this welcome development at the bet-at-home.com AG Group. It carried out its responsibilities and duties in accordance with the law and the Sections of association and regularly monitored the work of bet-at-home.com AG's Management Board, as well as offering advice and support.

The Supervisory Board of bet-at-home.com AG met on 10 March 2016 in Düsseldorf, Germany, on 18 May 2016 in Frankfurt am Main, Germany, on 1 July 2016 in Paris, France, on 18 October 2016 in Malta and on 7 December 2016 in Paris. At these meetings, the members primarily discussed the company strategy with the Management Board. At the Supervisory Board meeting on 8 March 2017 in Düsseldorf, the members discussed the financial statements, consolidated financial statements, summarised management report, corporate governance report, related parties report and the audit procedures and audit reports with PKF FASSELT SCHLAGE Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Rechtsanwälte, Duisburg, the auditor appointed by the general meeting of shareholders.

Information and opinions were constantly exchanged among the members of the Supervisory Board. Several decisions were made by written resolution without a meeting. As in the past, there was no need to form committees, as there are only three Supervisory Board members.

During the year under review, the Management Board provided us with regular updates on the Group's strategy, business development, cash flows and significant business matters, such as licence applications and loans, and risks. Discussions were held with the Management Board about the strategic development, the current figures, the marketing concept, tax issues, regulatory developments in the gambling and betting sector (such as the tendering process for the sports betting licence in Germany) and ongoing administrative and legal proceedings. Based on the information we have obtained, we believe that business was conducted appropriately.

The Management Board and Supervisory Board have prepared a corporate governance report in accordance with the German Corporate Governance Code to increase transparency and account for the company's increased recognition in the capital market and the current market capitalisation. Please refer to the disclosures in the Annual Report 2016 of the bet-at-home.com AG Group.

**Audit of the separate and consolidated financial statements for the 2016 financial year**

As in previous years, PKF FASSELT SCHLAGE Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Rechtsanwälte, Duisburg, was appointed as auditor of the financial statements of bet-at-home.com AG and of the consolidated financial statements and Summarised Management Report at the Annual General Meeting. The audits were discussed with the auditor. On completion of the audits, the auditor stated that the audits had not led to any reservations and issued an unqualified audit opinion on the separate and consolidated financial statements, including the accounting records and Summarised Management Report.

The audited separate and consolidated financial statements as well as summarised management report and also the Management Board's proposal for the appropriation of profits pursuant to Section 170 of the German Companies Act (AktG) were available to the Supervisory Board together with the audit reports.

The Supervisory Board reviewed the separate and consolidated financial statements as well as the Summarised Management Report and discussed them in detail with the auditor on 8 March 2017. The auditor reported in detail on the audit findings.

The auditor also reported on the findings regarding the internal control and risk management system in relation to the accounting process.

All of the Supervisory Board's questions were answered in detail by the Management Board and the auditor.

Following discussion of the financial statements, consolidated financial statements and the Summarised management report, the Supervisory Board approved the auditor's reports and audit findings, did not have any reservations upon completion of its own review and approved the separate and consolidated financial statements. The financial statements of bet-at-home.com AG are thus adopted.

The Supervisory Board concurs with the proposal by the Management Board that EUR 52,635,000.00 of the retained earnings of EUR 55,542,123.94 for 2016 be distributed to the shareholders and the remaining amount of EUR 2,907,123.94 be carried forward to the following financial year.

**Audit of the report on related party transactions pursuant to Section 312 AktG for the 2016 financial year**

The auditor also audited the Management Board's report on related party transactions pursuant to Section 312 AktG (related parties report) for the 2016 financial year. The Management Board prepared the related parties report with a view to the controlling interest held by MANGAS BAH SAS, Paris, France (a company of the Betclic Everest Group SAS, Paris) in bet-at-home.com AG, which specifies legal transactions and measures undertaken within the meaning of Section 312 (1) AktG.

As a result of the audit of the related parties report and the financial statements for the year ended 31 December 2016 and based on the associated audit findings the auditor was satisfied that the related parties report contains the information required under section 312 (1) AktG and that the report fairly presents in all material respects the company's accounts.

As the auditor did not raise any objections to the related parties report for the 2016 financial year following the final results of the audit, the auditor issued an independent auditor's report pursuant to section 313 (3) AktG as follows:

"Based on our statutory audit and assessment, we confirm that

1. the disclosures in the report are accurate; and
2. the company's compensation with respect to the legal transactions disclosed in the report was not inappropriately high."

The related parties report and associated auditor's report were submitted in time to all members of the Supervisory Board. The Supervisory Board reviewed these documents and discussed them with the auditor at the meeting on 8 March 2017. The auditor reported on the audit findings. The Supervisory Board's questions were answered by the Management Board and auditor.

The Supervisory Board approved the auditor's findings on the related parties report. Following the final results of its own review, the Supervisory Board did not raise any objections to the concluding statement by the Management Board in the related parties report. The concluding statement by the Management Board in the related parties report is presented in the notes to the financial statements and in the notes to the consolidated financial statements.

We especially wish to thank the Management Board of bet-at-home.com AG and all the Group's staff members. They have contributed significantly to the Group's positive development through their great commitment and excellent work.

Düsseldorf, March 2017

The Supervisory Board



Company Profile	Report by the Management Board	<b>Report by the Supervisory Board</b>	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFRS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	--	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------



Hertha BSC

# CORPORATE GOVERNANCE REPORT

Company Profile	Report by the Management Board	Report by the Supervisory Board	<b>Corporate Governance Report</b>	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFFS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	------------------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------

**CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2016 INCLUDING  
THE CORPORATE GOVERNANCE DECLARATION PURSUANT TO SECTION 289 A OF  
THE GERMAN COMMERCIAL CODE****bet-at-home.com AG, Dusseldorf****Dear Shareholders,**

Corporate Governance provides a framework of rules and set of mechanisms by which companies are managed and supervised. The bet-at-home.com AG (hereinafter also referred to as “company”) is limited by shares under the laws of Germany. Since summer of 2016, the company’s shares are traded in the Prime Standard, which is a segment of the Regulated Market, on the Frankfurt Stock Exchange. Since then the company is considered as a publicly traded company within the legal sense and pursuant to Section 289a of the German Commercial Code [HGB] and therefore obligated to make a Corporate Governance Declaration. The German Corporate Governance Kodex (hereinafter referred to as the “Code”) recommends that the Management Board and Supervisory Board should report about corporate governance every year (“Corporate Governance Report”) and publish this report together with a Corporate Governance Declaration. This declaration must be included in the Summarised Management Report under a separate section. It can be made publicly accessible on the company’s website as well. In this case a reference to the website should be included in the Summarised Management Report.

**a) Declaration of Conformity and Corporate Governance Code**

Pursuant to Section 161 of the German Companies Act [AktG], the Management Board and Supervisory Board make a yearly statement to the effect that the recommendations of the “government commission of the German Corporate Governance Code”, which are published by the Federal Ministry of Justice in the official section of the Federal Gazette, have been and will be complied with or which recommendations have not or will not be implemented and why not (so-called “comply or explain” principle). This is known as the “Declaration of Conformity”. A company is listed within the meaning of Section 3 (2) AktG if its shares are admitted to a market regulated and overseen by officially recognised authorities, which regularly takes place and which is directly or indirectly available to the public. This is the case for the bet-at-home.com AG as a result of the listing in the Regulated Market of the Frankfurt Stock Exchange.

The company decided back in the 2014 financial year, hence before the admission to the Regulated Market, not least because of its increased perception in the capital market, to act on the recommendations of the Code, i.e. to explain in a voluntary, annual declaration of conformity which recommendations of the Code have been and will be complied with or which recommendations have not or will not be implemented and why not.

**b) Corporate Governance Report/corporate governance statement**

The Code provides for the following content of the Corporate Governance Report:

- according to Section 5.4.1 of the Code, the objectives of the Supervisory Board regarding its composition (“diversity”) and the status of their implementation,
- according to Section 6.2 of the Code, disclosure of the (entire) holdings of all members of the Management Board and Supervisory Board in shares in the company and
- according to Section 7.1.3 of the Code, information on share option programmes and similar share-based incentive systems within the company unless this information is already provided in the financial statements, consolidated financial statements or compensation report.

The corporate governance statement is to include (i) the Declaration of Conformity, (ii) relevant information on corporate governance practices, and (iii) a description of the working procedure of the Management Board and Supervisory Board as well as the composition and working procedure of their committee as well as (iv) the determination in accordance with Sections 76 (4) and 111 (5) AktG (target percentages of women) and disclosure if the targets set for the reporting period have been met and provide reasons if this has not been the case.

**I. DECLARATION OF CONFORMITY IN ACCORDANCE WITH SECTION 161 AKTG**

In March 2016, the Management Board and Supervisory Board issued the following (voluntary) Declaration of Conformity:

The Management Board and Supervisory Board of bet-at-home.com AG herewith voluntarily declare, i.e. without any obligation within the meaning of Section 161 AktG, that bet-at-home.com AG has been implementing the recommendations of the German Corporate Governance Code pursuant to the initial Declaration of Conformity of March 2015 and in the version dated 24 June 2014 until the date of the issuance of this Declaration of Conformity with the exceptions disclosed in March 2015.

Furthermore, the Management Board and Supervisory Board of bet-at-home.com AG voluntarily declare, i.e. without any obligation within the meaning of Section 161 AktG, that bet-at-home.com AG will implement the recommendations of the German Corporate Governance Code in the version dated 5 May 2015 with the following exceptions (the sections below are those of the Code in the version dated 5 May 2015):



**Deductible for the D&O policy for the Supervisory Board (Section 3.8)**

The company has a D&O policy without any deductible for the members of the Supervisory Board. In the view of the company, such a deductible is not necessary to ensure the motivation and sense of responsibility of the members of the Supervisory Board. A deductible could even run counter to the company's efforts to obtain people of excellence from within Germany and abroad for its Supervisory Board. The Supervisory Board was also expressly excluded (Section 116 AktG) from the new statutory measures on the deductible for members of the Supervisory Board in the Act on the Appropriateness of Management Board Compensation [VorstAG] (§ 116 AktG).

**The Management Board must have a chairman (Section 4.2.1)**

No chairman of the Management Board has been appointed. The Management Board and Supervisory Board are of the opinion that the two members of the Management Board have worked together efficiently and like good colleagues so far. No need has therefore been seen to appoint a chairman thus far, especially since the Management Board presently consists of two people, for which the appointment of a chairman is not mandatory for organizational reasons either.

**Disclosure of Management Board compensation (Section 4.2.5)**

Although not required by law to do so, the company includes a voluntary compensation report in its Corporate Governance Report.

The emoluments received by each member of the Management Board are not shown separately. The reason is that, as the Management Board consists of only two people, this would be of no additional informational value.

**Committees (Section 5.3)**

Under the Articles of Association, the company's Supervisory Board consists of three members. Given this size, it would appear neither necessary nor expedient to set up committees, as the imaginable tasks of committees could be performed just as effectively and competently by the entire Supervisory Board.

**Composition of the Supervisory Board (Section 5.4.1)**

The Supervisory Board must set specific objectives for its composition. In accordance with the Code in the version of 5 May 2015, these objectives will now also include a regulated limit for the time spent serving by each member on the Supervisory Board. However, the determination of a regulated limit for the time spent serving by each member on the Supervisory Board appears to be not useful from today's perspective. A time limit

specifying the maximum time spent by each member serving on the Supervisory Board cannot be properly determined in abstract terms. The Supervisory Board is of the opinion that it would make more sense to assess in each individual case if the time already spent by each member serving on the Supervisory Board could prevent the member from performing their future duties in a factual, proper and unbiased manner.

**Components and disclosure of Supervisory Board compensation (Section 5.4.6)**

Compensation of the members of the Supervisory Board includes the position of chairman but not that of deputy chairman. Nor does there appear to be a need to differentiate between a deputy chairman and ordinary member, as the participation of all members is required for resolutions in the Supervisory Board of three people, so that cases where the chairman is represented by the deputy rarely occur in practice.

In May 2016, in the course of a mid-year amendment of the application of recommendations of the Code, the Management Board and Supervisory Board made of the following (voluntary) declaration of conformity:

The Management Board and Supervisory Board of bet-at-home.com AG herewith voluntarily declare, i.e. without any obligation within the meaning of Section 161 AktG, that bet-at-home.com AG has been implementing the recommendations of the German Corporate Governance Code pursuant to the Declaration of Conformity of March 2016 and in the version dated 5 May 2015 until the date of the issuance of this Declaration of Conformity with the exceptions disclosed in March 2016.

Furthermore, the Management Board and Supervisory Board of bet-at-home.com AG voluntarily declare, i.e. without any obligation within the meaning of Section 161 AktG, that bet-at-home.com AG will implement the recommendations of the German Corporate Governance Code in the version dated 5 May 2015 with the following exceptions (the sections below are those of the Code in the version dated 5 May 2015). The mid-year amendment of the letter of intent with respect to the declaration of conformity from March 2016 is that the company differs no longer of Section 4.2.5 of the Code (disclosure of management board compensation):

**Deductible for the D&O policy for the Supervisory Board (Section 3.8)**

The company has a D&O policy without any deductible for the members of the Supervisory Board. In the view of the company, such a deductible is not necessary to ensure the motivation and sense of responsibility of the members of the Supervisory Board. A deductible could even run counter to the company’s efforts to obtain people of excellence from within Germany and abroad for its Supervisory Board. The Supervisory Board was also expressly excluded (Section 116 AktG) from the new statutory measures on the deductible for members of the Supervisory Board in the Act on the Appropriateness of Management Board Compensation [VorstAG] (§ 116 AktG).

Independent Auditor's Report
Summarised Management Report
Statement of Changes in IFRS Group Equity
Consolidated Statement of Cash Flows
Notes to the Consolidated Financial Statements
Consolidated Statement of Income
Consolidated Statement of Financial Position
bet-at-home.com Share
<b>Corporate Governance Report</b>
Report by the Supervisory Board
Report by the Management Board
Company Profile

**The Management Board must have a chairman (Section 4.2.1)**

No chairman of the Management Board has been appointed. The Management Board and Supervisory Board are of the opinion that the two members of the Management Board have worked together efficiently and like good colleagues hitherto. No need has therefore been seen to appoint a chairman thus far, especially since the Management Board presently consists of two people, for which the appointment of a chairman is not mandatory for organisational reasons either.

**Committees (Section 5.3)**

Under the Articles of Association, the company's Supervisory Board consists of three members. Given this size, it would appear neither necessary nor expedient to set up committees, as the imaginable tasks of committees could be performed just as effectively and competently by the entire Supervisory Board.

**Composition of the Supervisory Board (Section 5.4.1)**

The Supervisory Board must set specific objectives for its composition. In accordance with the Code in the version of 5 May 2015, these objectives will now also include a regulated limit for the time spent serving by each member on the Supervisory Board. However, the determination of a regulated limit for the time spent serving by each member on the Supervisory Board appears to be not useful from today's perspective. A time limit specifying the maximum time spent by each member serving on the Supervisory Board cannot be properly determined in abstract terms. The Supervisory Board is of the opinion that it would make more sense to assess in each individual case if the time already spent by each member serving on the Supervisory Board could prevent the member from performing their future duties in a factual, proper and unbiased manner.

**Components and disclosure of Supervisory Board compensation (Section 5.4.6)**

Compensation of the members of the Supervisory Board includes the position of chairman but not that of deputy chairman. Nor does there appear to be a need to differentiate between a deputy chairman and ordinary member, as the participation of all members is required for resolutions in the Supervisory Board of three people, so that cases where the chairman is represented by the deputy rarely occur in practice.

**II. DISCLOSURES REQUIRED BY SECTION 289 A (2) NOS. 2 TO 4 OF THE GERMAN COMMERCIAL CODE**

The company is a company limited by shares under the laws of Germany. It is therefore governed in particular by German company law and capital market regulations as well as the provisions of the Articles of Association and the rules of procedure for the Management Board and Supervisory Board.

A two-tier management and supervision structure arises from the Management Board and Supervisory Board. Both executive bodies are committed to the interests of the shareholders and the good of the company. The AGM is the company's third executive body. It serves the decision-making process of the shareholders.

**1. Management Board**

The Management Board represents the company to the outside world. It conducts its business in accordance with the law, the Articles of Association and the rules of procedure for the Management Board and ensures suitable risk management. The Management Board develops the company's strategy, coordinates it with the Supervisory Board and ensures its implementation. The Management Board has the task of creating long-term value on its own responsibility.

The company's Management Board consists currently of two members. The members of the Management Board bear common responsibility for the entire management. Notwithstanding the collective responsibility of the Management Board members, each individual member runs all its areas and domains in line with Management Board's resolutions on its own responsibility. The Supervisory Board has issued rules of procedure for the Management Board. Under the rules of procedure for the Management Board, actions and business by the Management Board of fundamental importance require the approval of the Supervisory Board.

The Management Board makes regular, timely and comprehensive reports to the Supervisory Board about all material aspects of the business development, significant transactions and the current earnings situation including the risk situation and risk management. Deviations in the business development from plans and targets are explained to and discussed with the Supervisory Board. Furthermore, the Management Board regularly reports on compliance, i.e. the actions taken to comply with laws and company regulations, which fall under the Management Board's responsibility.

**2. Supervisory Board**

The Supervisory Board advises the Management Board in the management of the company. It supervises its activities. The Supervisory Board appoints and dismisses the members of the Management Board, determines the compensation system for the members of the Management Board and agrees their respective compensation.

The Supervisory Board is involved in all decisions of fundamental importance to the company. The Supervisory Board can make certain transactions contingent on its approval. The main tasks of the Supervisory Board also include making nominations for election to the Supervisory Board and for the appointment of the auditor. In this respect, the Management Board has no right of nomination.

The principles of cooperation in the Supervisory Board are laid down in the Supervisory Board's rules of procedure.

### **3. Annual General Meeting**

The shareholders safeguard their rights at the AGM. There they exercise their voting rights. The AGM is held annually within the first eight months of a financial year. The agenda for the AGM, including the reports and documents required for the AGM, is also posted on the company's website. To facilitate them in personally safeguarding their rights, the company places a proxy at the instruction of the shareholders. In calling the AGM, i.e. in notices to the shareholders, an explanation is given of how to submit proxy voting instructions prior to the AGM.

The AGM passes resolutions on granting discharge to the Management Board and Supervisory Board. It decides on the appropriation of the retained earnings and on the election of the auditor. The AGM is also responsible for decisions on corporate actions and approval of inter-company agreements and alterations to the Articles of Association.

### **4. Disclosures on corporate governance practices**

At the core of the management culture of the company and its subsidiaries are values enshrined in laws or company regulations and instructions. Of particular importance in this respect are concepts which further the interests in making a profit. By the same token, serious and comprehensive customer protection, in particular protection for youth and prevention, are of vital importance.

This is the basis of the common understanding between the management and staff to combine lasting growth with financial success and, at the same time, to take effective measures to prevent the negative impact of the services provided.

To achieve this objective, all staff must be aware of these demands and be willing and able to take responsibility for them. Taking one's own responsibility and initiative presumes an understanding of the company's strategy. This is why the management regularly informs the staff about the company's objectives, current business development, market and its competition. Efficient management and cooperation therefore hinge on clearly defined company structures, areas of responsibility and workflows. In conjunction with defined yet ever improving processes, this structure makes it possible to align management activities to the company's objectives and to check on a regular basis whether those objectives have been achieved.

Particular importance is attached in this respect to the motivation and appreciation of the company's staff since high commitment, productivity and efficiency can only be achieved in a positively experienced work environment where people closely identify with the company and its objectives.

It is for this reason that the company promotes a balance between the expected high-quality and concentrated work performed in a dynamic market, on the one hand, and the needs and requirements of private life, on the other (work-life balance).

## 5. Compliance

The Management Board is responsible for compliance with the law and company regulations and works towards that throughout the group company. In conducting its business, the bet-at-home AG Group must orient itself towards legal systems in different countries. This is especially true because of the different legislative conditions for betting and gambling, which are anchored in the free movement of goods and services enshrined in European law.

There where state licensing is possible in a European legal framework, our aim is to obtain licences and fulfil the respective requirements for the long term. In addition, we pay – mark you, also in countries seeking to maintain state betting and gambling monopolies and which restrict private providers – all applicable levies and taxes on betting and gambling.

We expect our staff to conduct themselves ethically and in accordance with the law in their daily business. For precisely as a provider of betting and gambling, maximum integrity is indispensable in our highly regulated markets in order to justify the trust instilled in us by the authorities and, above all, by our customers.

In training sessions conducted with the assistance of the respective compliance officers, our staff are familiarised with the relevant codes of conduct as well as the laws and regulations.

## 6. Accounting

The consolidated financial statements of bet-at-home.com AG are prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), by taking account of the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The separate financial statement for the AG is prepared in accordance with the provisions of the German Commercial Code.

Financial reports and interim financial reports (e.g. half-year reports) are published within the statutory deadlines and in accordance with the regulations for the Prime Standard segment of the Frankfurt Stock Exchange.



## **7. Transparency**

Our shareholders are informed, in particular, in the annual report and by the publication of important information as well as current press releases on significant events within the company and the group.

Dealing with substantial information refers in particular to Regulation (EU) No 596/2014 (Market Abuse Regulation) for the publication of insider information, lists of insiders and transactions of executives (Directors' Dealings).

## **8. Equal participation of men and women**

The Act for the equal participation of women and men in leadership positions in the private sector and the public sector applies since 1 May 2015. Section 111 (5) AktG states that the Supervisory Boards of companies that are listed or subject to co-determination must specify the target percentages of women on the Supervisory Board and Management Board. In Section 76 (4) AktG, the Management Boards of companies that are listed or subject to co-determination must specify the target percentages of women on both executive levels below the Management Board. At the same time, deadlines to attain these objectives shall be defined. These periods of time should not exceed five years. According to Section 25 (1) EGAktG the setting of deadlines shall be realized until 30.09.2015 at the latest for listed companies. The deadlines for the first-time achievement of these targets must not exceed 30.06.2017 according to Section 25 (1) EGAktG.

### **Female representation on the Management Board**

The target percentage of women on the Management Board was defined as 0.00%. The deadline for the achievement of this objective is 30.06.2017. The company's Management Board consists currently of two members, having no woman on the Management Board. All contracts with members of the Management Boards remain effective after 30.06.2017. Achieving a defined target of more than 0.00% until 30.06.2017 would require the withdrawal or resignation of a current member of the Management Board ahead of schedule and the appointment of a woman as substitute. Alternatively, an expansion of the Management Board in connection with the newly appointment of a woman would be possible. There are no plans for either scenario. A target percentage of 0.00% is exceptionally allowed if the Management Board consists merely of men, which contracts run longer than deadline for the achievement of the target. The Supervisory Board of the bet-at-home.com AG made use of this recognised exception. At the moment the target is achieved.

### **Female representation on the Supervisory Board**

The target percentage of women on the Supervisory Board was defined as one-third. The deadline for the achievement of this objective is 30.06.2017. At the moment the target is achieved.

**Female representation on both executive levels below the Management Board**

At the moment, the company has no management levels within the meaning of Section 76 (4) AktG. If the evaluation of the status quo shows that there are no (two) management levels below the Management Board, Section 76 (4) AktG shall be restricted according to current legal assessment. Thereupon, targets will be defined only for existing management levels. In case of missing management levels below the Management Board (e.g. holding companies as the bet-at-home.com AG) there are no obligations in this regard according to current legal assessment. Due to the absence of two management levels below the Management Board no target percentage for women pursuant to 76 (4) AktG was defined. A deadline for the achievement of this target was not defined as well. As soon as a management level below the Management Board is implemented, a target percentage for women pursuant to 76 (4) AktG will be defined. Notwithstanding the above, an evaluation of the situation will take place on 30.06.2017 at the latest.

**III. DIVERSITY IN THE SUPERVISORY BOARD**

**1. Objectives in the composition of the Supervisory Board**

The company's Supervisory Board consists of three members elected by the shareholders. According to Section 5.4.1 of the Code, the Supervisory Board must be composed in such a way that its members as a group possess the knowledge, ability and expert experience required to perform their tasks in a proper manner. Given the company's specific situation, the Supervisory Board must set specific objectives for its composition which take into account the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Section 5.4.2 of the Code, an age limit for members of the Supervisory Board and diversity. These specific objectives must, in particular, provide for an appropriate degree of female representation.

According to Section 5.4.2 of the Code, the Supervisory Board must include what it considers an adequate number of independent members. Within the meaning of this recommendation, a Supervisory Board member is particularly not considered independent if he or she has personal or business relations with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests. The Supervisory Board may have no more than two former members of the Management Board among its members. Supervisory Board members must not hold directorships or provide advisory services to the company's major competitors.

The Supervisory Board is in agreement with the content of the Code, whereby besides its balanced professional qualification, the Supervisory Board will also have an appropriate degree of internationality and female representation at all times.

The composition of the Supervisory Board must therefore take account of the fact that bet-at home.com AG is an innovative and international company and that it relies on modern means of communication over the internet for the provision of its services.

Yet diversity does not mean that a person is nominated as a candidate for the Supervisory Board solely because he or she possesses a certain personal quality; hence, no mandatory quota requirements are imposed.

For companies within the meaning of Section 264d of the German Commercial Code, at least one independent member of the Supervisory Board must, in accordance with Section 100 (5) AktG, have expertise in accounting or auditing.

On 12 March 2015, the Supervisory Board set the following objectives regarding its composition:

- To take into account the international activity of the company and its subsidiaries
- To take into account professional/technical expertise and industry knowledge, especially in relation to online betting and gambling
- Expertise in accounting or auditing
- At least one independent member within the meaning of the current recommendations of the Code
- Prevention of conflicts of interest
- Availability and commitment
- Maximum of three supervisory board positions in non-group companies
- To take into account the age limits defined in the rules of procedure of the Supervisory Board
- A one-third ratio of women

## **2. Status of implementation of these objectives in the view of the Supervisory Board**

All relevant professional competences are represented in the Supervisory Board at present. This holds particularly true for the industry-related requirements as well as in respect of accounting and auditing. Comprehensive experience in the international business community is also present, just as are members from different countries.

Members at present:

- Mr. Martin Arendts, M.B.L-HSG, lawyer, chairman of the Supervisory Board, is the founder and owner of law firm ARENDTS ANWÄLTE. Specialised in investment law as well as gambling and betting law, he has a high level of expertise in not only issues of company law, capital market law and corporate governance but also in the main legal issues for bet-at home.com Group in relation to gambling and betting. Mr. Arendts

also has expertise in accounting and auditing due to his professional activities. Mr. Arendts has been a member of our Supervisory Board since 13.08.2007.

- Ms. Isabelle Andres is CEO of Karina Square., Paris, France. Ms. Andres is a former CEO of Betclic Everest Group SAS As the parent company of bet-at-home.com AG, Betclic Everest Group SAS pools various gambling and betting activities. Ms. Andres therefore has excellent, relevant market expertise and accounting knowledge. Ms. Andres has been a member of our Supervisory Board since 04.05.2012.
- Mr. Jean-Laurent Nabet was the head of M&A at Vivendi Universal before working as an investment banker for Deutsche Bank in Paris. As investment manager (Head of Investment) for LOV Group Invest SAS, Paris, France, Mr. Nabet has excellent, relevant market expertise and knowledge of the entertainment industry as well as investment and internet business. Mr. Nabet has been a member of our Supervisory Board since 31.08.2009.

All members of the Supervisory Board have sufficient time to perform their tasks. None of the members of the Supervisory Board has exceeded the limit of supervisory board positions held outside the group.

Independence within the Supervisory Board has been preserved. In the estimation of the Management Board and Supervisory Board, the members of the Supervisory Board have no personal or business relations with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which could cause a substantial and not merely temporary conflict of interests. Mr. Nabet does occupy a position at a firm which (indirectly) holds the majority of the shares in the company. Yet in the estimation of the Management Board and Supervisory Board, this has not created a substantial and not merely temporary conflict of interests as there are no ongoing operational relations between the mentioned firm and the company. If and when any particular business relations arise, any existing conflicts of interest will be addressed through tried and tested procedures, e.g. abstention from voting. In addition, the relations between dominant organisations and the company are governed by the reporting and auditing duties set out in Sections 312 et sqq. AktG. These audits, especially by the external auditor, have shown that appropriate compensation has been received so far for these business relations.

No former members of the Management Board belong to the Supervisory Board. Nor do the incumbent members of the Supervisory Board hold board positions at or provide advisory services to the company's major competitors.

The Supervisory Board will also take the objectives defined for its composition into account to the greatest extent possible in its search for suitable candidates for any premature vacancies on the board and in its nominations for routine elections.

**IV. SHAREHOLDINGS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD**

At 31.12.2016, members of the Management Board and Supervisory Board directly or indirectly held the following shares:

**1. Management Board**

Franz Ömer: 3.75% of the share capital.

**2. Supervisory Board**

Members of the Supervisory Board do not hold any shares in the company

**V. DISCLOSURES ON SHARE OPTION PROGRAMMES AND SIMILAR SHARE-BASED INCENTIVE SYSTEMS**

There are no share option programmes or similar share-based incentive systems at this time. However, it is pointed out that the main shareholder of the bet-at-home.com AG, Mangas BAH SAS, promised the members of the Management Board in 2016 for the first time a variable remuneration that is solely paid by it. Therefore, neither the bet-at-home.com AG nor any its subsidiaries is burdened financially. The generation and the amount of this variable remuneration depend on the outperformance of a certain level of bet-at-home.com AG's share price (basic amount) in the years 2016, 2017 and 2018. Further information can be views in the remuneration report, which is part of the summarised management report for the financial year 2016.

Company Profile	Report by the Management Board	Report by the Supervisory Board	<b>Corporate Governance Report</b>	<a href="http://bet-at-home.com">bet-at-home.com</a> Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFRS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	------------------------------------	--	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------





WTA tennis tournament in Linz

# BET-AT-HOME.COM SHARE

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	<b>bet-at-home.com Share</b>	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFFS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	------------------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------

The share price continued to rise during financial year 2016 thanks to the further development of the popularity of the bet-at-home.com brand during the European Football Championship in France, increase in profitability and revenue and consistent cost controls in the operational business. In November 2016, the bet-at-home.com share reached its all-time high in 2016 with a closing price of EUR 84.90.

Due to the Company's strong growth and related market capitalisation, bet-at-home.com changed to the regulated market during the course of 2016 as part of its comprehensive capital market strategy. The Company was admitted to the regulated market in the Prime Standard segment of the Frankfurt Stock Exchange with effect from 11 August 2016. This admission brings with it increased regulatory requirements and transparency standards in accordance with the recently enforced EU Market Abuse Regulation and aims to further professionalise financial market communications.

In addition, the annual general meeting of shareholders on 18 May 2016 resolved a share split at a ratio of 1/1, based on which the Company's share capital was increased from EUR 3,509,000 to EUR 7,018,000. The capital increase from the Company's own funds was implemented by converting part of the capital reserve stated in the Company's balance sheet as at 31 December 2015 into share capital. As at 21 June 2016, the bonus shares were included in the existing stock exchange listing of bet-at-home.com AG and allocated to the shareholders by crediting their securities accounts. The shareholders received a new bonus share for each of their existing shares, which entitle the bearer to receive profits as from 1 January 2016.

In the third quarter of the past reporting period, the majority shareholder Mangas BAH SAS, a company of Betcltic Everest Group SAS, started to pay instalments on the loan issued by bet-at-home.com AG. A total of EUR 26.0 million have been repaid since the third quarter of 2016. As at 31 December 2016, the outstanding loan therefore amounted to EUR 29.0 million (31 December 2015: EUR 55.0 million).

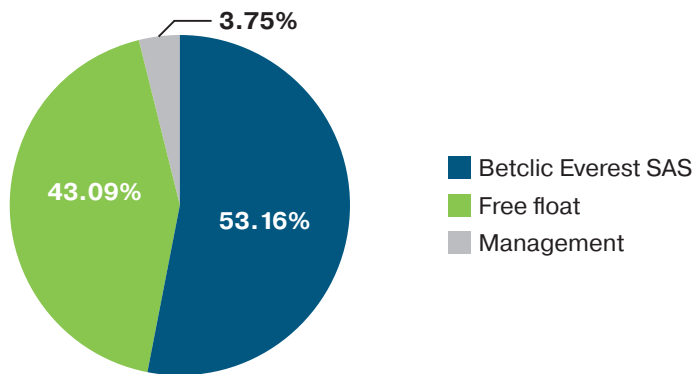
bet-at-home.com AG pursues open and active communication with institutional investors, analysts, financial journalists, private investors and other stakeholders in order to present the company as faithfully as possible and thus to meet the capital market's expectations for transparency while boosting the capital market's trust in the share. To achieve this goal, numerous individual and group talks were held during roadshows, investor and analyst conferences in the financial centres of Europe in the past reporting period. These talks enables the Company to further intensify and maintain personal contacts with investors and stakeholders. At these events, the Management Board and Investor Relations Management mainly presented the quarterly financial statements, the Company's strategic targets and business developments in our dynamic industry.

#### **Stable shareholder structure**

With Betcltic Everest Group SAS and its 53.16% stake, the company has a stable core shareholder with its sights set on the long term. Betcltic Everest Group, Paris, France, holds shares in entertainment companies such as bet-at-home.com, Expekt and Everest Poker and itself

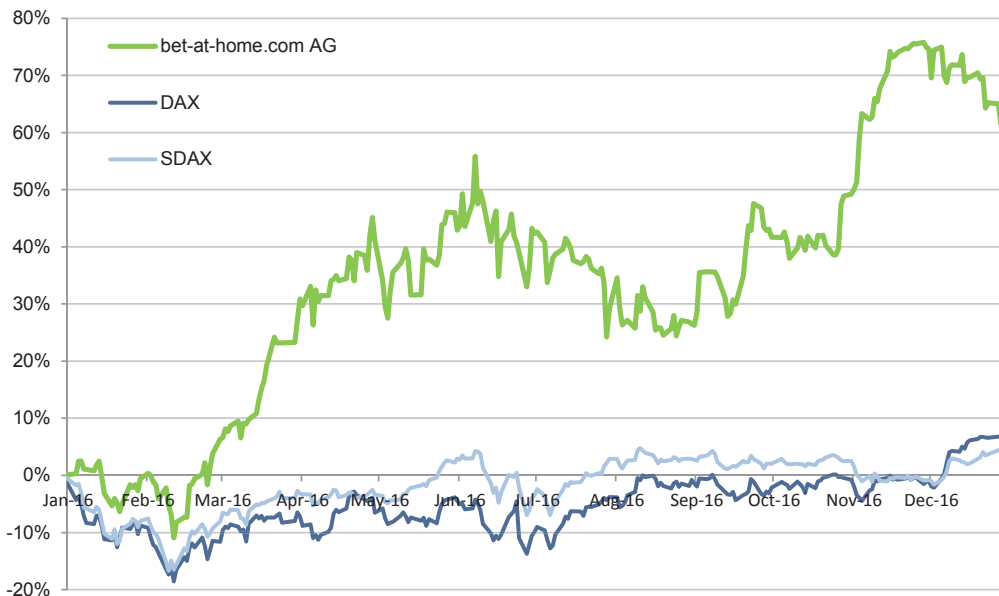
provides online sports betting and gaming under the Betcltic brand, which has a strong market share in France.

Société des Bains de Mer (SBM) with head office in Monaco (ISIN: MC0000031187), and LOV Group, founded by Stéphane Courbit with focus on companies with increasing growth and deregulation hold equal shares in Betcltic Everest Group. The management of bet-at-home.com holds 3.75% of the shares, which resulted in a total free float of 43.09% as at 31 December 2016.



**Price trend**

In financial year 2016, the bet-at-home.com share rose by a total of 65.6% in the XETRA trading system, significantly outperforming the German lead index DAX (+6.9%) and the SDAX (+4.6%) which is aimed at small caps.



### Trading volume

In the 2016 financial year, the average daily trading volume of the bet-at-home.com share amounted to EUR 0.9 million (13,216 no-par value shares per day), which strongly increased on the previous year's figure of EUR 0.2 million (6,006 no-par value shares per day). The highest trading volume was recorded on 14 March 2016 at EUR 4.0 million and 75,326 no-par value shares.

### Dividend

To enable our shareholders to take part in the Company's success by way of profit distributions in addition to their gains on the share price itself, the policy of bet-at-home.com AG since 2011 has been to pay out a dividend each year.

At the general meeting of shareholders on 17 May 2017, the Management Board and Supervisory Board will propose a dividend of EUR 7.50 (previous year: EUR 2.25) per share. The distributed amount is therefore EUR 52,635,000.00 (previous year: EUR 15,790,500.00). The dividend proposed to the general meeting of shareholders will be comprised of an ordinary dividend of EUR 2.50 plus an extraordinary dividend of EUR 5.00. The first distribution of an extraordinary dividend aims to ensure that the shareholders of bet-at-home.com AG participate appropriately in the above-average total development in recent years.

Dividend per share*) (dividend yield in %)	
<b>FY 2015</b>	EUR 2.25 (4.66%)
<b>FY 2014</b>	EUR 0.60 (2.08%)
<b>FY 2013</b>	EUR 0.40 (2.36%)
<b>FY 2012</b>	EUR 0.30 (2.70%)

\*) The historical figures have been adjusted due to the share split on 21 June 2016.

### Financial calendar 2017

<b>02/05/2017</b>	10.00 a.m.	Quarterly Statement Q1 2017
<b>17/05/2017</b>	2.30 p.m.	Annual General Meeting 2017
<b>31/07/2017</b>	10.00 a.m.	Interim Report January to June 2017
<b>11/09/2017</b>	10.00 a.m.	Interim Financial Report 2017
<b>06/11/2017</b>	10.00 a.m.	Quarterly Statement Q1-Q3 2017
<b>05/03/2018</b>	10.00 a.m.	Full Year Results 2017

## Stock market data for share

<b>ISIN</b>	DE000A0DNAY5
<b>Securities identification number</b>	A0DNAY
<b>Ticker symbol</b>	ACX
<b>Trading segment</b>	Regulated market/Prime Standard
<b>Index</b>	SDAX (admitted on 03/02/2017)
<b>Research coverage</b>	Commerzbank, Hauck & Aufhäuser Odco Seydler Bank AG, Warburg Research

## Fundamentals as per 31 December 2016

<b>Total number of shares</b>	7,018,000
<b>Market capitalisation</b>	EUR 561.4 million
<b>Enterprise Value I</b>	EUR 469.5 million
<b>Enterprise Value II</b>	EUR 440.5 million

EV I) market capitalisation – securities, cash and cash equivalents (not including current amounts receivable from associated companies)

EV II) market capitalisation – securities, cash and cash equivalents – current amounts receivable from associated companies

## Key performance indicators

<b>1 year</b>	+65.6%
<b>3 years</b>	+372.3%
<b>5 years</b>	+550.3%
<b>52-week high</b>	EUR 84.90 (28/11/2016)
<b>52-week low</b>	EUR 43.02 (11/02/2016)





Hertha BSC

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	<a href="#">Consolidated Statement of Financial Position</a>	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFFS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016**

bet-at-home.com AG, Dusseldorf

**ASSETS**

		Note	31/12/2016		31/12/2015
		No.	EUR	EUR	EUR
<b>A.</b>	<b>Non-current assets</b>				
1.	Intangible assets	(9)	633,139.96		840,775.17
2.	Goodwill	(10)	1,369,320.30		1,369,320.30
3.	Property and equipment	(11)	2,879,244.31		2,553,376.98
			<b>4,881,704.57</b>		<b>4,763,472.45</b>
<b>B.</b>	<b>Current assets</b>				
1.	Receivables and other assets	(12)	47,929,159.68		70,696,404.03
2.	Securities	(13)	1,747,933.65		1,325,518.32
3.	Cash and cash equivalents	(14)	90,100,764.82		48,779,376.43
			<b>139,777,858.15</b>		<b>120,801,298.78</b>
<b>C.</b>	<b>Prepaid expenses</b>	(15)		<b>715,505.05</b>	<b>1,210,706.50</b>
<b>Total assets</b>			<b>145,375,067.77</b>		<b>126,775,477.73</b>

## EQUITY & LIABILITIES

		Note	31/12/2016		31/12/2015
		No.	EUR	EUR	EUR
<b>A.</b>	<b>Equity</b>				
1.	Share capital	(16)	7,018,000.00		3,509,000.00
2.	Capital reserves	(16)	7,366,000.00		10,875,000.00
3.	Other comprehensive income	(16)	472,785.85		113,853.08
4.	Total comprehensive income	(16)	94,714,468.48		79,501,178.42
			<b>109,571,254.33</b>		<b>93,999,031.50</b>
<b>B.</b>	<b>Non-current liabilities</b>				
1.	Provisions for employee benefits	(17)	41,137.75		34,419.60
2.	Provision for deferred taxes	(17)	67,002.47		6,065.24
			<b>108,140.22</b>		<b>40,484.84</b>
<b>C.</b>	<b>Current liabilities</b>				
1.	Trade payables	(18)	459,786.44		1,010,891.18
2.	Short-term provisions	(19)	21,371,141.18		19,942,986.99
3.	Other liabilities	(20)	13,233,595.04		11,011,548.12
			<b>35,064,522.66</b>		<b>31,965,426.29</b>
<b>D.</b>	<b>Deferred income</b>	(21)		<b>631,150.56</b>	<b>770,535.10</b>
<b>Total equity and liabilities</b>			<b>145,375,067.77</b>		<b>126,775,477.73</b>

Independent Auditor's Report

Summarised Management Report

Statement of Changes in IFRS Group Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Consolidated Statement of Income

Consolidated Statement of Financial Position

bet-at-home.com Share

Corporate Governance Report

Report by the Supervisory Board

Report by the Management Board

Company Profile



SV Ried

# CONSOLIDATED STATEMENT OF INCOME

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	<b>Consolidated Statement of Income</b>	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFRS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	---	--	--------------------------------------	---	------------------------------	------------------------------



**CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**  
**bet-at-home.com AG, Dusseldorf**

	Note	01/01-31/12/2016	01/01-31/12/2015
	No.	EUR	EUR
Gross betting and gaming revenue	(1)	138,673,877.64	121,607,602.48
Betting fees and gambling levies	(1)	-16,545,330.59	-14,522,675.58
VAT on electronic services	(1)	-9,240,559.42	-6,772,923.84
<b>Net betting and gaming revenue</b>		<b>112,887,987.63</b>	<b>100,312,003.06</b>
Other operating income	(2)	955,499.61	922,543.80
<b>Total operating income</b>		<b>113,843,487.24</b>	<b>101,234,546.86</b>
Personnel expenses	(3)	-17,282,187.70	-15,519,922.87
Advertising expenses	(4)	-43,956,211.17	-36,451,046.61
Other operating expenses	(4)	-19,560,649.59	-17,574,076.38
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>33,044,438.78</b>	<b>31,689,501.00</b>
Depreciation and amortisation	(5)	-1,160,485.23	-925,688.98
<b>Earnings before interest and tax (EBIT)</b>		<b>31,883,953.55</b>	<b>30,763,812.02</b>
Finance income	(6)	2,211,465.60	2,176,733.68
<b>Earnings before taxes (EBT)</b>		<b>34,095,419.15</b>	<b>32,940,545.70</b>
Taxes on income and earnings	(7)	-3,091,629.09	-2,268,847.87
<b>Consolidated profit for the period</b>		<b>31,003,790.06</b>	<b>30,671,697.83</b>
Retained earnings brought forward		79,501,178.42	53,040,280.59
Dividend distribution		-15,790,500.00	-4,210,800.00
<b>Total comprehensive income</b>	<b>(8)</b>	<b>94,714,468.48</b>	<b>79,501,178.42</b>

**IFRS-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

bet-at-home.com AG, Dusseldorf

	01/01-31/12/2016	01/01-31/12/2015
	EUR	EUR
<b>Consolidated profit for the period</b>	<b>31,003,790.06</b>	<b>30,671,697.83</b>
<b>Items that are potentially reclassifiable to profit or loss</b>		
Revaluation in accordance with IAS 39	422,415.33	82,216.86
Changes in exchange rates	0.00	0.00
<b>Items that are potentially not reclassifiable to profit or loss</b>		
Revaluation in accordance with IAS 19	-3,393.78	13,019.49
Income tax and other recognised income and expense	-60,088.78	-7,365.71
<b>Other comprehensive income</b>	<b>358,932.77</b>	<b>87,870.64</b>
<b>Comprehensive income</b>	<b>31,362,722.83</b>	<b>30,759,568.47</b>

<b>Earnings per share</b>		
Basic earnings per share	4.41775293	8.740865725
Diluted earnings per share	4.41775293	8.740865725

<b>Number of shares as of record date</b>	7,018,000	3,509,000
---	-----------	-----------

Independent Auditor's Report

Summarised Management Report

Statement of Changes in IFRS Group Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Consolidated Statement of Income

Consolidated Statement of Financial Position

bet-at-home.com Share

Corporate Governance Report

Report by the Supervisory Board

Report by the Management Board

Company Profile



FC Schalke 04

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFFS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

bet-at-home.com AG, Dusseldorf

**I. GENERAL DISCLOSURES AND ACCOUNTING PRINCIPLES**

bet-at-home.com AG, based in Düsseldorf (Tersteegenstrasse 30) and registered at Düsseldorf District Court under file number HRB 52673 (as holding company), prepared its consolidated financial statements as at 31 December 2016 in accordance with international accounting standards.

The consolidated financial statements as at 31 December 2016 of bet-at-home.com AG have been prepared in accordance with the currently applicable International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) how to be exercised in the European Union, as well as the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretation Committee (IFRIC).

The 2016 Summarised Management Report was prepared in accordance with the provisions of the German Commercial Code [HGB].

These consolidated financial statements were prepared using the same accounting policies as applied to the previous year's financial statements as at 31 December 2015.

The following standards and interpretations have already been published, but were not yet mandatory for the consolidated financial statements for the period ended 31 December 2016:

Standard/ Interpre- tation	Title	Date of issue	Date of EU endorse- ment	Mandatory for report- ing periods beginning on or after
<b>STANDARDS</b>				
IFRS 9	Financial Instruments	Jul 14	Nov 16	01.01.2018
IFRS 14	Regulatory Deferral Accounts	Jan 14	t.b.a.	01.01.2016
IFRS 15	Revenue from Contracts with Customers	May 14/ Sep 15	Sep 16	01.01.2018
IFRS 16	Leases	Jan 16	planned for Q4 2017	01.01.2019
<b>AMENDMENTS</b>				
IFRS 2	Share-Based Payment	Jun 16	planned for Q3 2017	01.01.2018

Standard/ Interpretation	Title	Date of issue	Date of EU endorsement	Mandatory for reporting periods beginning on or after
IFRS 4	Insurance Contracts	Sep 16	planned for Q3 2017	01.01.2018
IFRS 10; IAS 28	Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Sep 14	postponed	postponed indefinitely
IFRS 15	Revenue from Contracts with Customers	Apr 16	planned for Q1 2017	01.01.2018
IAS 7	Statement of Cash Flows	Jan 16	planned for Q2 2017	01.01.2017
IAS 12	Income Taxes	Jan 16	planned for Q2 2017	01.01.2017
IAS 40	Investment property	Dec 16	planned for Q3 2017	01.01.2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Dec 16	planned for Q3 2017	01.01.2018
VARIOUS	Annual Improvements 2014-2016 for International Financial Reporting Standards	Dec 16	planned for H2 2017	01/01/2017 01/01/2018

The effects of the initial application of IFRS 15 will be immaterial as the business activities relate to a specific point in time.

The initial application of IFRS 16 is expected to affect only the disclosure of rent liabilities for office space.

It is also not anticipated that the initial application of the other standards and interpretations stated above will have any significant effect on the future presentation of bet-at-home.com AG's financial position, financial performance and cash flows. The Company chose not to exercise the option of voluntary early application of these standards and interpretations.

The core business of the Company's associates is sports betting, casino, poker, games and virtual sports, which is exclusively offered online.

The consolidated financial statements are denominated in euros.

The consolidated income statement has been prepared in accordance with the nature of expense method.

Since 05 September 2009, Betclik Everest Group SAS, Paris, France has held a controlling interest in the bet-at-home.com group parent. Betclik Everest SAS (company registration

no. 501 420 939) prepares consolidated financial statements for the largest group of associated companies, which includes bet-at-home.com AG.

Totals in amounts and percentages are subject to rounding differences.

## **II. CONSOLIDATED GROUP**

### **General**

The consolidated financial statements include the accounts of bet-at-home.com's Austrian subgroup Entertainment GmbH, which has its registered office in Linz, Austria. These subgroup accounts of bet-at-home.com Entertainment GmbH include five subsidiaries (second-tier subsidiaries of bet-at-home.com AG, Düsseldorf) in which bet-at-home.com Entertainment GmbH holds all direct and indirect voting rights. Bet-at-home.com AG holds all voting rights in bet-at-home.com Entertainment GmbH.

In addition to the group parent, bet-at-home.com AG, the following subsidiaries and/or second-tier subsidiaries were fully consolidated in the reporting period:

- bet-at-home.com Entertainment GmbH, Linz, Austria (100% share)
- bet-at-home.com Holding Ltd., Portomaso/Malta (100% share)
- bet-at-home.com Entertainment Ltd., Portomaso/Malta (100% share)
- bet-at-home.com International Ltd., Portomaso/Malta (100% share)
- bet-at-home.com Internet Ltd., Portomaso/Malta (100% share)
- Jonsden Properties Ltd., Gibraltar (100% share)

Pursuant to Maltese company law, the parent company bet-at-home.com AG holds 2% of the shares in each of the four Maltese second-tier subsidiaries in a fiduciary capacity for bet-at-home.com Entertainment GmbH.

There are no non-controlling interests in group equity. The profit (loss) for the year does not comprise amounts attributable to shareholders of other companies.

### **Changes in the consolidated group**

There were no changes in group entities in 2016.



### III. BASIS OF CONSOLIDATION

All financial statements included in the consolidated financial statements were prepared in accordance with the same accounting policies. The separate financial statements of consolidated domestic and international entities and the Austrian subgroup accounts were all prepared as at the group reporting date, audited and consolidated in accordance with International Financial Reporting Standards on the basis of a fictitious legal entity.

In accordance with IFRS 3.85 (limited retrospective application), from 1 January 2004 IFRS 3 (Business Combinations) and the revised standards IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets) were applied early with retrospective effect to the Maltese second-tier subsidiaries, which were included in the Austrian subgroup accounts for the first time in 2004. Capital is consolidated by applying the revaluation method. The investment carrying amounts have been offset against the subsidiaries' proportional revalued equity capital (purchase accounting). The initial consolidation of the Maltese second-tier subsidiaries did not result in any excess or deficit.

In the case of Jonsden Properties Ltd., Gibraltar, which was included in the Austrian subgroup accounts for the first time in 2008, the excess of EUR 2,000 identified upon initial consolidation, due to the cost of acquisition exceeding the fair value of the net identifiable assets acquired, was recognised as goodwill and written down in full as an impairment loss in the same year.

Jonsden Properties Ltd. has joint venture agreements with both bet-at-home.com Internet Ltd. and bet-at-home.com Entertainment Ltd in accordance with IAS 31.3 (agreement for shared conduct of business), according to which each venturer uses its own assets, incurs its own expenses and liabilities and raises its own funding while carrying out all economic activities on a joint venture basis.

The Austrian subgroup was consolidated for the first time as at 31 December 2005. All hidden reserves to be recognised were disclosed in the Austrian IFRS subgroup accounts. The subgroup was therefore consolidated based on the subgroup's equity as determined using the acquisition method. The initial consolidation resulted in a surplus of EUR 1,052 thousand. This surplus was recognised as goodwill in the consolidated financial statements. There was no evidence of impairment of the goodwill.

Trade receivables, loans and other receivables are offset against the corresponding payables and provisions during the elimination of intercompany payables and receivables of entities included in the consolidated financial statements. As part of the consolidation of intercompany revenues and expenses, revenues from intercompany trade receivables were eliminated against expenses from intercompany trade payables. Any significant gains and losses on intercompany transactions during the six-month period were eliminated against each other. Discounts and other entries affecting only profit or loss were eliminated from the consolidated financial statements.

#### **IV. SIGNIFICANT ACCOUNTING POLICIES**

##### **Use of estimates and assumptions**

The preparation of consolidated financial statements in conformity with IAS/IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures in the notes and in the consolidated income statement. These estimates and related assumptions are based on historical information and other factors deemed appropriate under the circumstances, and which serve as the basis for assessing the carrying amounts of assets and liabilities that cannot be derived from other sources. Actual outcomes may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies (IFRS) that have the most significant effect on the amounts recognised in the consolidated financial statements, and estimation uncertainties that may bear the risk of requiring a material adjustment of recognised assets and liabilities in subsequent financial years, are as follows:

- Estimating the likelihood of a positive outcome of pending civil-law and administrative proceedings and changes in the regulatory environment.
- Goodwill, the customer base and software was tested for impairment based on the expected future cash flows and interest rates.

##### **Intangible assets and property, plant and equipment**

Acquired and internally-produced intangible assets and office equipment are measured at cost less write-downs.

Internally produced intangible assets are capitalised from the time they become technically feasible, provided no future economic benefit arises from these assets and their cost can be reliably measured. As part of the further development of software, the personnel expenses for each individual member of the project team were measured separately and capitalised as intangible assets (IAS 38). Cost includes direct costs. No other costs were capitalised.

Assets subject to wear and tear are written down over their estimated useful lives using the straightline method. The following depreciation and amortisation rates were used for estimating the useful lives of assets:

	Years
Office equipment	3-10
Customer base	2
Software	3

If an asset acquired during the financial year is used for more than six months, the depreciation or amortisation charge recognised for the asset in the subgroup accounts will be the full annual amount; in the case of a shorter period of use, half the annual amount or the monthly amount is used. In the Austrian subgroup, assets acquired at a cost of EUR 400 or less are fully written down in the year of acquisition and immediately recognised as disposals. In Germany, such items are written down on a pro rata temporis basis. Assets acquired at a cost of EUR 150 or less are expensed in full in the year of acquisition.

Intangible assets with finite useful lives and items of property, plant and equipment are tested for impairment. If there is evidence of impairment, the recoverable amounts for the relevant assets are determined. If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment on an annual basis or in the event of evidence of impairment. The carrying amount of the intangible asset is compared to its recoverable amount. If there is objective evidence of impairment, the impairment loss is recognised under depreciation, amortisation and write-downs in the income statement.

### Goodwill

Goodwill has an indefinite useful life and is not amortised, but tested annually for impairment instead (so-called “impairment-only” approach). An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. If the recoverable amount of goodwill, which is the higher of its fair value less costs to sell and its value in use, is lower than its carrying amount, an impairment loss is recognised.

### Financial assets and liabilities

Financial assets and liabilities are recognised as soon as contractual rights or obligations are incurred. These transactions are recognised as at the measurement date. They are derecognised as soon as control over such contractual rights (including the asset) ceases. This is usually the case when the asset is sold or all cash flows relating to the asset are directly transferred to an independent third party.

**Financial assets – marketable securities**

In accordance with IAS 39, securities are measured at cost upon initial recognition and classified as “available for sale” if their fair value can be derived from quoted market prices. A gain or loss on an available-for-sale financial asset is recognised directly in equity (other comprehensive income) at the reporting date, except for impairment losses and foreign exchange gains and losses (IAS 39.55 (b) in conjunction with IAS 39.67). Fair values are derived from market rates.

**Cash and cash equivalents**

bet-at-home.com AG treats cash, demand deposits and time deposits with original maturities of up to three months as cash and cash equivalents. Fixed-income securities with longer maturities that are callable within three months are also treated as cash and cash equivalents.

**Receivables and other assets**

Receivables and other assets are presented under loans and receivables and stated at amortised cost or lower fair value (nominal value) less individual impairment losses for amounts expected to be irrecoverable.

**Other provisions**

Other provisions are recognised if there is a present legal or constructive obligation to a third party due to a past event and it is probable that this obligation will result in a cash outflow. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date. When a reasonable estimate is not possible, no provision is recognised and this is disclosed in the notes to the consolidated financial statements.

**Provisions for severance pay**

Due to historic legal contractual obligations, bet-at-home.com Entertainment GmbH must render a one-off severance payment to employees if their contract is terminated or upon retirement. The amount depends on the number of years of service and the relevant salary level at the time of termination or retirement.

A provision is made for such obligations. An actuary performed the calculation in accordance with the requirements of ISA 19 “Employee Benefits” for the consolidated financial statements as at 31 December 2016 and the figure specified in the expert report was recorded in income.

Actuarial gains and losses were recognised in other comprehensive income. The interest cost and employee service cost are included in the personnel expenses and not presented in net finance income (costs).

**Trade payables**

Trade payables are recognised at cost, which is equal to the settlement amount.

**Revenue recognition**

Betting revenue of the Maltese second-tier subsidiaries is recognised in accordance with bets placed as at the reporting date, provided the underlying bets have already been settled. Bets placed for sports events that will not take place until after the reporting date, however have already been deducted from customer accounts prior to the reporting date (“pending bets”), are reclassified to accruals and deferred income. Betting fees and gambling levies as well as VAT on electronic services are stated in net gaming income.

**Income taxes**

In financial year 2016, the income tax refund from the Maltese tax entity, in which all Maltese group companies are combined for income tax purposes, was recognised in the financial statements of the same year, as was done in previous years.

Deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities stated in the consolidated statement of financial position and those for tax purposes. Deferred taxes are determined in accordance with IAS 12 (Income Taxes) using the balance sheet liability method. Deferred taxes are computed on the basis of a 25% income tax rate for Austria and about 5% for Malta (taking tax refunds into account).

**Net financial income (cost)**

Net finance income (costs) includes all interest and similar income on financial assets. Net finance income (cost) also includes current yields on securities, income from the sale of securities and impairment losses on securities held (IAS 39.67) or income from reversals of impairment losses on securities held as well as interest and similar income.

**V. DISCLOSURES AND NOTES ON THE CONSOLIDATED INCOME STATEMENT, CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONSOLIDATED STATEMENT OF CASH FLOWS AND THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

The following sections provide additional information on items of the consolidated income statement, consolidated statement of financial position, consolidated statement of cash flows and the consolidated statement of changes in equity. The previous year's comparative figures were taken from the IFRS consolidated financial statements of bet-at-home.com AG, Düsseldorf, as at 31 December 2015.

**V.1. DISCLOSURES AND NOTES ON THE CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

The consolidated income statement was prepared in accordance with the nature of expense method.

**(1) Betting and gaming revenue and segment reporting**

For clarity of presentation of the consolidated financial statements, betting and gaming revenue is shown in the consolidated income statement. The composition of the betting and gaming revenue is presented in these notes to the consolidated financial statements.

The Group operates in the product and operating segments Sports Betting and eGaming. The eGaming segment comprises casino, poker, games and virtual sports.

These operating segments correspond to the Group's internal organisational and managerial structure and the internal accounting system. The gross betting and gaming revenue was defined as segment income.

## Segment reporting in accordance with IFRS 8

31/12/2016	Operating segments			Group total
	Sports betting	eGaming (casino, poker, games, virtual sports)	Non-allocated segments/consolidation	
	EUR'000	EUR'000	EUR'000	EUR'000
Betting and gaming volume	640,392	2,285,773	0	2,926,165
Paid out winnings	-574,240	-2,213,251	0	-2,787,491
Gross betting and gaming revenue	66,152	72,522	0	138,674
Betting fees and gambling levies	-8,728	-7,818	0	-16,545
VAT recognised in profit and loss	-3,416	-5,825	0	-9,241
Net betting and gaming revenue	54,008	58,879	0	112,888
Segment assets	23,462	16,966	104,947	145,375

31/12/2015	Operating segments			Group total
	Sports betting	eGaming (casino, poker, games, virtual sports)	Non-allocated segments/consolidation	
	EUR'000	EUR'000	EUR'000	EUR'000
Betting and gaming volume	614,743	1,796,047	0	2,410,791
Paid out winnings	-553,557	-1,735,626	0	-2,289,183
Gross betting and gaming revenue	61,186	60,421	0	121,608
Betting fees and gambling levies	-8,110	-6,412	0	-14,523
VAT recognised in profit and loss	-3,225	-3,548	0	-6,773
Net betting and gaming revenue	49,851	50,461	0	100,312
Segment assets	21,800	15,785	89,191	126,776

The segment assets correspond to the respective total assets of the company operating within the segment.



## Segment reporting – supplementary information

Betting and gaming volume can be presented by geographic segment based on player country as follows:

	31/12/2016	31/12/2015
	EUR'000	EUR'000
Austria	776,048	558,981
Western Europe	1,318,926	1,102,075
Eastern Europe	822,180	722,491
Other	9,011	27,244
	<b>2,926,165</b>	<b>2,410,791</b>

In the 2016 financial year, countries with similar markets were grouped together by region as follows:

**Western Europe**

Andorra, Germany, Finland, United Kingdom, Ireland, Island, Italy, Liechtenstein, Malta, Netherlands, Norway, San Marino, Sweden, Switzerland, Cyprus

**Eastern Europe**

Armenia, Bosnia and Herzegovina, Georgia, Croatia, Macedonia, Moldova, Montenegro, Poland, Serbia, Slovakia, Slovenia, Czech Republic, Ukraine, Belarus

**(2) Other operating income**

	2016	2015
	EUR'000	EUR'000
Exchange rate gains	330	460
Income from the release of provisions	300	239
Other	326	224
	<b>956</b>	<b>923</b>

### (3) Personnel expenses

Breakdown of personnel expenses:

	2016	2015
	EUR'000	EUR'000
Salaries	13,406	12,022
Expenses for severance payments and company pension plan contributions	185	173
Expenses for statutory social contributions and pay-based levies and statutory contributions	3,466	3,090
Other social contributions	225	235
	<b>17,282</b>	<b>15,520</b>

Payments and contributions to company pension plans include payments totalling EUR 182 thousand (2015: EUR 167 thousand) under the Austrian Act on Benefits (New Severance Pay Scheme) for Employees and Self-Employed Persons [BMSVG "Abfertigung neu"].

Changes in staffing were as follows:

	Reporting date		Average	
	31/12/2016	31/12/2015	2016	2015
Employees	296	264	289	266
Management Board of the parent company and managing directors of bet-at-home.com Entertainment GmbH	2	2	2	2

### (4) Advertising and other operating expenses

These expenses include the following items:

	2016	2015
	EUR'000	EUR'000
Advertising expenses		
Advertising costs	21,228	17,257
Bonuses and vouchers	12,459	11,967
Sponsoring	8,678	6,112
Jackpot expenses	1,591	1,115
	<b>43,956</b>	<b>36,451</b>

	2016	2015
	EUR'000	EUR'000
Other operating expenses		
Additional transaction costs	6,718	5,608
Software provider expenses	5,871	4,554
Legal, audit and advisory fees	1,166	2,100
Rent and lease expenses	769	668
Exchange rate differences and similar expenses	918	849
Costs for the preparation of financial statements, general meeting of shareholders and stock exchange costs	479	268
Additions to provisions for impairment losses on receivables, loan losses and claims	25	15
Information services and software maintenance	1,699	1,382
Supervisory Board remuneration	20	20
Other costs	1,896	2,110
	<b>19,561</b>	<b>17,574</b>

#### (5) Depreciation, amortisation and write-downs

	2016	2015
	EUR'000	EUR'000
Amortisation and write-downs of intangible assets	225	274
Depreciation and write-downs of property, plant and equipment	904	599
Write-downs of low-value assets	31	53
	<b>1,160</b>	<b>926</b>

#### (6) Financial income

	2016	2015
	EUR'000	EUR'000
Finance income		
Interest receivable and similar income	2,211	2,169
Write-ups of marketable securities	0	8
	<b>2,211</b>	<b>2,177</b>

The majority of interest and similar income in the amount of EUR 2,162 thousand (2015: EUR 2,101 thousand) relates to interest income from the short-term loan issued to the majority shareholder Mangas BAH SAS, Paris, France.

## (7) Income taxes

This item can be presented as follows:

	2016	2015
	EUR'000	EUR'000
Current tax		
Current income taxes for the year under review, Austrian subgroup	2,437	2,284
Current income taxes for the year under review, Germany	846	101
Tax income in previous years	-191	-116
	<b>3,092</b>	<b>2,269</b>

The revaluation of the marketable securities on 31 December 2016 in the amount of EUR 422 thousand (previous year: EUR 82 thousand) because of a reversal of impairment losses above cost led to temporary differences between the carrying amounts stated in the Consolidated Statement of Financial Position and those recognised for tax purposes during the year under review, resulting in EUR 61 thousand in deferred tax liabilities (previous year: EUR 4 thousand). As at 31 December 2016, deferred tax liabilities amounted to EUR 67 thousand (previous year: EUR 6 thousand).

Difference between the estimated and actual income tax expense:

	2016	2015
	EUR'000	EUR'000
Earnings before taxes	34,095	32,941
Calculated income tax expense, Austria (25%)	8,524	8,235
Previous years' tax income	-191	-116
Tax differences for Malta tax group	-6,426	-6,206
Tax expense, Germany (corporation and trade taxes)	846	101
Other differences and tax rate changes	339	255
<b>Tax expense</b>	<b>3,092</b>	<b>2,269</b>

**(8) Consolidated net profit for the period**

Consolidated net profit for the period in the amount of EUR 94,714 thousand (previous year: EUR 79,501 thousand) exclusively pertains to the shareholders of the parent company.

**V.2. COMMENTS ON ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 31 DECEMBER 2016**

**(9) to (11) Non-current assets**

A breakdown of non-current assets and their movements during the financial year 2016 is presented in the Changes in Non-current Assets for the Group (appendix to the notes).

**(9) Intangible assets**

**Internally-produced software**

Internally-produced software has a useful life of three years. As at 31 December 2016, the carrying amount of internally produced intangible assets was EUR 0 thousand (31/12/2015: EUR 42 thousand).

**(10) Goodwill**

**Composition**

	31/12/2016	31/12/2015
	EUR'000	EUR'000
Acquisition of Wetten-Schwechat business unit	155	155
Acquisition of the Starbet International Ltd. business unit	162	162
Acquisition of bet-at-home.com Entertainment GmbH, Linz (Austria)	1,052	1,052
	<b>1,369</b>	<b>1,369</b>

**Acquisition of the “Wetten-Schwechat” business unit**

By agreement dated 1 July 2007, Betcompany s.a., Uruguay, transferred the customer base for the wetten-schwechat.at, wetten-schwechat.com and wetten-schwechat.de domains to bet-at-home.com Internet Ltd., Malta. Purchase price allocation in accordance with IFRS 3 resulted in a) an asset value of EUR 18 thousand (customer base for depositing users), which

will be written down over its anticipated useful life of two years, and b) remaining goodwill of EUR 155 thousand. Pursuant to IFRS 3, this goodwill is not subject to systematic amortisation; it is tested for impairment annually instead. There was no objective evidence of impairment.

#### Acquisition of the Starbet International Ltd. business unit

By agreement dated 14 January 2008, Starbet International Ltd., Ta'Xbiex/Malta, transferred the domains "starbet.de" and "starbet.com" (and all related customer relationships) to bet-at-home.com Internet Ltd., Malta. In accordance with IFRS 3, this asset deal must be treated in the same way as a share deal. Therefore, initial consolidation was carried out at the date of acquisition pursuant to IFRS 3. Once the disclosed difference had been allocated to identifiable assets, the remainder (EUR 162 thousand) was recognised as goodwill. There was no objective evidence of impairment.

#### Acquisition of bet-at-home.com Entertainment GmbH, Linz

As at 31 December 2005, the subsidiary bet-at-home.com Entertainment GmbH, including its subgroup, was included and consolidated for the first time. All hidden reserves to be recognised were disclosed in the Austrian IFRS subgroup accounts. The subgroup was therefore consolidated based on the subgroup's equity as determined using the acquisition method. The initial consolidation resulted in a surplus of EUR 1,052 thousand. This surplus was recognised as goodwill in the consolidated financial statements. There was no evidence of impairment of the goodwill.

### (11) Property, plant and equipment

A breakdown of property, plant and equipment and their movements during the financial year 2016 is presented in the Changes in Non-current Assets for the Group (appendix to the notes).

### (12) Receivables and other assets

All receivables and other assets have residual maturities of up to one year and comprise the following:

	31/12/2016	31/12/2015
	EUR'000	EUR'000
Receivables from payment service providers	6,198	5,406
Receivables from associated companies	30,815	55,000
Tax receivables	10,260	9,797
Other receivables	656	493
	<b>47,929</b>	<b>70,696</b>

As in the previous year, the majority of receivables from associated companies concern short-term loans extended to the majority shareholder Mangas BAH SAS, Paris.

**(13) Marketable securities**

	31/12/2016	31/12/2015
	EUR'000	EUR'000
Shares in investment funds	1,748	1,326

All securities are classified as available-for-sale and measured at their fair value. Changes in fair value are recognised directly in the revaluation reserve in equity, except for impairment losses or reversals of impairment losses or exchange gains or losses.

Additions to marketable securities in the income statement amounted to EUR 0 thousand in 2016 (previous year: EUR 8 thousand). In accordance with IAS 39 (OCI), their cost was written up by EUR 422 thousand (previous year: EUR 82 thousand).

**(14) Cash and cash equivalents**

	31/12/2016	31/12/2015
	EUR'000	EUR'000
Cash at bank and in hand	90,101	48,779

**(15) Accruals and deferred income**

Prepayments and accrued income mainly concerns prepayments under advertising and sponsorship agreements as well as maintenance agreements.



## (16) Group equity

Breakdown of the Group's equity:

	31/12/2016	31/12/2015
	EUR'000	EUR'000
Share capital	7,018	3,509
Capital reserves	7,366	10,875
Other comprehensive income	473	114
Consolidated net profit for the period	94,714	79,501
	<b>109,571</b>	<b>93,999</b>

For more information on group equity, please also refer to the consolidated statement of changes in equity included in the consolidated financial statements.

The Group's share capital is divided into 7,018,000 no par value shares.

The general meeting of shareholders on 18 May 2016 resolved to increase the share capital of the issuer by EUR 3,509,000.00 to EUR 7,018,000.00 through a capital increase from the Company's own funds by issuing 3,509,000 new shares. As announced in the Federal Gazette [Bundesanzeiger] on 15 June 2016, following the capital increase from the Company's own funds, all shareholders were entitled to bonus shares at a ratio of 1:1 to their shareholdings at the close of the stock market on 20 June 2016. These bonus shares were registered on 21 June 2016 (share split). The shareholders' shareholdings did not change as a result of this capital measure.

The reserves are the result of a capital increase in 2005 by 290,000 shares at an issue price of EUR 11.00 per share (totalling EUR 2,900 thousand) and a further capital increase in 2006 by 319,000 shares at an issue price of EUR 26.00 per share (totalling EUR 7,975 thousand). The decrease in 2016 of EUR 3,509 thousand resulted from the conversion for the implementation of the capital increase from the Company's own funds.

Pursuant to the resolution adopted at the general meeting of shareholders on 13 May 2013, the Management Board was entitled, with the Supervisory Board's consent, to increase the company's share capital by 12 May 2018 by issuing new bearer shares (non-par value shares) for cash or non-cash contributions, once or several times, up to a maximum amount of EUR 1,754,500.00. The authorised capital was revoked by shareholder resolution of 18 May 2016.

The general meeting of shareholders on 18 May 2016 resolved to authorise the Management Board, with the Supervisory Board's consent, to increase the Company's share capital by 17 May 2021 by issuing up to 3,509,000 new non-par value bearer shares for cash or non-cash contributions, once or several times, up to an amount of EUR 3,509,000.00 (authorised capital I).

**(17) Non-current liabilities**

	31/12/2016	31/12/2015
	EUR'000	EUR'000
Provisions for employee benefits	41	34
Provision for deferred taxes	67	6
	<b>108</b>	<b>40</b>

In order to calculate provisions for termination benefits in accordance with IAS 19 by applying the projected unit credit method, an actuary's opinion was obtained, which is based on a discount rate of 1.71% (previous year: 2.39%) and an annual growth rate of 2.5%.

The revaluation of the marketable securities because of a reversal of impairment losses above cost (EUR 422 thousand) led to temporary differences between the carrying amounts stated in the Consolidated Statement of Financial Position and those recognised for tax purposes during the year under review, resulting in EUR 67 thousand in deferred tax liabilities.

**(18) to (21) Total current liabilities and deferred income**

Breakdown of current liabilities and accruals and deferred income:

	31/12/2016	31/12/2015
	EUR'000	EUR'000
Trade payables	460	1,011
Current provisions	21,371	19,943
Other current liabilities	13,234	11,012
	35,065	31,966
Accruals and deferred income	631	771
	<b>35,696</b>	<b>32,737</b>

Movements in provisions during financial year 2016 (in thousands of euro):

	Balance 01/01/2016	Utilised	Release	Addition	Balance 31/12/2016
<b>Non-current</b>					
Employee benefits	34	0	0	7	41
Deferred tax liabilities	6	0	0	61	67
<b>Current</b>					
Taxes	11,552	11,537	15	12,571	12,571
Personnel expenses	1,558	1,557	0	1,620	1,621
Audit and advisory	239	185	54	253	253
Outstanding invoices	1,793	1,564	230	1,370	1,369
Betting fees and gambling levies	3,414	3,414	0	4,232	4,232
Other	1,387	1,386	1	1,325	1,325
	19,943	19,643	300	21,371	21,371
	19,983	19,643	300	21,439	21,479

In the consolidated financial statements as at 31 December 2016, a provision was made for betting fees and gambling levies for December 2016; they were paid in January 2017.

The employee provisions comprise unused holiday pay and overtime and bonuses.

Other current liabilities include payables to customers of EUR 9,508 thousand (31/12/2015: EUR 9,355 thousand).

Deferred income consists of bets already deducted from customer accounts prior to the reporting date (pending bets). However, the sports events relating to these bets will not take place until after the reporting date (mostly in January 2017).

### V.3. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents recognised in the statement of cash flows exclusively refers to the "cash and cash equivalents" item in the statement of financial position.

The interest income for loans issued to group companies was recognised in cash flow from investing activities. The other interest income was classified as cash flows from operating activities.

**V.4. COMMENTS ON THE PRESENTATION OF CHANGES IN GROUP EQUITY UNDER IFRS**

Changes in group equity are presented in the consolidated statement of changes in equity.

**VI. OTHER INFORMATION****VI.1. FINANCIAL INSTRUMENTS****Non-derivative financial instruments**

For further details on non-derivative financial instruments, see the consolidated statement of financial position. The Group does not trade in derivatives and only holds shares in mutual funds (mostly money market funds) and cash and cash equivalents.

**Liquidity risk**

Liquidity risk is the risk that the Group will have insufficient liquidity to meet its financial obligations as they fall due. The Group's liquidity risk is very limited due to its low level of indebtedness. The Group is in a position to cover its current liquidity requirements with existing cash and cash equivalents.

**Credit risk**

Credit risk is the risk of payment delays or defaults by counterparties. As there are no netting agreements, the amounts stated on the assets side (receivables and other assets) represent the maximum exposure to credit and default risk. Provisions have been made for anticipated reversals due to credit card refunds. Default risk relating to bank balances must be considered very minor as the lending institutions concerned are A-rated banks. The default risk for the loan issued to Mangas BAH SAS must be considered minor as the loans are secured with joint and several guarantees issued by the shareholders of the majority shareholder.

The default risk associated with shares in investment funds can also be considered minor given the issuer's credit rating. The financial assets include no impaired assets or overdue receivables. Provisions for default risk on receivables and other assets are not necessary.

**Market price risk**

Market price risk may arise from marketable securities included in current assets. As at reporting date, the Group held shares in investment funds with a limited price risk compared to shares on the stock exchange. Market prices rose further during the 2016 financial year. A decrease (increase) in market prices by five percentage points would decrease (increase) the Group's profit for the period by EUR 87 thousand (31/12/2015: EUR 66 thousand).

**Interest rate risk**

The interest rate risk associated with investments is considered insignificant. The interest rates on the bank balances depend on the market interest rates, which depend on the maturities. The effect of a change in the current low interest rate by 0.5 percentage points would amount to EUR 451 thousand (31/12/2015: EUR 244 thousand). All other financial instruments (assets and liabilities) are current and non-interest bearing.

**Foreign currency and exchange risk**

Currency risk relates to exchange rate differences. Despite the Group's international orientation, most cash flows are denominated in the Group's functional currency (the euro). The Polish zloty created significant currency risks in the 2016 financial year, while transactions denominated in other currencies were of minor importance. The Group does not hedge its currency risk. A 10% appreciation (depreciation) in the zloty would have decreased (increased) the profit for the period (and the balance of equity) by around EUR -91 thousand (31/12/2015: EUR 29 thousand). Changes in these risk variables were assessed in relation to the potential for risks inherent in each financial instrument portfolio as at the closing date.

**Fair value**

The fair values of securities are equal to their carrying amounts. Due to their short maturities, the fair values of other financial instruments (receivables, payables) approximate their carrying amounts. Fair values were therefore not determined for these assets and liabilities.

Reconciliation of carrying amounts and fair values (by category) in accordance with IAS 39:

	Carrying amount 31/12/2016	At amortised cost		At fair value		Total carrying amount of financial instruments	Fair value of financial instruments	Non- financial instruments
		loans & receivables	at amortised cost	available-for- sale				
<b>Current assets</b>								
Receivables and other current assets	47,929	37,669	0	0	0	37,669	37,669	10,260
Securities	1,748	0	0	1,748	0	1,748	1,748	0
Cash and cash equivalents	90,101	0	90,101	0	0	90,101	90,101	0
<b>Current liabilities</b>								
Provisions	21,371	0	8,800	0	0	8,800	8,800	12,571
Trade payables	460	0	460	0	0	460	460	0
Other liabilities and accruals and deferred income	13,865	0	13,234	0	0	13,234	13,234	631

	Carrying amount 31/12/2015	At amortised cost		At fair value		Total carrying amount of financial instruments	Fair value of financial instruments	Non- financial instruments
		loans & receivables	at amortised cost	available-for- sale				
<b>Current assets</b>								
Receivables and other current assets	70,696	60,899	0	0	0	60,899	60,899	9,797
Securities	1,326	0	0	1,326	0	1,326	1,326	0
Cash and cash equivalents	48,779	0	48,779	0	0	48,779	48,779	0
<b>Current liabilities</b>								
Provisions	19,943	0	8,391	0	0	8,391	8,391	11,552
Trade payables	1,011	0	1,011	0	0	1,011	1,011	0
Other liabilities and accruals and deferred income	11,782	0	11,012	0	0	11,012	11,012	771



### Fair value risk management

The financial instruments at fair value are classified according to the levels in the fair value hierarchy, which are defined as follows:

- Level 1: Quoted prices in active markets for identical assets and liabilities.
- Level 2: Inputs that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. prices), such as internal models or other valuation techniques.

The table below shows the classification of financial assets and liabilities measured at fair value according to the fair value hierarchy. This distinguishes between fair values based on the significance of the inputs used for their measurement and shows to what extent observable market data were available for determining the fair value.

As at 31/12/2016 (EUR'000)	Fair value of the financial instruments	Level 1	Level 2	Level 3
Non-current assets	0	0	0	0
Current assets	1,748	1,748	0	0

As at 31/12/2015 (EUR'000)	Fair value of the financial instruments	Level 1	Level 2	Level 3
Non-current assets	0	0	0	0
Current assets	1,326	1,326	0	0

### Legal risks

For details on legal risks, please refer to section VI.3.

### Risk management

The group parent's Management Board is responsible for establishing risk management policies. Compliance with these policies is monitored by the managing directors and department heads of the subsidiaries. Among the basic components of risk management are general principles for risk prevention, such as the segregation of duties and applying the four eyes principle for important internal controls.

The Management Board is also responsible for identifying negative developments in good time by employing cross-departmental monitoring systems. For example, IT risks are monitored and reported through the voluntary appointment of external certification bodies (such as eCogra), operational risks through automated plausibility checks during the preparation of offers and financial risks through the ongoing analysis of key financial performance indicators.

Also part of this risk management system are provisions on the use of financial instruments. The Group does not hold any derivative financial instruments. Nor does the Management Board intend to use such financial instruments in the future.

For details on legal risks, please refer to section VI.3.

## VI.2. RELATED PARTY TRANSACTIONS

Members of the Management Board of bet-at-home.com AG, Düsseldorf, during the 2016 financial year:

- Mr. Franz Ömer, graduate engineer, Ansfelden, Austria
- Mr. Michael Quatember, Master's degree, Linz, Austria

In 2016, the members of the Management Board of the parent company received fixed compensation in the amount of EUR 765 thousand (previous year: EUR 457 thousand) and variable compensation in the form of a management bonus in the amount of EUR 951 thousand (previous year: EUR 819 thousand). One Group company also paid for one consulting service in the amount of EUR 280 (previous year: EUR 140 thousand).

Cash inflow (in EUR)	Franz Ömer		Michael Quatember	
	CEO		CEO	
	2016	2015	2016	2015
Fixed compensation	440,000.00	257,142.86	325,000.00	200,000.00
Fringe benefits	280,000.00	140,000.00	0.00	100,000.00
<b>Total</b>	<b>720,000.00</b>	<b>397,142.86</b>	<b>325,000.00</b>	<b>300,000.00</b>
Variable compensation for one year (short-term component of the management bonus)	408,000.00	382,500.00	408,000.00	382,500.00
Variable compensation for multiple years (long-term component of the management bonus)	67,500.00	0.00	67,500.00	53,925.00
Others	0.00	0.00	0.00	0.00
<b>Total</b>	<b>475,500.00</b>	<b>382,500.00</b>	<b>475,500.00</b>	<b>436,425.00</b>
Expenditure of services	0.00	0.00	0.00	0.00
<b>Total compensation</b>	<b>1,195,500.00</b>	<b>779,642.86</b>	<b>800,500.00</b>	<b>736,425.00</b>

In 2016, the company furthermore assumed the costs of an accident insurance policy in the amount of EUR 1 thousand (previous year: EUR 1 thousand) for one of the members of the Management Board and carried the costs of the contributions due in accordance with the Austrian Corporate Employee and Self-Employed Pension Act (Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz, BMSVG) in the amount of EUR 11 thousand (previous year: EUR 11 thousand).

Allocations granted (in EUR)	Franz Ömer				Michael Quatember			
	CEO				CEO			
	2015	2016	2016 (Min)	2016 (Max)	2015	2016	2016 (Min)	2016 (Max)
Fixed compensation	257,142.86	440,000.00	440,000.00	440,000.00	200,000.00	325,000.00	325,000.00	325,000.00
Fringe benefits	140,000.00	280,000.00	280,000.00	280,000.00	100,000.00	0.00	0.00	0.00
<b>Total</b>	<b>397,142.86</b>	<b>720,000.00</b>	<b>720,000.00</b>	<b>720,000.00</b>	<b>300,000.00</b>	<b>325,000.00</b>	<b>325,000.00</b>	<b>325,000.00</b>
One-year variable compensation	408,000.00	425,960.00	0.00	484,500.00	408,000.00	425,960.00	0.00	484,500.00
Long-term management bonus	67,500.00	72,000.00	0.00	85,500.00	67,500.00	72,000.00	0.00	85,500.00
Variable third-party compensation	0.00	890,953.18	0.00	n.a.	0.00	890,953.18	0.00	n.a.
Multiple-year variable compensation	67,500.00	962,953.18	0.00	n.a.	67,500.00	962,953.18	0.00	n.a.
<b>Total</b>	<b>475,500.00</b>	<b>1,388,913.18</b>	<b>0.00</b>	<b>n.a.</b>	<b>475,500.00</b>	<b>1,388,913.18</b>	<b>0.00</b>	<b>n.a.</b>
Expenditure of services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total compensation</b>	<b>872,642.86</b>	<b>2,108,913.18</b>	<b>720,000.00</b>	<b>n.a.</b>	<b>775,500.00</b>	<b>1,713,913.18</b>	<b>325,000.00</b>	<b>n.a.</b>

Members of the Supervisory Board of bet-at-home.com AG, Düsseldorf, during the 2016 financial year:

- Martin Arendts, MBL-HSG, lawyer, Grünwald (Chairman)
- Jean-Laurent Nabet, Director, Paris, France
- Isabelle Andres, Director, Paris, France

In 2016, the Chairman of the Supervisory Board received fixed compensation of EUR 20 thousand (previous year: EUR 20 thousand). Necessary expenses were also reimbursed. In 2016, the other members of the Supervisory Board waived compensation, just as in the previous year.

In 2016, significant related party transactions involved loans extended by the parent company bet-at-home.com AG, Düsseldorf, to a company belonging to the Betcliv Everest Group, Paris, in accordance with prevailing market conditions. The conditions were at arm's length. There were no other significant related party transactions.

Pursuant to Section 312 (3) of the German Companies Act, the Board of Management states that, according to the circumstances known to the Board at the time when legal transactions were concluded with related parties, the parent company received appropriate compensation for each legal transaction. No actions subject to Section 312 (1) of the German Companies Act were taken or omitted.

### **VI.3. OTHER COMMITMENTS AND CONTINGENT LIABILITIES; LEGAL RISKS**

#### **Other commitments**

Future commitments in respect of rental and lease agreements for the next five years total EUR 3,869 thousand (previous year: EUR 3,680 thousand). Of this amount, EUR 774 thousand (previous year: EUR 736 thousand) fall due within one year. These are rent payments for office premises in Linz, Portomaso, Malta, and Düsseldorf. The tenancy in Linz, representing the largest share of these commitments, can be terminated by the end of any month after the expiry of the minimum tenancy period of 48 months, subject to three months' notice.

Due to the indefinite contract period, the total commitment under this tenancy cannot be more precisely determined.

#### **Regulatory developments and general legal conditions**

In the past years, bet-at-home.com AG Group was subjected to legal attacks by the authorities, particularly in Germany, attempting to stop the Company from providing and advertising its activities. Apart from one case, which has been pending in Germany against a Maltese subsidiary

since the beginning of 2015, all previous administrative proceedings were concluded positively.

The current status of these proceedings are as follows:

- In March 2015, the Federal State of Berlin ruled for bet-at-home.com Entertainment Ltd., Malta, to cease from offering and/or advertising the casino and poker products in Berlin. An appeal was raised against this ruling and an emergency appeal filed with the Berlin Administrative Court. The Berlin Administrative Court dismissed this emergency appeal in September 2015. The Maltese subsidiary filed a complaint against this ruling before the Higher Administrative Court in Berlin-Brandenburg. This complaint was dismissed in December 2016. A legally binding court ruling in the main proceedings is not to be expected until 2019.

The following major court proceedings were initiated against individual group companies for the repayment of gaming losses:

- A customer in Austria has sued bet-at-home.com Entertainment Ltd. and bet-at-home.com Internet Ltd., both Malta, for the repayment of EUR 950,000 in gaming losses in the online casino. This action was rejected in its entirety by the Linz District Court in its ruling in March 2012. The customer has filed an appeal against this ruling, which was granted by the Linz Higher Regional Court, as the regional appeal court. bet-at-home.com Entertainment GmbH has appealed this decision to the Supreme Court. The Supreme Court has granted the company's appeal and remitted the case in its decision of November 2013 to the court of first instance referring to the lack of specific findings in light of the rulings of the European Court of Justice. The Supreme Court referred explicitly to the lack of a reason for the decision (sectoral view of gaming advertising) by the court of second instance. In its ruling of November 2014, the Linz District Court in the first instance again dismissed the action in its entirety, against which the customer again filed an appeal. The Linz Higher Regional Court granted the customer's appeal in January 2015. The Maltese companies again raised an appeal against this decision before the Supreme Court, which was sustained. The proceedings were again referred to the Linz District Court in the first instance for obtaining a statement from the Republic of Austria. The Linz District Court again dismissed the customer's complaint in December 2016.
- Three other customers from Austria have sued individual group companies for the repayment of gaming losses. All open proceedings are pending while the judge is assumedly awaiting the outcome of the case above. We believe our prospects of success in these cases are also very good, given the unlawfulness of the Austrian gambling rules under EU law.
- In spring 2015, a customer in Germany filed a complaint against bet-at-home.com Entertainment Ltd., Malta, for the reimbursement of gambling fees on the grounds that the company is engaging in illegal gambling activities. bet-at-home.com Entertainment Ltd. moved that the action be dismissed. The Duisburg District Court sustained this move, against which the claimant raised an appeal in October 2016.

In the past reporting period, the development of the regulatory environment was impacted by the continuous efforts of the member countries of the European Union to regulate the online gambling sector and to establish a licensing system for private providers, even though these endeavours did not always comply with the stipulations of European law.

- In Germany, bet-at-home.com Internet Ltd. participated in January 2013 in a tender to obtain one of 20 national sports betting licences to be issued under the Amendment to the 2012 German Agreement on Gambling. In September 2014, the company was informed that a licence would be granted to organise sports betting. Upon request of bidders which had not been selected, the High Court stopped the issuance of licenses in September 2015 and the ministry was prohibited from issuing these licenses before the conclusion of the main proceedings. Several proceedings and appeals are currently before the Wiesbaden Administrative Court and the Constitutional Court in Hesse in which unsuccessful bidders are demanding to be issued with a license. During the course of 2016, the Wiesbaden Administrative Court ruled in several cases that individual unsuccessful bidders participating in the license tender should be issued with a seven-year license. However, these rulings are not legally effective and no licenses can be issued as a result. The Management Board expects that the Group will once again be able to offer its product portfolio in 2017 in Germany and that the casino activities in Berlin may have to be discontinued due to definitive injunctive relief being in place.

The new Government Treaty on Changes to Gambling (Glückspieländerungsstaatsvertrag), which is scheduled to come into effect on 1 January 2018, also stipulates that the number of licenses will no longer be limited to just 20. In addition, all companies which met the minimum requirements in the unsuccessful bidding process, including bet-at-home.com Internet Ltd., will be issued with a temporary license so as to obtain a permanent sports betting license during the course of 2018. Compliance with this timetable will primarily depend on the outcome of the expected complaints filed by providers not earmarked to be issued with a license.

The Management Board expects that the Group will once again be able to offer its product portfolio in 2017 in Germany and that the casino activities in Berlin may have to be discontinued due to definitive injunctive relief being in place.

- At the end of 2016, Salzburg was the first federal state in Austria to submit a policy for the online sports betting sector to the EU Commission for notification, with the scope of application being limited to companies domiciled in Salzburg. The companies of bet-at-home.com AG Group will therefore not be affected by this new policy. It is to be expected that further federal states will regulate online sports betting by imposing various requirements for providers in the coming years.

In September 2010, the European Court of Justice held in its “Engelmann” judgement (C-64/08) on gambling that the Austrian legal situation, according to which only companies domiciled in Austria may apply for a casino licence, violates freedom of establishment under EU law. This caused the Austrian legislator to issue new tenders for casino licences across Europe. One Maltese subsidiary applied for the only online casino licence in July 2011. As expected, the discriminatory conditions, which were clearly tailored to the Austrian monopolist, resulted in a negative decision.



The appeals against the decision before the Constitutional Court and Higher Administrative Court were dismissed in February 2013 and April 2014. The negative ruling by the Constitutional Court does not affect the business activities of the Maltese subsidiaries, as they can offer casino services based on the current Maltese licence given the unlawfulness of the Austrian gambling rules under EU law under current legislation.

- At the end of 2016, the Polish government resolved to amend laws on sports betting and gambling, which will come into effect on 1 April 2017. The planned issuance of just one online gambling license to one Polish provider constitutes a serious violation of free movement of services and has been objected to correspondingly by the EU Commission and Malta in a notification procedure. In the future, online sports betting licenses will also be issued to foreign providers without them having any obligation to maintain servers in Poland once they have submitted a corresponding application and following a procedure taking several months. Due to the continuous imposition of the highest tax rate in the EU of 12% on betting volume, a sports betting license is only economically viable if the non-licensed providers can be prevented from entering the Polish market. The legislator is planning far-reaching sanctions such as payment and IP blocking for this purpose. In the first quarter of 2017, bet-at-home.com AG Group will decide whether to submit an application for a sports betting license and on legal steps to be taken against the planned online casino monopoly.

In the Group's smaller markets, the following regulatory changes took place in 2016:

- In mid-2016, the Swiss parliament was presented with a draft law which aims to enable casino operators in physical premises to also provide online casino products in the future. IP and payment blocking measures are planned for the first time in order to exclude unlicensed providers from participation in the market. Together with other foreign providers, bet-at-home.com AG Group has engaged Swiss lawyers to plead against these blocking measures as they violate fundamental rights and for a fair market liberalisation process. As a result of these activities, the legislative process has been delayed, making it unlikely for the new law to come into effect in 2017. Due to the controversial discussions and/or negative attitude of the banks, the delegates in parliament are increasingly rejecting the idea of continuing with the planned blocking measures. The effective date could also be delayed further or prevented by the initiation of a referendum.
- In 2013, the Netherlands had already, in a bill, proposed a licence model for online sports betting and gambling that also provides for market entry by foreign providers under conditions in conformity with European law. The legislative process has been delayed repeatedly due to certain proceedings and appeals, meaning that the publication of the detailed terms and conditions of the license in the various implementation laws and ordinances are only to be expected in the first half of 2017 and an application not before the third quarter of 2017. The bet-at-home.com AG Group will therefore decide shortly on the possible submission of an application.

At the political level, the European Parliament already adopted a legislative initiative in support of a proposal by the EU Commission in 2011 targeted at harmonising national gambling laws. The first step will be to largely harmonise gambler and data protection regulations as well as control mechanisms. Due to diverging interests among member states and national tax authorities, substantial further harmonisation of relevant national gambling regulations is not anticipated in the foreseeable future.

The Group strengthened the following activities at a national level in the past reporting period: In addition to its long-term membership with the European Gaming und Betting Association (EGBA) and its new membership with Deutscher Sportwettenverband (DSWW) [German Sports Betting Association] in 2015, bet-at-home.com became a founding member of Deutscher Online Casinoverband (DOCV) [German Online Casino Association] and Oesterreichische Vereinigung für Wetten und Glücksspiel (OWVG) [Austrian Association for Betting and Gaming]. All associations campaign for fair and legally sound regulations in the corresponding countries.

Supported by the positive rulings of the European Court of Justice, the Management Board expects the liberalisation of the eGaming market to progress further in many EU member states. However, a number of draft laws contain discriminatory regulations for foreign providers with a view to keeping the market sealed off to the benefit of national providers. The Management Board will closely monitor future developments and strives to obtain eGaming licences in countries facilitating fair market access, in an effort to enhance legal certainty.

Negative outcomes to the above-mentioned proceedings could have significant adverse effects on the Group's financial position, financial performance and cash flows.

#### **VI.4. AUDITORS' FEE**

The auditor's fee totalled EUR 135 thousand in 2016 (previous year: EUR 67 thousand), which breaks down as follows:

	EUR'000
Tax advisory services	36
Audit of the consolidated financial statements	38
Audit of the financial statements	22
Audit of the related parties report	3
Other audit services	37

**VI.5. DECLARATION PURSUANT TO SECTION 161 AKTG ON THE GERMAN CORPORATE GOVERNANCE CODE**

The Supervisory and Management Boards of bet-at-home.com AG have issued the statutory declaration for listed companies pursuant to Section 161 of the German Companies Act [Aktiengesetz; AktG] and made it accessible to the shareholders. The declaration has been published in the Investor Relations section of [www.bet-at-home.ag](http://www.bet-at-home.ag) under Corporate Governance.

**VI.6. MATERIAL SUBSEQUENT EVENTS**

There were no events materially affecting the Group's business development and financial position in the period between the end of the 2016 financial year and preparation of the consolidated financial statements.

**VI.7. APPROPRIATION OF NET PROFIT**

Subject to the Supervisory Board's consent, the Management Board of the parent company will propose to the general meeting of shareholders in 2017 to pay a dividend of EUR 7.50 per share, totalling EUR 52,635,000.00, from net profit for the year as at 31 December 2016 and to carry EUR 2,907,123.94 forward to new account.

**VI.8. RESPONSIBILITY STATEMENT**

We assure that to the best of our knowledge, the consolidated financial statements give a true and fair view of the Group's financial position, financial performance and cash flows in accordance with the applicable reporting standards, and that the management report gives a true and fair view of the business development including the business performance and position of the Group and appropriately presents the significant opportunities and risks of the Group's anticipated development.

Düsseldorf, 24 February 2017

Franz Ömer

Michael Quatember



## APPENDIX TO THE NOTES

### CHANGES IN NON-CURRENT ASSETS FOR THE GROUP AS AT 31 DECEMBER 2016

bet-at-home.com AG, Dusseldorf

	At cost				Accumulated depreciation						Carrying amount 31/12/2015
	Balance at 01/01/2016	Additions	Disposals	Reclassifications	Balance at 31/12/2016	Balance at 01/01/2016	Additions	Disposals	Balance at 31/12/2016	Carrying amount 31/12/2016	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
I.											
Intangible assets	4,402,151.73	17,005.74	0.00	0.00	4,419,157.47	2,192,056.26	224,640.95	0.00	2,416,697.21	2,002,460.26	2,210,095.47
1.	Software, internet domains and similar rights and benefits and licences derived therefrom	17,005.74	0.00	0.00	3,049,837.17	2,192,056.26	224,640.95	0.00	2,416,697.21	633,139.96	840,775.17
2.	Goodwill	1,369,320.30	0.00	0.00	1,369,320.30	0.00	0.00	0.00	0.00	1,369,320.30	1,369,320.30
II.											
Property and equipment	5,211,916.61	1,262,967.75	77,273.25	0.00	6,397,611.11	2,658,539.63	935,844.28	76,017.11	3,518,366.80	2,879,244.31	2,553,376.98
1.	Furniture and fixtures, office equipment	4,467,826.61	429,634.42	77,273.25	5,564,277.78	2,658,539.63	935,844.28	76,017.11	3,518,366.80	2,045,910.98	1,809,286.98
2.	Construction in progress	744,090.00	833,333.33	0.00	833,333.33	0.00	0.00	0.00	0.00	833,333.33	744,090.00
		9,614,068.34	1,279,973.49	77,273.25	10,816,768.58	4,850,595.89	1,160,485.23	76,017.11	5,935,064.01	4,881,704.57	4,763,472.45



FK Austria Wien

# CONSOLIDATED STATEMENT OF CASH FLOWS

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFFS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------





**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

bet-at-home.com AG, Dusseldorf

	Note	2016	2015
	No.	EUR'000	EUR'000
Consolidated profit for the period		31,004	30,672
Other comprehensive income		359	88
<b>Comprehensive income</b>		<b>31,363</b>	<b>30,760</b>
+ Depreciation of non-current assets	(5)	1,160	926
- Interest income related to loans issued to group companies		-2,162	-2,101
+/- Increase/decrease in provisions		1,496	5,769
+/- Increase/decrease in trade and other receivables not attributable to investing or financing activities		-3,160	-3,588
+/- Increase/decrease in trade and other payables not attributable to investing or financing activities		1,532	-17
<b>= Cash flows from operating activities</b>		<b>30,229</b>	<b>31,749</b>
- Acquisition of assets (excluding investments)		-1,280	-1,147
+ Proceeds from sale of property, plant and equipment		2	0
- Interest income/expense related to loans issued to group companies		28,162	-7,899
<b>= Cash flows from investing activities</b>		<b>26,884</b>	<b>-9,046</b>
+/- Payments to shareholders (dividends)		-15,791	-4,211
<b>= Cash flows from financing activities</b>		<b>-15,791</b>	<b>-4,211</b>
<b>= Net cash from operating, investing and financing activities</b>		<b>41,322</b>	<b>18,492</b>
+ Cash and cash equivalents at 1 January		48,779	30,287
<b>= Cash and cash equivalents at 31 December</b>	<b>(14)</b>	<b>90,101</b>	<b>48,779</b>

Independent Auditor's Report

Summarised Management Report

Statement of Changes in IFRS Group Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Consolidated Statement of Income

Consolidated Statement of Financial Position

bet-at-home.com Share

Corporate Governance Report

Report by the Supervisory Board

Report by the Management Board

Company Profile



WTA tennis tournament in Linz

# STATEMENT OF CHANGES IN IFRS GROUP EQUITY

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFRS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**  
 bet-at-home.com AG, Dusseldorf

	Share capital	Capital reserves	Other comprehensive income (after taxation)	Total comprehensive income	Total equity
	EUR	EUR	EUR	EUR	EUR
As at 01/01/2015	3,509,000.00	10,875,000.00	25,982.44	53,040,280.59	67,450,263.03
Profit for the year	0.00	0.00	87,870.64	30,671,697.83	30,759,568.47
<b>Total recognised gains and losses</b>	<b>0.00</b>	<b>0.00</b>	<b>87,870.64</b>	<b>30,671,697.83</b>	<b>30,759,568.47</b>
Dividend distribution	0.00	0.00	0.00	-4,210,800.00	-4,210,800.00
<b>As at 31/12/2015</b>	<b>3,509,000.00</b>	<b>10,875,000.00</b>	<b>113,853.08</b>	<b>79,501,178.42</b>	<b>93,999,031.50</b>

	Share capital	Capital reserves	Other comprehensive income (after taxation)	Total comprehensive income	Total equity
	EUR	EUR	EUR	EUR	EUR
As at 01/01/2016	3,509,000.00	10,875,000.00	113,853.08	79,501,178.42	93,999,031.50
Capital increase/capital conversion	3,509,000.00	-3,509,000.00	0.00	0.00	0.00
Profit for the year	0.00	0.00	358,932.77	31,003,790.06	31,362,722.83
<b>Total recognised gains and losses</b>	<b>0.00</b>	<b>0.00</b>	<b>358,932.77</b>	<b>31,003,790.06</b>	<b>31,362,722.83</b>
<b>Total of other capital conversions</b>	<b>3,509,000.00</b>	<b>-3,509,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Dividend distribution	0.00	0.00	0.00	-15,790,500.00	-15,790,500.00
<b>As at 31/12/2016</b>	<b>7,018,000.00</b>	<b>7,366,000.00</b>	<b>472,785.85</b>	<b>94,714,468.48</b>	<b>109,571,254.33</b>





Hertha BSC



# SUMMARISED MANAGEMENT REPORT

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFFS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------

**SUMMARISED MANAGEMENT REPORT 2016****bet-at-home.com AG, Dusseldorf****A. FUNDAMENTALS OF THE GROUP****A.1. BUSINESS MODEL**

The bet-at-home.com AG Group is an online gaming and sports betting company. With 4.6 million registered customers, the Group is one of the most successful providers in Europe.

The varied options offered on www.bet-at-home.com include sports betting, poker, casino, games and virtual sports. In 2016, sports bets were placed on more than 387,000 events in over 75 types of sport. bet-at-home.com has companies in Germany, Austria, Malta and Gibraltar. The successful development of the company can be attributed to its 296 employees as at 31 December 2016.

In addition to several countries in Eastern Europe, particularly the German-speaking region and individual countries in Western Europe are key markets.

The Group holds various licences via its Maltese companies for online sports betting and gaming. These licences allow the Group to organise and market online sports betting and online casinos in its sales markets in Austria, Western Europe, Eastern Europe and in other countries.

**bet-at-home.com AG group structure in detail**

The parent company, bet-at-home.com AG, Düsseldorf, was listed on the regulated market of the Frankfurt Stock Exchange in the Prime Standard section in August 2016. All operating activities are carried out exclusively by indirect associates.

bet-at-home.com AG holds 100% of bet-at-home.com Entertainment GmbH. This company, which as its registered office in Linz, Austria, is mainly responsible for the continuous transfer of technology within the Group as well as for further developing its internally developed software and provides services for the operating companies in Malta. The company holds its international gaming licences for sports betting, poker, casino, games and virtual sports via bet-at-home.com Holding Ltd., Malta.

Since 2009, bet-at-home.com AG has been a part of the Betclic Everest Group SAS, Paris, a French group specialising in online gambling and online sports betting.

**A.2. RESEARCH AND DEVELOPMENT**

One of the most important assets of the Group is its effective state-of-the-art software. We are continuously enhancing and developing this software. Sports betting and casino products for the mobile platform were continuously enhanced and optimised during the course of 2016.

**B. ECONOMIC REPORT**

**B.1. OVERALL ECONOMIC AND INDUSTRY SITUATION**

Based on the previous experience from key markets of the Group companies, it can be assumed that the eGaming business development is largely independent from total economic developments in the respective market.

The Management Board assumes that the overall gaming market will develop positively in the long term, with the online segment gaining further in importance. Particularly the penetration of the target group with mobile devices, mobile gaming as innovative sales channel as well as demographic trends and increasing online affinity will become supporting factors. This development will be supported by the high scalability of the business model and the expected progressive deregulation of the market.

**B.2. BUSINESS TREND**

**(1) Highlights in 2016**

In 2016, bet-at-home.com AG Group once again showed its strength by generating new records in betting and gaming volumes, betting and gaming income and key performance indicators in the history of the company. In 2016, the gross betting and gaming income amounted to EUR 138.7 million, thus 14.1% up on the previous year's figure of EUR 121.6 million and once again reaching a record in the history of bet-at-home.com. Despite the scheduled increase in investments in the brand's popularity, the EBITDA in 2016 also increased by 4.3% to a record of EUR 33.0 million, thus around EUR 1.3 million up on the comparative figure of EUR 31.7 million in the previous year. Group-wide bundling of the procurement of marketing services at the group company in Gibraltar resulted in significant synergies also during the 2016 financial year, which have influenced the Group's development positively.

Due to the extremely positive business development in the fourth quarter of 2016, the Group exceeded the expected EBITDA of around EUR 30.0 million originally announced with total EBITDA of EUR 33.0 million.

Starting with May 2016, bet-at-home.com had a presence throughout Europe in the form of international advertising campaigns such as TV spots, posters and online media. The contents of the comprehensive marketing measures were aimed at the European Football Championship in France, which started on 10 June 2016. International football tournaments and major events have always been an ideal time for bet-at-home.com to increase the popularity of the brand and therefore the number of registered customers on a lasting basis. At the end of the 2016 financial year, 4.6 million customers trusted in bet-at-home.com.

Further permanent expansion in the area of live betting will strengthen the Group's market position further and ensure its continued positive development. Ongoing innovations on the mobile platforms and the optimisation of the smartphone and tablet product portfolio are the main focus of operations. As a result, more than 30% of the gross betting and gaming revenue was already generated through mobile devices in 2016.

## **(2) Employees**

During the 2016 financial year, the average number of staff (excluding the Board) employed by the Group rose to 289 (previous year: 266). As at the 2016 reporting date, the Group employed 296 staff (previous year: 264). Targeted personnel development combined with the recruitment of highly qualified professionals form the basis for the Group's continued successful development. The quality of recruitment measures is underpinned by a low staff turnover rate. Another key component to success is intensive further professional training.

### **B.3. GROUP SITUATION**

The Group further strengthened its position, and in particular that of the bet-at-home.com brand, throughout Europe during the 2016 financial year. This can be measured, in particular, by the number of registered customers increasing to 4.6 million (previous year: 4.3 million) in 2016.

#### **B.3.1. Financial performance**

Gross sports betting revenue (betting volume less payout of winnings) increased to EUR 66.2 million during the 2016 financial year (previous year: EUR 61.2 million) especially because of the higher betting volume.

The gross eGaming revenue (gaming volume less payout of winnings) increased to EUR 72.5 million year-on-year (previous year: EUR 60.4 million). eGaming contains the products casino, games, poker and virtual sports.

Total gross betting and gaming revenue increased again significantly to EUR 138.7 million in the 2016 financial year (previous year: EUR 121.6 million). The gross betting and gaming revenue is a key financial performance indicator for the Group.

Taking into consideration betting taxes and gambling levies and the tax payable due to the VAT regulations for electronic service providers in the European Union, net gaming revenue in 2016 amounted to EUR 112.9 million (previous year: EUR 100.3 million).

During the 2016 financial year, the Group's earnings position was as follows:

	2016	2015
	EUR'000	EUR'000
Net gaming income	112,888	100,312
Total operating income	113,843	101,235
EBT (Earnings Before Taxes) *)	34,095	32,941
EBIT (Earnings Before Interest and Taxes) **)	31,884	30,764
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) ***)	33,044	31,690

\*) corresponds to profit before income tax in the Consolidated Income Statement

\*\*\*) EBT less finance income/costs in the Consolidated Income Statement

\*\*\*\*) EBIT plus write-downs in the Consolidated Income Statement

The betting fees and gambling levies payable in various countries decreased earnings by EUR 16,545 thousand during the 2016 financial year (previous year: EUR 14,523 thousand). In addition, VAT regulations for electronic service providers in the European Union also decreased earnings by EUR 9,241 thousand (previous year: EUR 6,773 thousand).

As planned, marketing expenses (advertising plus sponsoring) increased to EUR 43,956 thousand in 2016 due to targeted campaigns (previous year: EUR 36,451 thousand). In line with the increase in staff, personnel expenses rose by EUR 1,762 thousand, from EUR 15,520 thousand in the 2015 financial year to EUR 17,282 thousand in the 2016 financial year.

### B.3.2. Cash flows

As at 31 December 2016, the Group's cash flows were as follows:

	31/12/2016	31/12/2015
	EUR'000	EUR'000
Comprehensive income	31,363	30,760
Cash flows from operating activities	30,229	31,749
+ Cash flows from investing activities	26,884	-9,046
+ Cash flows from financing activities	-15,791	-4,211
= Net cash from operating, investing and financing activities	41,322	18,492
= Cash and cash equivalents at 31 December	90,101	48,779

The cash flow from investing activities contains EUR 26.0 million from the cash received from the short-term loan granted to the majority shareholder Mangas BAH SAS, Paris, which accrues arm's length interest. The loan amounted to EUR 29.0 million as at 31 December 2016 (31 December 2015: EUR 55.0 million). The cash flows from financing activities reflect the dividend payment to the shareholders of the parent company.

Cash and cash equivalents of EUR 90,101 thousand boost the Group's excellent financial position as at 31 December 2016 in view of liabilities amounting to EUR 13,693 thousand and provisions to EUR 21,479 thousand. The Group was therefore able to meet its financial liabilities at all times.

### B.3.3. Net assets

As at 31 December 2016, the Group's net assets were as follows:

Assets	31/12/2016	31/12/2015
	EUR'000	EUR'000
Non-current assets	4,882	4,763
Current assets		
Receivables from associated companies	30,815	55,000
Receivables, other assets and prepayments	17,829	16,908
Securities	1,748	1,326
Cash and cash equivalents	90,101	48,779
	145,375	126,776

The receivables from associated companies arise from the overdraft facility of EUR 29,000 thousand extended to majority shareholder Mangas BAH SAS, Paris (previous year: EUR 55,000 thousand), which incurs interest at an arm's length rate.

Equity and liabilities	31/12/2016	31/12/2015
	EUR'000	EUR'000
Group equity	109,571	93,999
Non-current liabilities (provisions)	108	40
Current liabilities (payables, provisions, accruals and deferred income)	35,696	32,737
	<b>145,375</b>	<b>126,776</b>

As at 31 December 2016, the equity ratio amounted to 75.4% (previous year: 74.2%); equity increased by EUR 15,572 thousand to a total of EUR 109,571 thousand in absolute figures. The increase in group equity resulted from the consolidated net profit as at 31 December 2016 in the amount of EUR 31,004 thousand less dividends paid from equity in May 2016 of EUR 15,791 thousand.

Current liabilities include trade payables in the amount of EUR 460 thousand (previous year: EUR 1,011 thousand), current provisions in the amount of EUR 21,371 thousand (previous year: EUR 19,943 thousand) and other liabilities in the amount of EUR 13,234 thousand (previous year: EUR 11,012 thousand), the majority of which are owed to customers.

Financing measures were not required during the 2016 financial year.

### B.3.4. Overall evaluation of the Group's situation

The Group's economic position was very positive overall in 2016.

## C. EVENTS AFTER THE REPORTING DATE

There were no material events after the end of the financial year.



**D. OUTLOOK AND OPPORTUNITIES AND RISKS REPORT**

The bet-at-home.com brand is constantly expanded internationally in a cost-effective way through innovative marketing strategies. In accordance with regulatory developments in the respective countries, we are working intensively in all submarkets towards increasing our market.

**D.1. OUTLOOK**

Based on the assumptions and premises presented in Section B.1. above, the Management Board expects the following development in 2017:

Based on the current trends and assuming an unchanging regulatory and tax law environment in the financial year 2017, the Management Board expects gross betting and gaming revenues to increase to EUR 144 million.

The Management Board expects EBITDA between EUR 34 million and EUR 38 million in the financial year 2017.

The maximum number of employees in the Group should increase to around 340 persons by 31 December 2017.

**D.2. RISK REPORT****D.2.1. Risk management system**

The group parent's Management Board is responsible for establishing risk management policies. Compliance with these policies is monitored by the managing directors and department heads of the subsidiaries. Among the basic components of risk management are general principles for risk prevention, such as the segregation of duties and applying the four eyes principle for important internal controls. Various partially automated procedures using software systems are also applied.

Risk management measures include continuously performing credit ratings and auditing the risk control system through credit card checks, payment verifications and analyses of gaming behaviour. In addition, we have further intensified our controlling activities in the marketing, partner programme, payment systems and intercompany clearing subsegments.

The Management Board is also responsible for identifying negative developments in good time by employing cross-departmental monitoring systems. For example, IT risks are monitored and reported through the voluntary appointment of external certification institutions (such as eCogra), operational risks through automated plausibility checks during the preparation of offers and financial risks through the ongoing analysis of key financial performance indicators.

**D.2.2. Group accounting-related internal control and risk management system**

The internal control and risk management system of the bet-at-home.com AG Group comprises all principles, processes and measures aimed to ensure the effectiveness, profitability and orderliness of the accounting system and compliance with the relevant legal requirements. There have been no material changes since the reporting date.

The Management Board of bet-at-home.com AG is responsible for the internal control and risk management system required for protecting against risks and designs and monitors the scope and focus of the systems in place on the basis of specific requirements within the Group. Monitoring measures integrated and not integrated in the processes are the components of the internal monitoring system.

The measures of the internal control system focus on the orderliness and reliability of the Group's accounting system and ensure that business transactions are reported completely, on time and in compliance with the legal and statutory requirements. The Group's consolidation and accounting policies also ensure that assets and liabilities are stated, measures and reported accurately in the consolidated financial statements. The policies also ensure that the accounting documents provide reliable and traceable information.

**D.2.3. Legal risks**

In some European countries, betting and gaming providers are targeted by legislative interventions aiming to terminate the offering and operation of their activities, based in particular on regulations enforcing state monopolies on gambling. Based on the positive judgements by the European Court of Justice and other regulatory developments, the Management Board expects further liberalisation of the eGaming market in many EU member states in the coming years. However, a large number of laws and proposed laws contain rules discriminating against foreign providers with a view to keeping the market sealed off to the benefit of national providers/monopolists. The Management Board will closely monitor future developments and strives to obtain eGaming licences in countries facilitating fair market access, as to ensure more legal certainty. However, there is the risk that individual countries could exclude customers from private foreign gaming offerings by imposing provider blocks, even though there are no legal grounds for such measures. This risk has only increased now that a number of new statutory provisions regarding eGaming explicitly provide for such measures, in violation of EU law.

bet-at-home.com has implemented various measures to encourage its customers to gamble responsibly and for many years has been cooperating with organisations such as the Institute for Gambling and Dependence in Salzburg, Austria. These measures are complemented by voluntary annual compliance checks by eCogra, the industry testing organisation. Nonetheless, there is the risk that occasionally individual customers will raise claims against the group companies due to their own lack of business sense and gambling addiction.

We explicitly refer to the detailed explanation of changes in the regulatory and/or legal environment and proceedings of concern to the bet-at-home.com Group in the Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016 (section “Other commitments and contingent liabilities”).

Reputable external legal advisers are engaged to reduce legal risks and take into account the complex regulatory environment.

#### **D.2.4. Market risks**

The liberalisation anticipated by our Management Board could attract large gaming and media groups to the (continental) European market, which could result in a loss of market share for the Group. This risk is significantly reduced by various measures, including membership of the Betcltic Everest Group SAS. The Group’s state-of-the-art technology should be an advantage over competitors.

Based on the changes in the legislation and court rulings on eGaming, restrictions could be imposed on individual submarkets, and markets could even become inaccessible to private betting providers. However, given the rulings of the European Court of Justice and the measures taken by the European Commission (proceedings against EU member states for treaty violations), these are considered to be minor risks in the medium term.

#### **D.2.5. Tax risks**

In addition to the betting fees or taxes and gambling levies payable in various countries, new (adverse) tax laws could be introduced in other countries with significant effects on the Group’s financial position, performance and changes in financial position.

#### **D.2.6. Technical risks**

The products and services offered by the Group depend on the reliable functioning of numerous technical systems. Serious interference with IT systems, particularly through negative external influences such as hacker attacks, DDoS attacks etc., could therefore significantly affect the Group’s financial position, performance and changes in financial position. Another steep rise in business volume will place increasing demands on the accounting and controlling systems of associated companies.

The Management Board believes that comprehensive measures have been taken to minimise these risks. The Management Board and management personnel regularly analyse the risk environment and evaluate new and alternative measures for the prevention and reduction of risks.

**D.2.7. Operational risks**

Acquired software (casino, poker, games, virtual sports) could involve specific risks caused by hardware and software errors. Likewise, incorrect estimations of betting odds by bookmakers could result in higher payments to customers. This risk is minimised by a multitude of backup systems and by continuous monitoring of betting odds through market comparison. The IT project team continues to develop all the software required to provide a competitive product in the betting market. All measures necessary to minimise these risks have been implemented.

**D.3. OPPORTUNITIES**

The bet-at-home.com brand is continuously enhanced in the international market in a cost-effective way through innovative marketing strategies. In accordance with regulatory developments in the respective countries, we are working intensively in all submarkets towards increasing our market.

The development of the global online gaming market shows that the European market (EU 28) has made the largest contribution to growth in the past 10 years world-wide and is expected to continue generating annual growth rates of around 9%. This is confirmed by various studies by H2 Gambling Capital, also in 2016.

According to recent studies, this trend will continue in the wake of broad-based acceptance of e-commerce and the global penetration of mobile applications and demographic trends and help the gambling sector – which does not depend on the state of the economy – on its way to further sustained growth in the years to come.

Thanks to bet-at-home.com's strong brand presence and its firmly established position in the European market for online gambling, the Management Board is convinced it will continue to grow faster than the global industry, just as it has done in the past.

**E. NOTES TO THE FINANCIAL STATEMENTS OF BET-AT-HOME.COM AG**

The financial statements of bet-at-home.com AG have been prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch; HGB) and the additional requirements of the German Stock Corporation Act (Aktiengesetz; AktG). Any deviations from the International Financial Reporting Standards (IFRS) to be applied in the consolidated financial statements are of an immaterial nature.

The management report of bet-at-home.com AG has been consolidated with the Group management report of bet-at-home.com AG Group. Bet-at-home.com AG is the management holding company of bet-at-home.com AG Group and as such depends to a significant extent on the development of the bet-at-home.com Group in terms of business trend, position and expected development, including all related material opportunities and risks, which are disclosed in this summarised management report.

**E.1. FINANCIAL PERFORMANCE OF BET-AT-HOME.COM AG**

	2016	2015	Change	
	EUR'000	EUR'000	EUR'000	%
Revenue	748	773	-25	-3.2
Other operating income	484	458	26	5.7
Ordinary operating income	1,232	1,231	1	0.1
Personnel expenses	2,054	1,558	496	31.8
Administrative expenses	1,033	1,567	-534	-34.1
	3,087	3,125	-38	-1.2
<b>Operating income (expenses)</b>	<b>-1,855</b>	<b>-1,894</b>	<b>39</b>	<b>-2.1</b>
Income from investments	54,000	16,050	37,950	>100
Interest received	2,370	2,304	66	2.9
Interest paid	493	479	14	2.9
<b>Net finance income (costs)</b>	<b>55,877</b>	<b>17,875</b>	<b>38,002</b>	<b>&gt;100</b>
<b>Earnings before taxes</b>	<b>54,022</b>	<b>15,981</b>	<b>38,041</b>	<b>&gt;100</b>
Income taxes	846	101	745	>100
<b>Net income for the year</b>	<b>53,176</b>	<b>15,880</b>	<b>37,296</b>	<b>&gt;100</b>

The financial performance of bet-at-home.com AG is impacted by the significant increase in dividend payments of its subsidiary bet-at-home.com Entertainment GmbH, Linz, Austria. Revenue comprises income from the transfer of management service charges to subsidiaries.

Personnel expenses exclusively pertain to the two members of the Management Board of the Company.

Tax expenses exclusively refer to income taxes.

## E.2. NET ASSETS OF BET-AT-HOME.COM AG

	31/12/2016		31/12/2015		Change	
	EUR'000	%	EUR'000	%	EUR'000	%
<b>Non-current assets</b>						
Financial investments	3,771	3.9	3,771	4.6	0	0.0
<b>Current assets</b>						
Other assets, including accruals and deferred income	217	0.2	245	0.3	-28	-11.4
Receivables from associated companies	85,247	89.2	71,588	87.6	13,659	19.1
Cash and cash equivalents	6,394	6.7	6,126	7.5	268	4.4
	91,858	96.1	77,959	95.4	13,899	17.8
	<b>95,629</b>	<b>100.0</b>	<b>81,730</b>	<b>100.0</b>	<b>13,899</b>	<b>17.0</b>

Net assets exclusively comprise the investment in bet-at-home.com Entertainment GmbH, Linz, Austria.

Receivables from associated companies in the amount of EUR 85,247 thousand contain the 2016 dividend of bet-at-home.com Entertainment GmbH, Linz, Austria, in the amount of EUR 54,000 thousand and loans granted to Mangas BAH SAS, Paris, France, in the amount of EUR 29,000 thousand.

**E.3. CASH FLOWS OF BET-AT-HOME.COM AG**

	31/12/2016		31/12/2015		Change	
	EUR'000	%	EUR'000	%	EUR'000	%
Equity	69,926	73.1	32,540	39.8	37,386	>100
<b>Current liabilities and provisions</b>						
Suppliers	5	0.0	28	0.0	-23	-82.1
Subsidiaries/associates	22,333	23.4	48,300	59.1	-25,967	-53.8
Provisions	1,538	1.6	790	1.0	748	94.7
Other current liabilities	1,827	1.9	72	0.1	1,755	>100
	<b>95,629</b>	<b>100.0</b>	<b>81,730</b>	<b>100.0</b>	<b>13,899</b>	<b>17.0</b>

In 2016, the Company increased its capital from its own funds by converting the partial amount of EUR 3,509 thousand of the capital reserve stated in Company's balance sheet as at 31 December 2015 into share capital.

Liabilities to affiliated companies relate to loans issued by two subsidiaries of bet-at-home.com AG with a remaining term of less than one year.

**F. RISK MANAGEMENT IN RELATION TO THE USE OF FINANCIAL INSTRUMENTS**

Freely available cash and cash equivalents were invested in fixed-income securities and shares in investment funds. The Management Board only approves investment if net profit or growth is forecast for the relevant securities or if the issuers have an excellent credit rating. The Group believes that the risk relating to the use of these financial instruments is very minor.



## G. COMPENSATION REPORT

### G.1. MANAGEMENT BOARD

#### Compensation structure

The structure and amount of the emoluments of the Management Board are determined by the Supervisory Board. The company has refrained from setting up a separate HR committee as its Supervisory Board consists of three members and there is thus no need for such a committee.

The appropriateness of the compensation defined for the Management Board is regularly tested. This is based on the scope of tasks and responsibilities of the individual members of the Management Board and on other factors such as the size of the company, its net assets, financial position and results of operations as well as its development potential and prospects for the future.

Compensation for the members of the Management Board, insofar as it is paid in part by bet-at-home.com AG and in part by one of the subsidiaries, consists of the following:

- Non-performance-based components
- Performance-based annual bonuses with long-term incentives or based on multi-year assessment
- Fringe benefits

The granting and the amount of the individual components of compensation, in particular bonuses and other performance-based components, to the respective members of the Management Board are commensurate with the functions and tasks which they perform.

#### a) Non-performance-based components

A fixed monthly salary is paid as a non-performance-based component.

#### b) Performance-based annual bonuses with long-term incentives or based on multi-year assessment

The performance relationship of the annual bonuses is based on the key financial ratios taken from the consolidated financial statements. The gross betting and gaming income as well as an earnings component are also taken into account. Due to these parameters, target achievement is based on the targets set for several years in advance. The income and earnings targets are connected in such a way that both parameters must exceed a minimum target to lead together to entitlement to a bonus.

Instead of annual bonuses becoming payable in full after one financial year, part of the bonus is paid out if the performance targets set at the beginning of the first year are met in the following year as well.

Variable compensation is computed using a base amount and an achievement corridor of from 70% to 150%. The amount is therefore capped at 150%. Subsequent changes to the performance targets are excluded.

c) **Fringe benefits**

One Group company also paid for one consulting service in the amount of EUR 280 thousand.

In 2016, the Company furthermore assumed the costs of an accident insurance policy in the amount of EUR 1 thousand (previous year: EUR 1 thousand) for one of the members of the Management Board and carried the costs of the contributions due in accordance with the Austrian Corporate Employee and Self-Employed Pension Act (Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz, BMSVG) in the amount of 1.53% of gross salary. No other fringe benefits, particularly company cars, were granted.

**Third-party benefits for members of the Management Board**

In 2016, Mangas BAH SAS, the majority shareholder of bet-at-hom.com AG, approved variable compensation for the members of the Management Board for the first time. Mangas BAH SAS is the sole payee of this compensation, which therefore does not place any financial burden on bet-at-home.com AG or its subsidiaries. The accrual and amount of this variable compensation is based on the price of the shares of bet-at-home.com AG exceeding a certain level at the end of 2016, 2017 and 2018 (basic allowance). An additional incentive for the members of the Management Board is to pay attention to the development of the share price. It is created by decreasing the percentage of compensation if the basic allowance is exceeded during the reporting period and that an agreed minimum dividend does not reduce the basic allowance. Contracts have been concluded to ensure that bet-at-home.com AG will not assume any liability in this respect, including for any taxes payable.

**Benefits and allocations granted in 2016**

Please refer to the disclosures in the notes to the consolidated financial statements.

**G.2. SUPERVISORY BOARD**

As resolved by the general meeting of shareholders on 12 May 2014, each member of the Supervisory Board receives, beginning from 1 January 2014, fixed remuneration of EUR 10,000 for each full financial year, which is payable one month after the end of the financial year.

The Chairman of the Supervisory Board receives fixed remuneration of EUR 20,000 p.a. In addition, reimbursement is given for the necessary out-of-pocket expenses and VAT.

The details of this compensation can be found in the notes to the consolidated financial statements.

**H. ADDITIONAL INFORMATION REGARDING THE RIGHT TO TAKE OVER  
(SECTION 315 (2) PAGE 1 NO. 4 HGB)**

The composition of the subscribed capital of the parent company and the investments in capital exceeding ten out of hundred voting rights are stated in the notes to the consolidated financial statements (Section V.2. (16) and Section I.) as corresponding disclosures have to be included in this document.

The respective provisions of the German Stock Corporation Act (Section 84 AktG) apply to the appointment and recall of the members of the Management Board of the parent company.

The general meeting of shareholders on 18 May 2016 resolved to authorise the Management Board of the parent company, with the Supervisory Board's consent, to increase the Company's share capital by 17 May 2021 by issuing up to 3,509,000 new non-par value bearer shares for cash or non-cash contributions, once or several times, up to an amount of EUR 3,509,000.00 (authorised capital I). The shareholders shall be invited to purchase new shares. However, the Management Board is authorised, upon approval by the Supervisory Board, to exclude the shareholders' subscription right in certain cases.

By shareholder resolution of 18 May 2016, the Management Board further may, with the Supervisory Board's consent, purchase treasury shares of up to 10% of share capital, i.e. up to EUR 701,800.00, until 12 May 2018. When pooled with other treasury shares, the shares to be purchased may never exceed 10% of the Company's share capital. The authorisation must not be exploited for the purpose of trading in treasury shares.

**I. CORPORATE GOVERNANCE STATEMENT**

Due to the fact that bet-at-home.com AG was not obliged to issue a corporate governance statement in accordance with Section 161 AktG in the previous year, such does not have to be published at this point.

With regard to the disclosures on the working methods of the Management Board and Supervisors Board, please refer to the website of the parent company, [www.bet-at-home.ag](http://www.bet-at-home.ag) under Corporate Governance.

In accordance with Section 76 (4) AktG, the management boards of companies that are listed or subject to co-determination must specify the target percentages of women on both executive levels below the management board. However, bet-at-home.com AG is unable to determine such targets as the company does not have any employees and/or executive levels below the management board.

In accordance with Section 111 (5) AktG, the supervisory boards of companies that are listed or subject to co-determination must specify the target percentages of women on the supervisory and management boards. When determining the targets for its composition, the Supervisory Board specified that one third of the Supervisory Board should be women. This target has been reached at present. The Management Board is currently comprised of two men. As none of the management board contracts are expiring in the near future and there are no plans to add further members to the Management Board, the company is currently not endeavouring to increase the percentage of women on the Management Board.

**J. RESPONSIBILITY STATEMENT**

We assure that to the best of our knowledge the summarised management report provides a true and fair view of business developments, including the results of operations and situation of the Group, and that it describes the material opportunities and risks of future developments within the Group.

Düsseldorf, 24 February 2017

Franz Ömer

Michael Quatember

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFRS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------



SV Ried



# INDEPENDENT AUDITOR'S REPORT

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFFS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------



We have audited the consolidated financial statements prepared by bet-at-home.com AG, Düsseldorf, comprising the consolidated balance sheet, consolidated profit and loss statement (including the statement of comprehensive income), the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with the combined management report for the fiscal year from January 1 to December 31, 2016. The preparation of the consolidated financial statements and the combined management report in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code] are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the entities to be included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements, complies with the legal requirements and as a whole provides a suitable view of the group’s position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion, we refer to the discussion of legal risks in the notes to the consolidated financial statements and the combined management report.

Duisburg, February 27, 2017

PKF FASSELT SCHLAGE  
Partnerschaft mbB  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft  
Rechtsanwälte

Th. Pannenbäcker  
German Qualified Auditor

Görtz  
German Qualified Auditor

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Notes to the Consolidated Financial Statements	Consolidated Statement of Cash Flows	Statement of Changes in IFRS Group Equity	Summarised Management Report	Independent Auditor's Report
-----------------	--------------------------------	---------------------------------	-----------------------------	-----------------------	--	----------------------------------	--	--------------------------------------	---	------------------------------	------------------------------



FC Schalke 04



**SPORTS - CASINO - GAMES - VIRTUAL - POKER**



***bet-at-home.com AG*** | *Tersteegenstrasse 30* | *40474 Dusseldorf, GERMANY*  
*Phone: +49-211-179 34 770* | *Fax: +49-211-179 34 757* | *E-Mail: ir@bet-at-home.com*