



**bet-at-home**  
**.COM**

**LIFE IS A GAME!**

**INTERIM FINANCIAL  
REPORT AS AT  
30 JUNE 2017**

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



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bet-at-home.com Share

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Report by the Management Board



# REPORT BY THE MANAGEMENT BOARD

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**Ladies and Gentlemen, dear Shareholders,**

In the first half of 2017, bet-at-home.com AG Group again proved its ability to perform, once more clearly outperforming the positive growth momentum in previous reporting periods with an increase in gross betting and gaming revenue of 17.5% and the highest EBITDA in the company's history in the amount of EUR 12.4 million in the second quarter of 2017. As no major football event with a large audience is taking place in the current reporting period 2017, the marketing focus for financial year 2017 was already set in the first quarter of 2017 to coincide with the second leg of the Football Bundesliga. It comprises all marketing channels, including a major TV campaign in Germany and Austria.

The strong economic development has also been clearly reflected in the price of the bet-at-home.com AG share, which increased by another 58.8% during the first six months of financial year 2017 and closed at its historical high of EUR 149.50 on 2 June 2017 with a market capitalisation of more than EUR 1 billion. On 3 February, and therefore around half a year after admission to the regulated market of the Prime Standard segment of Frankfurt Stock Exchange, Deutsche Börse admitted the share to the reputable SDAX Index.

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.

**European-wide success: more than 4.7 million clients trust in bet-at-home.com**

The constantly growing gaming volume 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. More than 4.7 million registered customers trust in the bet-at-home.com brand by now and the Company was able to generate betting and gaming income of EUR 1,688.6 million as a result in the first half of financial year 2017.

**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 39% of the gross betting and gaming revenue was already generated through mobile devices in the first half of 2017.

In the sports betting segment alone, bet-at-home.com offered bets on more than 187,000 events in over 75 types of sport in the first six months of the current reporting period. Live bets

continue to be the main growth driver in the sports betting business. In financial year 2017, our customers have already used the opportunity to visit the virtual stadium for more than 44,000 live events up to now.

The eGaming offers have also been very well received in the first two quarters of 2017. 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

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 145,000 members and is one of Germany's largest sports clubs. 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 in the Austrian Bundesliga and at the WTA tennis tournament in Linz, Austria, as well as a long-standing partner of numerous other sports associations.

### 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 non-cyclical gaming sector, particularly in Europe, 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 the first half of 2017 such a success for bet-at-home.com, especially 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

<b>Report by the Management Board</b>	Report by the Supervisory Board	bet-at-home.com Share	Consolidated Interim Statement of Financial Position	Consolidated Interim Statement of Income	Notes to the Interim Consolidated Financial Statements	Consolidated Interim Statement of Cash Flows	Interim Statement of Changes in IFRS Group Equity	Group Management Report	Imprint
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# REPORT BY THE SUPERVISORY BOARD

Report by the  
Management  
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**Report by the  
Supervisory  
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bet-at-home  
Share

[bet-at-home.com](http://bet-at-home.com)

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**Ladies and Gentlemen,**

in the first half-year 2017, the business of the bet-at-home.com AG Group again developed successfully. On 17 May 2017, the general meeting of shareholders once again resolved to distribute a dividend, henceforth EUR 7.50 per share. The success and name recognition of the brand is reflected by its more than 4.7 million registered customers.

The Supervisory Board was involved in this welcome sustainable development of the bet-at-home.com AG Group. It carried out its responsibilities and duties in accordance with the law and the articles 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 8 March 2017 in Dusseldorf, on 17 May 2017 in Frankfurt am Main and on 10 July 2017 in Linz. These meetings focused on discussing the company's strategy with the Management Board. At the Supervisory Board meeting on 8 March 2017, the financial statements, related parties report, the corporate governance report as well as audit procedures and reports were discussed with PKF FASSELLT 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 period under review, the Management Board provided us with regular updates on the Group's strategy, business development, financial situation and significant business matters, such as license applications and loans, and risks. Discussions were held with the Management Board about the strategic development, the current and forecast figures, the marketing concept, regulatory developments in the gambling and betting sector and ongoing administrative and legal proceedings. Based on the information we have obtained, we believe that business was conducted appropriately.

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.

Dusseldorf, July 2017

The Supervisory Board



# BET-AT-HOME.COM SHARE

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Report by the Management Board	Report by the Supervisory Board	<a href="#">bet-at-home.com Share</a>	Consolidated Interim Statement of Financial Position	Consolidated Interim Statement of Income	Notes to the Interim Consolidated Financial Statements	Consolidated Interim Statement of Cash Flows	Interim Statement of Changes in IFRS Group Equity	Group Management Report	Imprint
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By further boosting the popularity of the bet-at-home.com brand in the first half of 2017, continuously increasing profitability as well as increasing sales and implementing ongoing cost control for the operating activities, the share price rose further in the first six months of the current reporting period. On 30 May 2017, the market capitalisation of the bet-at-home.com share exceeded EUR 1 billion for the first time in the Company's history. On 2 June 2017, the bet-at-home.com share reached its all-time high with closing price of EUR 149.50 and market capitalisation of EUR 1,049.2 million.

Due to the Company's strong growth and related increase in market capitalisation, it successfully requested and completed the change to the regulated market of the Prime Standard segment during the course of financial year 2016. Deutsche Börse later on decided to accept the shares of bet-at-home.com AG on to the SDAX as at 3 February 2017. The shares were accepted under the fast entry rule. In addition to the tough transparency requirements of the Prime Standard, the bet-at-home.com share therefore also meets the size criteria regarding free float, market capitalisation and trading volume required for acceptance on to the renowned Small Cap Index. The selection indices of Deutsche Börse, DAX, MDAX, SDAX and TecDAX, together comprise 160 shares, with 50 shares being listed on the SDAX.

In the third quarter of financial year 2016, 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.

EUR 26.0 million of the EUR 55.0 million in short-term loans issued was repaid as at 31 December 2016. A further EUR 8.0 million was repaid in the first quarter of 2017. In the second quarter of 2017, the remaining EUR 21.0 million were also repaid, meaning that the loan issued to the majority shareholder was repaid in full.

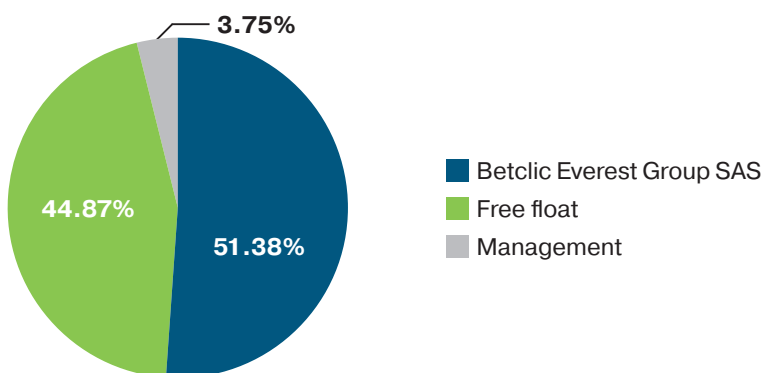
bet-at-home.com AG pursues open and active communication with institutional investors, analysts, financial journalists, private investors and other stakeholders in order to present the company as faithfully as possible and thus to meet the capital market's expectations for transparency while boosting the capital market's trust in the share. To achieve this goal, numerous individual and group talks were once again held during roadshows, investor and analyst conferences in the financial centres of Europe in the first half of 2017. 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 market environment in our dynamic industry.

#### **Stable shareholder structure**

With Betcltic Everest Group SAS and its 51.38% stake, the company has a stable core shareholder with its sights set on the long term. Betcltic Everest Group SAS is a European group with shares in online gaming providers based in France that invests in strong brands like bet-at-home.com, Betcltic, Everest Poker, Expekt and the Monte Carlo Casino. Société des Bains de Mer (SBM) with head office in Monaco (ISIN: MC0000031187) and a broad portfolio

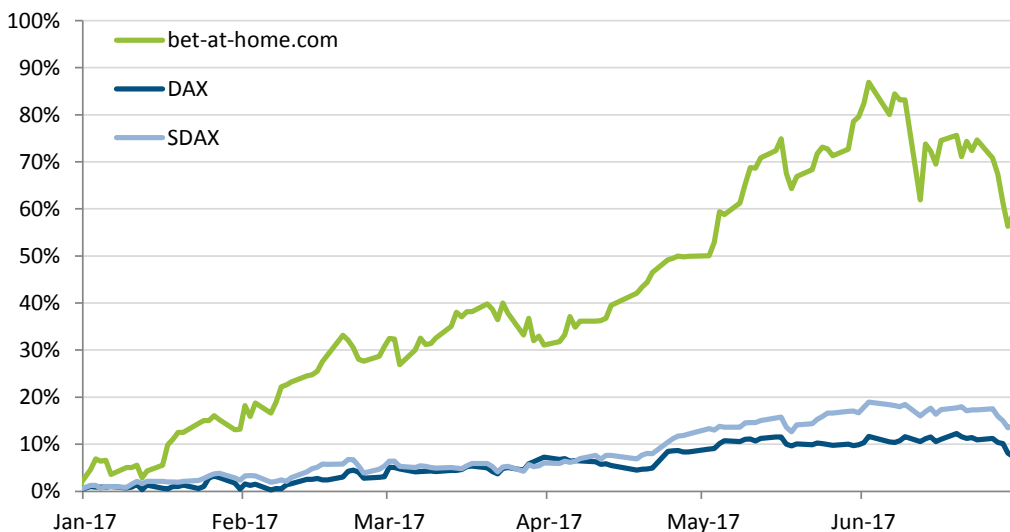
of gaming, hotels and restaurants, as well as the LOV Group founded by Stéphane Courbit with focus on companies with increasing growth and deregulation, hold equal shares in the Betclic Everest Group SAS.

The management of bet-at-home.com holds 3.75% of the shares, resulting in a total free float of 44.87% as at the reporting date on 30 June 2017. Even though it has a strong core shareholder, bet-at-home.com AG regards itself as a public company. In the past, the Company's investor relations activities always exceeded the transparency and information requirements of Deutsche Börse.



**Price trend**

The price of shares in bet-at-home.com rose by 58.83% in the first six months of the current 2017 financial year, significantly outperforming the German share index DAX (+ 7.35%), as in the previous year.



### Trading Volume

In the first half of 2017, the average daily trading volume of the bet-at-home.com share amounted to EUR 2.4 million, thus once again up year-on-year. The highest daily volume was recorded EUR 13.3 million on 12 June 2017.

### Performance

<b>12 months</b>	+ 84.80%
<b>24 months</b>	+ 282.11%
<b>52W high</b>	EUR 149.50 on 2 June 2017
<b>52W low</b>	EUR 60.00 on 28 July 2016

### 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 financial year 2011 has been to pay out a dividend.

The general meeting of shareholders on 17 May 2017 accepted the proposal submitted by the Management Board and Supervisory Board to distribute 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 was comprised of an ordinary dividend of EUR 2.50 plus an extraordinary dividend of EUR 5.00. The first distribution of an extraordinary dividend aimed to ensure that the shareholders of bet-at-home.com AG participated appropriately in the above-average total development in recent years.

<b>Dividend per share (dividend yield in %)</b>	
<b>FY 2016</b>	EUR 7.50 (9.38%)
<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%)
<b>FY 2011</b>	EUR 0.30 (2.44%)

**Financial calendar 2017**

<b>06/11/2017</b>	10:00 am	Quarterly Statement Q1-Q3 2017
<b>05/03/2018</b>	10:00 am	Full Year Results 2017

**Stock market data**

<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 Oddo Seydler Bank AG, Warburg Research

**Fundamentals as at 30 June 2017**

<b>Total number of shares</b>	7,018,000
<b>Market capitalisation</b>	EUR 891.6 million
<b>Cash and cash equivalents and securities</b>	EUR 77.7 million
<b>Enterprise value</b>	EUR 813.9 million



# CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

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**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2017**

bet-at-home.com AG, Dusseldorf

**ASSETS**

		Note	30/06/2017		31/12/2016
		No.	EUR	EUR	EUR
<b>A.</b>	<b>Non-current assets</b>				
	1.		719,170.22		633,139.96
	2.	(9)	1,369,320.30		1,369,320.30
	3.	(10)	2,444,895.25		2,879,244.31
			<b>4,533,385.77</b>		<b>4,881,704.57</b>
<b>B.</b>	<b>Current assets</b>				
	1.	(11)	10,254,896.86		47,929,159.68
	2.	(12)	2,075,353.90		1,747,933.65
	3.	(13)	75,682,517.28		90,100,764.82
			<b>88,012,768.04</b>		<b>139,777,858.15</b>
<b>C.</b>	<b>Prepaid expenses</b>	(14)		<b>2,517,826.19</b>	<b>715,505.05</b>
<b>Total assets</b>			<b>95,063,980.00</b>		<b>145,375,067.77</b>

## EQUITY & LIABILITIES

		Note	30/06/2017		31/12/2016
		No.	EUR	EUR	EUR
<b>A.</b>	<b>Equity</b>				
1.	Share capital	(15)	7,018,000.00		7,018,000.00
2.	Capital reserves	(15)	7,366,000.00		7,366,000.00
3.	Other comprehensive income	(15)	757,466.44		472,785.85
4.	Total comprehensive income	(15)	53,076,109.12		94,714,468.48
			<b>68,217,575.56</b>		<b>109,571,254.33</b>
<b>B.</b>	<b>Non-current liabilities</b>				
1.	Provisions for employee benefits	(16)	41,137.75		41,137.75
2.	Provisions for deferred taxes	(16)	109,742.13		67,002.47
			<b>150,879.88</b>		<b>108,140.22</b>
<b>C.</b>	<b>Current liabilities</b>				
1.	Trade payables	(17)	1,216,363.19		459,786.44
2.	Short-term provisions	(18)	15,924,075.74		21,371,141.18
3.	Other liabilities	(19)	9,191,720.11		13,233,595.04
			<b>26,332,159.04</b>		<b>35,064,522.66</b>
<b>D.</b>	<b>Deferred income</b>	(20)		<b>363,365.52</b>	<b>631,150.56</b>
<b>Total equity and liabilities</b>			<b>95,063,980.00</b>		<b>145,375,067.77</b>



# CONSOLIDATED INTERIM STATEMENT OF INCOME

Report by the Management Board	Report by the Supervisory Board	bet-at-home.com Share	Consolidated Interim Statement of Financial Position	Consolidated Interim Statement of Income	Notes to the Interim Consolidated Financial Statements	Consolidated Interim Statement of Cash Flows	Interim Statement of Changes in IFRS Group Equity	Group Management Report	Imprint
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**CONSOLIDATED INTERIM STATEMENT OF INCOME  
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017**

bet-at-home.com AG, Dusseldorf

	Note	01/01-30/06/2017	01/01-30/06/2016
	No.	EUR	EUR
Gross betting and gaming revenue	(1)	76,815,956.92	65,352,886.67
Betting fees and gambling levies	(1)	-10,090,854.74	-7,955,382.33
VAT on electronic services	(1)	-5,205,745.11	-4,306,906.24
<b>Net betting and gaming revenue</b>		<b>61,519,357.07</b>	<b>53,090,598.10</b>
Other operating income	(2)	502,876.02	558,438.57
<b>Total operating income</b>		<b>62,022,233.09</b>	<b>53,649,036.67</b>
Personnel expenses	(3)	-8,966,102.61	-8,486,717.21
Advertising expenses	(4)	-24,209,303.41	-26,620,984.17
Other operating expenses	(4)	-11,449,838.70	-9,501,157.90
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>17,396,988.37</b>	<b>9,040,177.39</b>
Depreciation and amortisation	(5)	-651,262.06	-548,671.74
<b>Earnings before interest and taxes (EBIT)</b>		<b>16,745,726.31</b>	<b>8,491,505.65</b>
Finance income	(6)	464,729.13	1,129,955.69
<b>Earnings before taxes (EBT)</b>		<b>17,210,455.44</b>	<b>9,621,461.34</b>
Taxes on income and earnings	(7)	-6,213,814.80	-3,412,716.80
<b>Consolidated profit for the period</b>		<b>10,996,640.64</b>	<b>6,208,744.54</b>
Retained earnings brought forward		94,714,468.48	79,501,178.42
Dividend distribution		-52,635,000.00	-15,790,500.00
<b>Total comprehensive income</b>	<b>(8)</b>	<b>53,076,109.12</b>	<b>69,919,422.96</b>

**IFRS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017**

bet-at-home.com AG, Dusseldorf

	01/01-30/06/2017	01/01-30/06/2016
	EUR	EUR
<b>Consolidated profit for the period</b>	<b>10,996,640.64</b>	<b>6,208,744.54</b>
<b>Items that are potentially reclassifiable to profit or loss</b>		
Revaluation in accordance with IAS 39	327,420.25	38,460.23
<b>Items that are not potentially reclassifiable to profit or loss</b>		
Revaluation in accordance with IAS 19	0.00	0.00
Income tax and other recognised income and expense	-42,739.66	-10,817.82
<b>Other comprehensive income</b>	<b>284,680.59</b>	<b>27,642.41</b>
<b>Comprehensive income</b>	<b>11,281,321.23</b>	<b>6,236,386.95</b>

<b>Earnings per share</b>		
Basic earnings per share	1.566919441	0.884688592
Diluted earnings per share	1.566919441	0.884688592

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bet-at-home.com Share

Report by the Supervisory Board

Report by the Management Board



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

bet-at-home.com AG, Dusseldorf

**I. GENERAL INFORMATION AND ACCOUNTING POLICIES**

bet-at-home.com AG, having its registered office in Dusseldorf, Tersteegenstrasse 30, and registered as a holding company with the trade register of the Dusseldorf District Court under number HRB 52673, has prepared its interim consolidated financial statements for the period ended 30 June 2017 in accordance with international accounting standards.

The consolidated financial statements for the period ended 30 June 2017 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) as well as the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretation Committee (IFRIC).

The group management report for the six-month period ended 30 June 2017 has been prepared in accordance with the provisions of the German Commercial Code [HGB].

These interim consolidated financial statements have been prepared pursuant to the same accounting policies as applied to the previous interim consolidated financial statements for the six-month period ended 31 December 2016. The following standards and interpretations have already been published, but were not yet mandatory for the consolidated financial statements for the period ended 30 June 2017:

Standard/ Interpretation	Name	Issued in	Date of EU endorse- ment	Mandatory for reporting periods beginning on or after
<b>STANDARDS</b>				
IFRS 14	Regulatory Deferral Accounts	Jan 14	t.b.a.	01/01/2016
IFRS 16	Leases	Jan 16	planned for Q4 2017	01/01/2019
<b>AMENDMENTS</b>				
IFRS 2	Share-Based Payment	Jun 16	planned for Q4 2017	01/01/2018
IFRS 4	Insurance Contracts	Sep 16	planned for Q4 2017	01/01/2018

Standard/ Interpretation	Name	Issued in	Date of EU endorse- ment	Mandatory for reporting periods beginning on or after
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 Q4 2017	01/01/2018
IAS 7	Statement of Cash Flows	Jan 16	planned for Q4 2017	01/01/2017
IAS 12	Income Taxes	Jan 16	planned for Q4 2017	01/01/2017
IAS 40	Investment property	Dec 16	planned for Q4 2017	01/01/2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Dec 16	planned for Q4 2017	01/01/2018
VARIOUS	Annual Improvements 2014-2016 for International Financial Reporting Standards	Dec 16	planned for Q4 2017	01/01/2017 01/01/2018

It is not anticipated that the application of these standards and interpretations 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 and casino and poker games, which is exclusively offered online.

These interim consolidated financial statements are denominated in euros.

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

Since 5 March 2009, Betclic Everest Group SAS, Paris, France, has held a controlling interest in bet-at-home.com AG. Betclic Everest Group SAS (company registration no. 501 420 939) prepares consolidated financial statements for the largest group of associated companies, which include bet-at-home.com AG's consolidated financial statements.

Totals in amounts and percentages are subject to rounding differences.

**II. CONSOLIDATED GROUP****General information**

The interim 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 include five subsidiaries (second-tier subsidiaries of bet-at-home.com AG, Dusseldorf) in which bet-at-home.com Entertainment GmbH holds all direct and indirect voting rights. bet-at-home.com AG, Dusseldorf, holds all voting rights in bet-at-home.com Entertainment GmbH, Linz.

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

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

Bet-at-home.com AG holds 2% each of the shares in the four Maltese companies due to requirements under Maltese company law.

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 consolidation circle**

There were no changes in the consolidation scope as at 30 June 2017.

### III. BASIS OF CONSOLIDATION

All financial statements included in the interim consolidated financial statements have been prepared in accordance with the same accounting policies. The separate financial statements of consolidated domestic and foreign entities and of the Austrian subgroup accounts were all prepared as at the Group's interim reporting date, audited and consolidated in accordance with International Financial Reporting Standards, and based on the assumption that they constitute a single economic entity for financial reporting purposes. The interim consolidated financial statements for the six-month period ended 30 June 2017 have not been audited.

For the Maltese second-tier subsidiaries included in the Austrian subgroup accounts for the first time in 2004, the Group retrospectively applied IFRS 3 (Business Combinations) and the revised standards IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets) with effect from 1 January 2014, in accordance with IFRS 3.85 (limited retrospective application). 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.

As part of the consolidation of intercompany debts, intercompany trade receivables and loans and other receivables were eliminated against the corresponding payables and provisions. 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. Any discounts and other entries affecting only profit or loss were eliminated in preparing the interim consolidated financial statements.

**IV. SIGNIFICANT ACCOUNTING POLICIES****Use of estimates and assumptions**

The preparation of interim consolidated financial statements in accordance 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 and disclosures in the notes to the interim consolidated financial statements 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.

Critical judgements made in applying IFRS with a significant effect on the amounts recognised in the consolidated financial statements and estimation uncertainties that may give rise to the risk of having to make material adjustments to recognised assets and liabilities in the coming financial years, were 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.
- Financial assets were tested for impairment based on the expected future cash flows (identification of events triggering impairment).

**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 straight-line method. The following depreciation and amortisation rates were used for estimating the useful lives of assets:

	Years
Operating and 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. Assets acquired at a cost between EUR 150 and EUR 1,000 are written down in five equal annual instalments, on the assumption that these assets will be sold after five years.

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 six months as cash and cash equivalents. Fixed-income securities with longer maturities that are callable within six 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**

Pursuant to legal and individual contractual obligations, bet-at-home.com Entertainment GmbH must make 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. The provisions for employee benefits to be recognised in the consolidated financial statements were calculated by an actuary as at 31 December 2016 in accordance with IAS 19 (Employee Benefits) and were recognised in profit or loss in the financial year 2016 on the basis of this actuary’s report.

As from the financial year 2013, actuarial gains and losses are presented 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 are recognised in net gaming revenue.

## Income taxes

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 calculated based the income tax rate of 25% in Austria and around 5% in Malta (taking into account tax refunds).

## Finance income (costs)

Finance income (costs) includes all interest and similar income on financial assets. 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. COMMENTS ON INDIVIDUAL ITEMS OF THE CONSOLIDATED INTERIM STATEMENT OF INCOME, CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION, CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS AND THE INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017**

The following sections provide additional information on items of the consolidated interim statement of income, consolidated interim statement of financial position, consolidated interim statement of cash flows and the interim statement of changes in equity. The comparative figures for the previous six-month periods were taken from the IFRS consolidated interim financial statements of bet-at-home.com AG, Dusseldorf, for the six months ended 30 June 2016 and 31 December 2016 respectively.

**V.1. COMMENTS ON INDIVIDUAL ITEMS OF THE CONSOLIDATED INTERIM STATEMENT OF INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017**

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

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

For clarity of presentation of the interim consolidated financial statements, gross betting and gaming revenue is shown in the interim consolidated income statement. A breakdown of gross betting and gaming revenue (betting and gaming volume less paid out customer winnings) is shown in the notes to the interim 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.

Segment reporting in accordance with IFRS 8

30/06/2017	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	347,960	1,340,608	0	1,688,568
Customer winnings	-313,440	-1,298,312	0	-1,611,752
<b>Gross betting and gaming revenue</b>	<b>34,520</b>	<b>42,296</b>	<b>0</b>	<b>76,816</b>
Betting fees and gambling levies	-5,010	-5,080	0	-10,091
VAT recognised in profit and loss	-1,916	-3,289	0	-5,206
<b>Net betting and gaming revenue</b>	<b>27,593</b>	<b>33,926</b>	<b>0</b>	<b>61,519</b>
Segment assets	25,403	11,545	58,115	95,064

30/06/2016	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	323,458	1,046,159	0	1,369,617
Customer winnings	-291,160	-1,013,104	0	-1,304,265
<b>Gross betting and gaming revenue</b>	<b>32,298</b>	<b>33,054</b>	<b>0</b>	<b>65,353</b>
Betting fees and gambling levies	-4,629	-3,326	0	-7,955
VAT recognised in profit and loss	-1,586	-2,721	0	-4,307
<b>Net betting and gaming revenue</b>	<b>26,083</b>	<b>27,007</b>	<b>0</b>	<b>53,091</b>
Segment assets	29,188	9,820	85,781	124,789

### Segment reporting – supplementary information

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

	01/01-30/06/2017	01/01-30/06/2016
	EUR'000	EUR'000
Austria	482,599	334,371
Western Europe	742,403	647,367
Eastern Europe	463,550	380,200
Other	17	7,679
	<b>1,688,568</b>	<b>1,369,617</b>

Countries with similar markets are grouped together by region as follows:

#### Western Europe

Germany, Finland, United Kingdom, Ireland, Italy, Liechtenstein, Malta, Netherlands, Sweden, Switzerland, Cyprus

#### Eastern Europe

Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Poland, Serbia, Slovakia, Slovenia, Czech Republic

**(2) Other operating income**

	01/01- 30/06/2017	01/01- 30/06/2016
	EUR'000	EUR'000
Exchange rate gains	224	171
Income from the release of provisions	103	299
Other	177	88
	<b>503</b>	<b>558</b>

**(3) Personnel expenses**

Breakdown of personnel expenses:

	01/01- 30/06/2017	01/01- 30/06/2016
	EUR'000	EUR'000
Salaries	7,024	6,580
Expenses for statutory social contributions and pay-based levies and statutory contributions	1,758	1,731
Expenses for severance payments and company pension plan contributions	100	92
Other social contributions	84	84
	<b>8,966</b>	<b>8,487</b>

Payments and contributions to company pension plans include payments totalling EUR 100 thousand (30 June 2016: EUR 92 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	
	30/06/2017	30/06/2016	01/01- 30/06/2017	01/01- 30/06/2016
Employees	296	290	301	283
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:

	01/01- 30/06/2017	01/01- 30/06/2016
	EUR'000	EUR'000
Advertising expenses		
Advertising costs	12,166	14,230
Bonuses and vouchers	7,104	6,805
Sponsoring	4,203	4,889
Jackpot expenses	736	696
	<b>24,209</b>	<b>26,621</b>

	01/01- 30/06/2017	01/01- 30/06/2016
	EUR'000	EUR'000
Other operating expenses		
Additional transaction costs	3,928	3,386
Software provider expenses	3,184	2,645
Legal, audit and advisory fees	794	530
Information services	679	508
Exchange rate differences and similar expenses	530	619
Rent and lease expenses	436	382
Costs for the preparation of financial statements, general meeting of shareholders and stock exchange costs	175	221
Additions to provisions for impairment losses on receivables, loan losses and claims	134	12
Supervisory Board remuneration	20	10
Other costs	1,570	1,187
	<b>11,450</b>	<b>9,501</b>

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

	01/01- 30/06/2017	01/01- 30/06/2016
	EUR'000	EUR'000
Amortisation and write-downs of intangible assets	103	127
Depreciation and write-downs of property, plant and equipment	516	393
Write-downs of low-value assets	33	29
	<b>651</b>	<b>549</b>

**(6) Finance income (costs)**

	01/01- 30/06/2017	01/01- 30/06/2016
	EUR'000	EUR'000
Finance income		
Interest receivable and similar income	465	1,130
	<b>465</b>	<b>1,130</b>

**(7) Income taxes**

The remeasurement of securities, as per 30 June 2017 to the amount of EUR 327 thousand due to marketable securities being above their cost of acquisition, led to temporary differences between the carrying amounts in the interim consolidated statement of financial position and those for tax purposes, resulting in deferred tax liabilities of EUR 110 thousand.

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

The consolidated net profit for the period of EUR 53,076 thousand (30 June 2016: EUR 69,919 thousand) is exclusively attributable to the shareholders of the parent company.

## V.2. COMMENTS ON ITEMS OF THE INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2017

### (9) to (10) Non-current assets

A breakdown of non-current assets and changes in these assets during the first half of 2017 is presented in the consolidated statement of changes in non-current assets (appendix to the notes).

### (9) Goodwill

#### Breakdown

	30/06/2017	31/12/2016
	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 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.

**(10) Property and equipment**

A breakdown of non-current assets and changes in these assets during the first half of 2017 is presented in the consolidated statement of changes in non-current assets (appendix to the notes).

**(11) Receivables and other assets**

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

	30/06/2017	31/12/2016
	EUR'000	EUR'000
Receivables from payment service providers	3,283	6,198
Receivables from associated companies	6	30,815
Tax receivables	6,619	10,260
Other receivables	348	656
	10,255	47,929

The decrease in receivables from associated companies is the result of the fully repayment of the short-term loan issued to Mangas BAH SAS, Paris, a former subsidiary of the majority shareholder Betclac Everest Group SAS, in the first half of 2017.

**(12) Securities**

	30/06/2017	31/12/2016
	EUR'000	EUR'000
Shares in investment funds	2,075	1,748

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.

In the first half of 2017, an upward adjustment of EUR 327 thousand (previous year: EUR 38 thousand) was made to their cost in accordance with IAS 39 (other comprehensive income). No write-ups on securities were recognised in profit or loss.

### (13) Cash and cash equivalents

	30/06/2017	31/12/2016
	EUR'000	EUR'000
Cash at bank and in hand	75,683	90,101

### (14) Prepayments and accrued income

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

### (15) Group equity

Breakdown of the Group's equity:

	30/06/2017	31/12/2016
	EUR'000	EUR'000
Share capital	7,018	7,018
Capital reserve	7,366	7,366
Other comprehensive income	757	473
Consolidated profit for the period	53,076	94,714
	68,218	109,571

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

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

The capital 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 general meeting of shareholders on 13 May 2013 authorised the Management Board, with the Supervisory Board's consent, to increase the Company's share capital by 12 May 2018 by issuing new bearer shares (no par value shares) for cash or non-cash contributions, once or several times, by 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 increase the share capital of the issuer to EUR 7,018,000 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 2015 (share split). The shareholders' shareholdings did not change as a result of this capital measure.

**(16) Non-current liabilities**

	30/06/2017	31/12/2016
	EUR'000	EUR'000
Provisions for employee benefits	41	41
Provisions for deferred taxes	110	67
	151	108

In order to calculate the provisions for severance pay in accordance with IAS 19 by applying the projected unit credit method, an actuary's opinion was obtained on 31 December 2016, which is based on an actuarial interest 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 327 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 110 thousand in deferred tax liabilities.

**(17) to (20) Total current liabilities and deferred income**

Breakdown of current liabilities and accruals and deferred income:

	30/06/2017	31/12/2016
	EUR'000	EUR'000
Trade payables	1,216	460
Short-term provisions	15,924	21,371
Other liabilities	9,192	13,234
	26,332	35,065
Deferred income	363	631
	26,696	35,696

Changes in provisions as at 30 June 2017 (in thousands of euro):

	As at 01/01/2017	Utilised	Release	Addition	As at 30/06/2017
<b>Non-current</b>					
Employee benefits	41	0	0	0	41
Deferred tax liabilities	67	0	0	43	110
<b>Current</b>					
Taxes	12,571	11,640	13	6,238	7,156
Personnel provisions	1,620	1,617	3	1,213	1,213
Audit and advisory	253	250	3	289	289
Outstanding invoices	1,370	1,287	82	1,733	1,733
Betting fees and gambling levies	4,232	4,232	0	4,236	4,236
Other	1,325	1,324	1	1,296	1,296
	21,371	20,351	103	15,006	15,924
	21,479	20,351	103	15,049	16,075

As from 1 January 2011, Austria has introduced a betting fee and a gambling levy on bets and gambling originating from Austria. In the interim consolidated financial statements as at 30 June 2017, a provision was made for betting fees and gambling levies for June 2017; they were paid in July 2017.

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

Other current liabilities include payables to customers of EUR 7,533 thousand (31 December 2016: EUR 9,508 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 the second half of 2017).

### **V.3. COMMENTS ON THE INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

Cash and cash equivalents recognised in the statement of cash flows exclusively refers to the “cash at bank and in hand” item in the statement of financial position.

### **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 DISCLOSURES**

### **VI.1. FINANCIAL INSTRUMENTS**

#### **Non-derivative financial assets**

For further details on non-derivative financial instruments, see the interim 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 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. There were further price increases in the first half of 2017 compared to 31 December 2016. A decrease (increase) in market prices by five percentage points would decrease (increase) the Group's profit for the period by EUR 104 thousand (31 December 2016: EUR 87 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 378 thousand (31 December 2016: EUR 451 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). In the first half of 2017, material currency risks arose from transactions denominated in Polish zloty, 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 46 thousand (31 December 2016: EUR 91 thousand). Changes in these risk variables were assessed in relation to the potential for risks inherent in each financial instrument portfolio as at the reporting 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.

## Financial Statements

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

	Carrying amount 30/06/2017	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	10,255	3,636	0	0	0	3,636	3,636	6,619
Securities	2,075	0	0	2,075	0	2,075	2,075	0
Cash and cash equivalents	75,683	0	75,683	0	0	75,683	75,683	0
<b>Current liabilities</b>								
Provisions	15,924	0	8,768	0	0	8,768	8,768	7,156
Trade payables	1,216	0	1,216	0	0	1,216	1,216	0
Other liabilities and accruals and deferred income	9,555	0	9,192	0	0	9,192	9,192	363

	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

#### 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 either directly (such as prices) or indirectly (un-listed prices) are used as the basis for calculating assets or liabilities.
- 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 30 June 2017 (EUR'000)	Fair value of the financial instruments	Level 1	Level 2	Level 3
Non-current assets	0	0	0	0
Current assets	2,075	2,075	0	0

As at 31 December 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

#### Legal risks

For details on legal risks, please refer to section VI.3. of these notes to the consolidated financial statements.

#### 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.

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

In the first half 2017, the Management Board of bet-at-home.com AG, Dusseldorf, had the following members:

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

In the first half of 2017, group companies paid EUR 1,051 thousand (1 January to 30 June 2016: EUR 1,096 thousand) in remuneration to the members of the group parent's Management Board. In addition, a provision of EUR 520 thousand was recognised for a potential management bonus.

Members of the Supervisory Board of bet-at-home.com AG, Dusseldorf, in the first half of 2017:

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

In the first half of 2017, the Chairman of the Supervisory Board received fixed remuneration of EUR 20 thousand (1 January to 30 June 2016: EUR 10 thousand). Necessary expenses were also reimbursed. As in the previous year, the other members of the Supervisory Board waived their entitlement to remuneration in the first half of 2017.

Major business transactions with related parties in the first half of 2017 were the loans issued by bet-at-home.com AG, Dusseldorf, to a company of Betclik Everest Group SAS, Paris, which were fully repaid in June 2017. 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 [Aktiengesetz; AktG], the Management Board 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) German Companies Act were taken or omitted.

**VI.3. OTHER COMMITMENTS AND CONTINGENT LIABILITIES****Other commitments**

Future commitments in respect of rental and lease agreements for the next five years total EUR 4,687 thousand (previous year: EUR 3,869 thousand). Of this amount, EUR 937 thousand (previous year: EUR 774 thousand) fall due within one year. These are rent payments for office premises in Linz, Portomaso, Malta, and Dusseldorf. 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 environment and developments**

In the first half of 2017, the regulatory efforts in the online sports betting and gaming sector continued to advance in the European markets, albeit at often discriminatory conditions which violate EU law.

The development of the regulatory environment in the key markets of the bet-at-home.com AG Group is summarised below:

- The Amendment to the German Interstate Agreement on Gambling has been in effect since 1 July 2012. This amendment was enacted by the German federal states in response to a warning by the European Court of Justice to regulate the German gambling market in a coherent and systematic manner. bet-at-home.com Internet Ltd. participated in a tender to obtain one of the 20 sports betting licences to be issued. The authorities have already informed the Company that it will be granted a sports betting licence. Some of the competitors unsuccessful in being considered for the license managed to stop it from being issued when the court of first instance granted the preliminary relief they had applied for, accepting their objections to a non-transparent tender process conducted on an unlawful basis. The premiers were therefore forced to agree on a gambling amendment treaty which is to be used as a basis for issuing new sports betting licenses. Although the new law plans for the limit of 20 licenses to be revoked, it does not rectify the key deficiencies regarding the tender process. The Federal State of Hesse only agreed to the new law subject to an exit clause being added in the case of no agreement being reached on a comprehensive overall regulation that includes online casinos, based on the Schleswig-Holstein model, by the end of June 2019. The planned enforcement of the gambling amendment treaty on 1 January 2018 is subject to it being ratified by all federal state parliaments by the end of 2017. However, following the results of the elections in Schleswig-Holstein and North Rhine-Westphalia, it is doubtful that the new federal state governments will actually perform such ratification. It is rather to be expected that the new law cannot be enforced and that the existing gambling treaty, which

has been ruled to be illegal by numerous courts, will continue to remain effective in 2018. The Management Board of the bet-at-home.com AG Group therefore does not expect there to be any major restrictions on the provision and advertising of sports bets in the second half of 2017 and in 2018. In the first half of 2017, the Group was faced with increasing efforts by some federal states to enforce the illegal prohibition of online casinos. Legal action was taken against these measures.

- On 1 April 2017, an amendment to the gambling laws of Poland became effective. It generally enables private providers to apply for a sports betting license. One single online casino license was issued to the government provider, which constitutes illegal discrimination against foreign providers. The sports betting policy also contains unattractive general economic conditions as well as illegal provisions. The Group therefore decided not to apply for a sports betting license for now and to take legal action against the discriminatory regulations. Since July 2017, the Group has been subject to enforcement measures by the Polish authorities such as IP blocking and payment blocking. Extensive legal action was also initiated in this respect.
- In the second half of 2017, the Swiss parliament resolved to amend the gambling law so as to enable national stationary gambling providers to offer their products on the internet for the first time. The law, which will be formally adopted in September 2017, plans on imposing IP blocks for foreign providers. The new law is not expected to come into force before 1 January 2018 as no laws on its execution and ordinances have been issued yet. The Group aims to prevent the disadvantageous law from becoming effective, together with other private providers.
- The opening of the Dutch market to foreign providers will be delayed further. It is to be expected that the new gambling law will be resolved by parliament at the earliest in the third quarter of 2017 and that the licensing process will only be starting in 2018. This new delay is caused by the sale of the national casinos which is to be completed before opening the market to private providers. The general conditions are expected to be generally legally compliant and profitable and the Group is therefore aiming to obtain a national license.

In spite of continuing regulatory efforts, betting and gaming providers continue to be targeted by legislative interventions aiming to terminate the offering and operation of their activities, based in particular on regulations enforcing state monopolies on gambling. The companies of the bet-at-home.com AG Group were involved in several proceedings in the first half of 2017.

The current status of this proceeding is as follows:

- In Germany, all pending sports betting injunction proceedings initiated by the federal states were terminated. On the other hand, injunction proceedings have been issued against bet-at-home.com Entertainment Ltd. by the Federal State of Berlin prohibiting the submission of offers and provision of casino products. These proceedings have been dismissed during summary proceedings before the Berlin-Brandenburg Higher Administrative Court. The affected companies appealed against this ruling.

and related penalties imposed. The crucial question is, if the German gambling regulations can be regarded as incoherent, and therefore the online casino prohibition is unlawful because of the existing casino licences issued by Schleswig-Holstein. A legally binding ruling is not expected before 2018. The Group will maintain its casino offers in Berlin until such date. The Federal State of Hesse now plans to execute the illegal prohibition of casinos specified in the gambling treaty. The Darmstadt Regional Authority issued bet-at-home.com Entertainment Ltd. with an injunction to cease offering bets on real events, with the exception of sports bets. Failure to comply will result in penalties being imposed. Action was taken against this injunction before the Darmstadt Administrative Court. The Regional Authority had previously agreed to suspend the immediate execution of the notice until the main ruling has been made by the Administrative Court. The penalty may therefore be imposed until the conclusion of the action before the first instance, which can take between six and 18 months.

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

- One customer has issued proceedings against bet-at-home.com Entertainment Ltd. and bet-at-home.com Internet Ltd., Malta, for the repayment of EUR 950 thousand in gaming losses in the Online Casino. This complaint was rejected in its entirety by the Linz District Court in its ruling of 22 March 2012. The customer has filed an appeal against this ruling. The Linz District Court, as the regional appeals court, has granted the appeal. The Supreme Court overruled this ruling in January 2014 and referred the case back to the court of first instance for a renewed hearing. After the two instances had confirmed their initial rulings and the Supreme Court referred the proceedings once again to the lower instances for reasons of formality, the ruling has now already come before the Supreme Court three times. A final ruling is expected in the second half of 2017. In view of the very clear and detailed jurisdiction of the European Court of Justice with respect to the unlawfulness of the Austrian Gambling Act under EU law and the Supreme Court's specifications on the judicial review, we believe there is a good chance that these proceedings will have a successful outcome.
- Five other Austrian customers have sued individual group companies for the repayment of gaming losses. Two proceedings have since been terminated. The other cases are expected to be heard after the publication of the ruling in the aforementioned case. We believe our prospects of success in these cases are also very good, given the unlawfulness of the Austrian gambling rules under EU law.
- Since the first quarter of 2015, a complaint filed by a German customer is pending before the court for the first time. This customer is also demanding the repayment of gambling losses. The proceedings were won before the first instance. The claimant has appealed against the decision in the meantime. The ruling before the second instance is expected in the third quarter of 2017.

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

In several relevant judgements, the European Court of Justice has further restricted the scope for national legislators to restrict access. In its judgements of 30 June 2011 (Zeturf Ltd.) and 15 September 2011 (Ömer/Dickinger) the European Court of Justice for the first time explicitly addressed the internet as a distribution channel. The European Court of Justice clarified that a member state may not place this distribution channel at a disadvantage in its national legislation without demonstrating that this is necessary. In future, the internet must be treated equally to offline distribution channels. Special restrictions, applicable only to the online sector, are not permissible. Moreover, the judgment concerning the two Management Board members clearly states that advertising for state monopolies is subject to strict proportionality requirements, and that governments must prove that monopolies are necessary. Based on the rulings to date, it can be concluded the entry restrictions may not extend beyond what is strictly necessary to achieve the objective. National laws must also be coherent and may never discriminate. Few gambling regulations would pass this test.

This jurisdiction was reconfirmed by the European Court of Justice in a ruling of 14 June 2017, which was requested by the Regional Administrative Court of Upper Austria. The court found that the justification of the gambling monopoly is the sole responsibility of the member country. According to the ruling, the country has to justify why it imposes regulations for similar products that differ from those specified by the European Court of Justice (prevention of gambling addiction, youth protection, etc.) and/or provide proof that the current version of its gambling law meets the EU’s legal requirements. The country therefore carries the full burden of proof. None of the member countries have provided such proof, which could justify restrictive regulations for online casinos compared with stationary offers, for instance, up to now and the monopolies in countries such as Poland and Austria as well as the online casino prohibition in Germany were once again found to be illegal as a result.

The Group increased the following activities at national level in the past and current reporting period: In addition to its long-term membership with the European Gaming and Betting Association (EGBA) and its new membership with Deutscher Sportwettenverband (DSWV) [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 (OWWG) [Austrian Association for Betting and Gaming]. All associations campaign for fair and legally sound regulations in the corresponding countries.

Based on the positive judgements by the European Court of Justice the Management Board expects the liberalisation of the online sports betting and casino market that commenced in 2011 to progress further in many EU member states in the coming years. However, a number of proposed laws contain rules discriminating against 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 online sports betting and casino licences in countries facilitating economically fair and legal market access, so as to ensure more legal certainty.

**VI.4. 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.5. MATERIAL SUBSEQUENT EVENTS**

In the period after 30 June 2017 and before the preparation of the interim consolidated financial statements, no events occurred that could materially affect the Group's business development or financial position.

**VI.6. RESPONSIBILITY STATEMENT**

We assure that to the best of our knowledge, the interim consolidated financial statements for the period from 1 January to 30 June 2017 give a true and fair view of the Group's financial position, financial performance and cash flows in accordance with the applicable interim reporting standards, and that the group management report for the period then ended 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 in the remaining part of the financial year.

Dusseldorf, 28 July 2017

Franz Ömer

Michael Quatember

**APPENDIX TO THE NOTES**

**CHANGES IN NON-CURRENT ASSETS FOR THE GROUP AS AT 30 JUNE 2017**

**bet-at-home.com AG, Dusseldorf**

	At cost				Accumulated depreciation				Carrying amount 31/12/2016	
	Balance at 01/01/2017	Additions	Disposals	Reclassifications	Balance at 30/06/2017	Balance at 01/01/2017	Additions	Disposals		Balance at 30/06/2017
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I.										
Intangible assets	4,419,157.47	198,122.78	324,794.66	119,852.33	4,412,337.92	2,416,697.21	103,612.41	197,111.46	2,323,198.16	2,088,489.76
1.	Software, internet domains and similar rights and benefits and licences derived therefrom									
	3,049,837.17	198,122.78	324,794.66	119,852.33	3,043,017.62	2,416,697.21	103,612.41	197,111.46	2,323,198.16	719,169.46
2.	Goodwill									
	1,369,320.30	0.00	0.00	0.00	1,369,320.30	0.00	0.00	0.00	0.00	1,369,320.30
II.										
Property and equipment	6,397,611.11	237,450.05	249,432.85	-114,759.12	6,270,869.19	3,518,366.80	547,649.65	239,794.27	3,826,222.18	2,444,896.01
1.	Furniture and fixtures, office equipment									
	5,564,277.78	237,450.05	249,432.80	718,574.16	6,270,869.19	3,518,366.80	547,649.65	239,794.27	3,826,222.18	2,444,896.01
2.	Construction in progress									
	833,333.33	0.00	0.05	-833,333.28	0.00	0.00	0.00	0.00	0.00	0.00
	10,816,768.58	435,572.83	574,227.51	5,093.21	10,683,207.11	5,935,064.01	651,262.06	436,905.73	6,149,420.34	4,533,385.77



# CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS



**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**bet-at-home.com AG, Dusseldorf**

	Note	30/06/2017	30/06/2016
	No.	EUR'000	EUR'000
Consolidated profit for the period		10,997	6,209
Other comprehensive income		285	28
<b>Comprehensive income</b>		<b>11,282</b>	<b>6,236</b>
+ Depreciation of non-current assets	(5)	651	549
- Interest income related to loans issued to group companies		-451	-1,112
+/- Increase/decrease in provisions		-5,404	3,699
+/- Increase/decrease in trade and other receivables not attributable to investing or financing activities		6,545	-4,958
+/- Increase/decrease in trade and other payables not attributable to investing or financing activities		-3,553	3,869
<b>= Cash flows from operating activities</b>		<b>9,072</b>	<b>8,283</b>
- Acquisition of assets (excluding investments)		-435	-213
+ Proceeds from sale of property, plant and equipment		128	0
- Interest income/expense related to loans issued to group companies		29,451	1,112
<b>= Cash flows from investing activities</b>		<b>29,145</b>	<b>900</b>
- Payments to shareholders (dividends)		-52,635	-15,791
<b>= Cash flows from financing activities</b>		<b>-52,635</b>	<b>-15,791</b>
<b>= Net cash from operating, investing and financing activities</b>		<b>-14,419</b>	<b>-6,608</b>
+ Cash and cash equivalents at 1 January		90,101	48,779
<b>= Cash and cash equivalents at 30 June</b>	<b>(13)</b>	<b>75,683</b>	<b>42,171</b>

Imprint

Group Management Report

Interim Statement of Changes in IFRS Group Equity

Consolidated Interim Statement of Cash Flows

Notes to the Interim Consolidated Financial Statements

Consolidated Interim Statement of Income

Consolidated Interim Statement of Financial Position

bet-at-home.com Share

Report by the Supervisory Board

Report by the Management Board



# INTERIM STATEMENT OF CHANGES IN IFRS GROUP EQUITY



**INTERIM STATEMENT OF CHANGES IN IFRS GROUP EQUITY  
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017**

bet-at-home.com AG, Dusseldorf

	Share capital	Capital reserves	Other comprehensive income (after taxes)	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/ conversion	3,509,000.00	-3,509,000.00	0.00	0.00	0.00
Profit for the period	0.00	0.00	27,642.41	6,208,744.54	6,236,386.95
<b>Total recognised gains and losses</b>	<b>0.00</b>	<b>0.00</b>	<b>27,642.41</b>	<b>6,208,744.54</b>	<b>6,236,386.95</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 30/06/2016</b>	<b>7,018,000.00</b>	<b>7,366,000.00</b>	<b>141,495.49</b>	<b>69,919,422.96</b>	<b>84,444,918.45</b>

	Share capital	Capital reserves	Other comprehensive income (after taxes)	Total comprehensive income	Total equity
	EUR	EUR	EUR	EUR	EUR
As at 01/01/2017	7,018,000.00	7,366,000.00	472,785.85	94,714,468.48	109,571,254.33
Profit for the period	0.00	0.00	284,680.59	10,996,640.64	11,281,321.23
<b>Total recognised gains and losses</b>	<b>0.00</b>	<b>0.00</b>	<b>284,680.59</b>	<b>10,996,640.64</b>	<b>11,281,321.23</b>
Dividend distribution	0.00	0.00	0.00	-52,635,000.00	-52,635,000.00
<b>As at 30/06/2017</b>	<b>7,018,000.00</b>	<b>7,366,000.00</b>	<b>757,466.44</b>	<b>53,076,109.12</b>	<b>68,217,575.56</b>

Imprint

Group Management Report

Interim Statement of Changes in IFRS Group Equity

Consolidated Interim Statement of Cash Flows

Notes to the Interim Consolidated Financial Statements

Consolidated Interim Statement of Income

Consolidated Interim Statement of Financial Position

bet-at-home.com Share

Report by the Supervisory Board

Report by the Management Board



# **GROUP MANAGEMENT REPORT TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Report by the Management Board	Report by the Supervisory Board	bet-at-home.com Share	Consolidated Interim Statement of Financial Position	Consolidated Interim Statement of Income	Notes to the Interim Consolidated Financial Statements	Consolidated Interim Statement of Cash Flows	Interim Statement of Changes in IFRS Group Equity	Group Management Report	Imprint
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**GROUP MANAGEMENT REPORT  
FOR THE PERIOD ENDED 30 JUNE 2017  
bet-at-home.com AG, Dusseldorf**

**A. FUNDAMENTALS OF THE GROUP**

**A.1. BUSINESS MODEL**

bet-at-home.com AG group is an online sports betting and gaming company. With more than 4.7 million registered customers, the Group is one of the most successful providers in Europe.

The wide-ranging offerings on www.bet-at-home.com include sports betting, casino, games, poker and virtual sports. In the sports betting segment alone, bet-at-home.com offered bets on more than 187,000 events in over 75 types of sports in the first half of 2017. bet-at-home.com has companies in Germany, Austria, Malta and Gibraltar. The success of the group is partly attributable to our employees; as at 30 June 2017, the group employed 296 staff members.

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 group parent, bet-at-home.com AG, Dusseldorf, was listed on the regulated market of the Frankfurt Stock Exchange in the Prime Standard section as of the reporting date. 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's international gaming licences for sports betting, casino and poker are held via bet-at-home.com Holding Ltd., Malta.

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

**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 in the first half of 2017.

**B. BUSINESS REPORT**

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

Irrespective of the current overall economic trend, the Group’s management as well as all the research firms in the sector continue to expect considerable growth in the eGaming industry in the medium term.

**B.2. BUSINESS TREND**

**(1) Highlights in the first half of 2017**

As no major football event is taking place in the current reporting period 2017, the marketing focus for financial year 2017 was already set in the first quarter of 2017 to coincide with the second leg of the German Football Bundesliga. It comprises all marketing channels, including a major TV campaign in Germany and Austria. This advertising campaign was accompanied by an extensive bonus offering that was enthusiastically received by our new and existing customers. In the first six months of 2017, total marketing expenses amounted to EUR 24.2 million, as planned, thus EUR 2.4 million down year-on-year (1 January to 30 June 2016: EUR 26.6 million).

Thanks to these targeted marketing campaigns, the positive growth momentum of the previous reporting periods was once again clearly exceeded with the gross betting and gaming revenue increasing by 17.5% to EUR 76.8 million and the highest EBITDA in the Company’s history amounting to EUR 12.4 million in the second quarter of 2017.

In the sports betting segment alone, bet-at-home.com offered bets on more than 187,000 events in over 75 types of sport in the first half of 2017. Live betting was again very popular, enticing us to continuously improve our range of services. This provided customers with the opportunity to participate online in more than 44,000 live events in the first six months of the current financial year.

**(2) Employees**

In the first half of 2017, the average number of staff members (excluding the Board) employed by the Group rose to 301 (1 January to 30 June 2016: 283). As at 30 June 2017, the group employed 296 staff members (30 June 2016: 290). 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 in the first half of 2017. In the first half year of 2017, the number of registered customers increased to more than 4.7 million (30 June 2016: 4.5 million).

**B.3.1. FINANCIAL PERFORMANCE**

Business development was highly satisfactory overall.

In the first half of 2017, gross betting revenue (betting volume less paid out winnings) increased to EUR 34.5 million (1 January to 30 June 2016: EUR 32.3 million) due to the positive business development and increase in the number of registered customers.

Gross gaming revenue (gaming volume less paid out winnings) also increased year-on-year to EUR 42.3 million (1 January to 30 June 2016: EUR 33.1 million). eGaming comprises the products Casino, Poker, Games and Virtual Sports.

In the first half of 2017, total gross betting and gaming revenue therefore again increased to EUR 76.8 million (1 January to 30 June 2016: EUR 65.4 million).

After deducting the betting fees, betting taxes and gambling levies payable as well as VAT payable under the VAT regulations for electronic service providers in the European Union, net gaming revenue increased to EUR 61.5 million in the first half of 2017 (1 January to 30 June 2016: EUR 53.1 million).

In the first half of 2017, the Group's financial performance was as follows:

	01/01- 30/06/2017	01/01- 30/06/2016
	EUR'000	EUR'000
Net gaming revenue	61,519	53,091
Total operating income	62,022	53,649
EBT (earnings before taxes) *)	17,210	9,621
EBIT (earnings before interest and taxes) **)	16,746	8,492
EBITDA (earnings before interest, taxes, depreciation and amortisation) ***)	17,397	9,040

\*) Corresponds to profit before income tax as shown in consolidated income statement

\*\*) EBT less finance income (costs) in the consolidated income statement

\*\*\*) EBIT plus depreciation, amortisation and write-downs as shown in consolidated income statement

The betting fees, betting taxes and gambling levies payable in various countries affected earnings by EUR 10,091 thousand in the first half of 2017 (1 January to 30 June 2016: EUR 7,955 thousand). In addition, the VAT regulations for electronic service providers in the European Union led to a tax expense of EUR 5.2 million in the first half of 2017 (1 January to 30 June 2016: EUR 4.3 million).

In the first half of 2017, marketing expenses (advertising plus sponsoring costs) in the amount of EUR 24,209 thousand were down year-on-year, as planned, due to a lack of major football events in financial year 2017 (1 January to 30 June 2016: EUR 26,621 thousand). In line with the increase in staff, personnel expenses rose by EUR 479 thousand, from EUR 8,487 thousand in the first half of 2016 to EUR 8,966 thousand in the first half of 2017.

### B.3.2. CASH FLOWS

As at 30 June 2017, the Group's cash flows were as follows:

	30/06/2017	30/06/2016
	EUR'000	EUR'000
Comprehensive income	11,282	6,236
+ Cash flows from operating activities	9,072	8,283
+ Cash flows from investing activities	29,145	900
+ Cash flows from financing activities	-52,635	-15,791
= Net cash from operating, investing and financing	-14,419	-6,608
= Cash and cash equivalents at the end of the period	75,683	42,171

Cash flow from investing activities primarily resulted from the issuance of a short-term loan to Mangas BAH SAS, Paris, a former group company of the majority shareholder Betclik Everest Group SAS, Paris, which incurred arm's length interest until its full repayment in the second quarter of 2017.

### B.3.3. NET ASSETS

As at 30 June 2017, the Group's net assets were as follows:

Assets	30/06/2017	31/12/2016
	EUR'000	EUR'000
Non-current assets	4,533	4,882
Current assets		
Receivables from associated companies	6	30,815
Receivables, other assets and prepayments	12,767	17,829
Securities	2,075	1,748
Cash and cash equivalents	75,683	90,101
	<b>95,064</b>	<b>145,375</b>

Equity and liabilities	30/06/2017	31/12/2016
	EUR'000	EUR'000
Group equity	68,218	109,571
Non-current liabilities (provisions)	151	108
Current liabilities (payables, provisions, accruals and deferred income)	26,696	35,696
	<b>95,064</b>	<b>145,375</b>

Adjusted for dividends paid from equity in the amount of EUR 52.6 million in May 2017, Group equity as at 30 June 2017 totalled EUR 68.2 million (31 December 2016: EUR 109.6 million), resulting in a group equity ratio of 71.8% (31 December 2016: 75.4%).

Until then, receivables from associated companies primarily resulted from the issuance of short-term loans to Mangas BAH SAS, Paris (a former group company of the majority shareholder Betclik Everest Group SAS, Paris). The outstanding amount of EUR 21.0 million of the loan issued to the majority shareholder was fully repaid during the second quarter of 2017. As a result, there were no outstanding loan receivables to be repaid by the majority shareholder as at 30 June 2017.

Financing measures were not required in the first half of 2017.

The Group's overall economic position was very positive in the first half of 2017.

### **C. EVENTS AFTER THE BALANCE SHEET DATE**

There were no material subsequent events after the end of the first half of 2017.

### **D. OUTLOOK AND OPPORTUNITIES AND RISK 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**

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

The Management Board continues to expect the gross betting and gaming revenue to increase to EUR 144 million in financial year 2017.

Furthermore, the Management Board assumes EBITDA to reach a level between EUR 34 million and EUR 38 million in 2017.

#### **D.2. RISK REPORT**

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.

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

#### **D.2.1. 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 number of laws and legal proposals 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.

For a detailed explanation of changes in the regulatory and/or legal environment and legal proceedings relevant to the bet-at-home.com AG Group, we explicitly refer to the notes to the interim consolidated financial statements for the six-month period ended 30 June 2017 (section "Other commitments and contingent liabilities").

**D.2.2. 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 Betclik 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.2.3. TAX RISKS**

In addition to the betting fees, betting taxes and gambling levies payable in various countries as well as the new VAT regulations for electronic service providers, new (adverse) tax laws could be introduced in other countries with significant effects on the Group’s financial position, financial performance and cash flows.

**D.2.4. TECHNICAL RISKS**

The products and services provided by the Group require numerous reliably functioning technical systems. Serious interference with IT systems, particularly through adverse external influences such as hacker attacks, DDos attacks etc., could therefore have a serious impact on the Group’s financial position and cash flows. 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.2.5. 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 book-makers 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 trend in the global online gambling market shows that the European market has made the largest contribution to growth in the past 10 years. According to various industry studies, this development should continue in 2017 and beyond and create sustainable growth in the gaming industry, regardless of economic trends.

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. 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 solely bases its decisions to invest on corresponding positive income and/or growth forecasts for the respective securities and/or an excellent credit rating of their issuers. The Group believes that the risk relating to the use of these financial instruments is very minor.

**F. DECLARATION OF COMPLIANCE AND CORPORATE GOVERNANCE REPORT**

The actions of the management and supervisory bodies of bet-at-home.com AG are guided by the principles of good corporate governance. As the Company is listed in the Prime Standard segment of the regulated market of Frankfurt Stock Exchange, the Management Board reports on the company's management and corporate governance in the declaration of compliance in accordance with Section 289a (1) HGB (this declaration is also issued in the name of the Supervisory Board). 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.

Dusseldorf, 28 July 2017

Franz Ömer

Michael Quatember



# IMPRINT

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## **DISCLAIMER**

The Interim Financial Report is a translation of the valid German version.

**Imprint**

Group Management Report

Interim Statement of Changes in IFRS Group Equity

Consolidated Interim Statement of Cash Flows

Notes to the Interim Consolidated Financial Statements

Consolidated Interim Statement of Income

Consolidated Interim Statement of Financial Position

bet-at-home.com Share

Report by the Supervisory Board

Report by the Management Board

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

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