# THE GROUP IN 2017

## FACTS AND FIGURES – GROUP AND ASSOCIATED COMPANIES

<table>
<thead>
<tr>
<th></th>
<th>Group (consolidated)</th>
<th>Casinos Austria AG</th>
<th>Casinos Austria International (consolidated)</th>
<th>Österreichische Lotterien Ges.m.b.H.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gaming revenues and bets placed incl. ancillary revenues in millions euro</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>4,021.73</td>
<td>–</td>
<td>133.88</td>
<td>–</td>
</tr>
<tr>
<td>2016</td>
<td>3,885.95</td>
<td>–</td>
<td>126.37</td>
<td>–</td>
</tr>
<tr>
<td><strong>Gaming revenues in millions euro</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>–</td>
<td>330.14</td>
<td>–</td>
<td>3,483.08</td>
</tr>
<tr>
<td>2016</td>
<td>–</td>
<td>326.83</td>
<td>–</td>
<td>3,351.98</td>
</tr>
<tr>
<td><strong>Taxes, fees and social security contributions in Austria in millions euro</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 Total</td>
<td>621.84</td>
<td>129.18</td>
<td>–</td>
<td>477.08</td>
</tr>
<tr>
<td>Gaming-related taxes and fees</td>
<td>540.05</td>
<td>96.03</td>
<td>–</td>
<td>442.71</td>
</tr>
<tr>
<td>Other taxes, fees and social security contributions</td>
<td>81.8</td>
<td>33.15</td>
<td>–</td>
<td>34.37</td>
</tr>
<tr>
<td>2016 Total</td>
<td>609.25</td>
<td>127.45</td>
<td>–</td>
<td>466.12</td>
</tr>
<tr>
<td>Gaming-related taxes and fees</td>
<td>525.75</td>
<td>93.41</td>
<td>–</td>
<td>430.94</td>
</tr>
<tr>
<td>Other taxes, fees and social security contributions</td>
<td>83.5</td>
<td>34.04</td>
<td>–</td>
<td>35.18</td>
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<tr>
<td><strong>Operating result/Operating profit in millions euro</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>139.26</td>
<td>18.70</td>
<td>15.94</td>
<td>66.22</td>
</tr>
<tr>
<td>2016</td>
<td>150.06</td>
<td>29.99</td>
<td>34.79</td>
<td>57.74</td>
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<tr>
<td><strong>Annual surplus in millions euro</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>–</td>
<td>60.25</td>
<td>–</td>
<td>69.78</td>
</tr>
<tr>
<td>2016</td>
<td>–</td>
<td>74.22</td>
<td>–</td>
<td>67.70</td>
</tr>
<tr>
<td><strong>Group result in millions euro</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>100.63</td>
<td>–</td>
<td>8.16</td>
<td>–</td>
</tr>
<tr>
<td>2016</td>
<td>91.20</td>
<td>–</td>
<td>9.14</td>
<td>–</td>
</tr>
<tr>
<td><strong>Employees annual average full-time equivalent (FTE)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>4,209&lt;sup&gt;1&lt;/sup&gt;</td>
<td>1,890&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1,623</td>
<td>484</td>
</tr>
<tr>
<td>2016</td>
<td>4,233&lt;sup&gt;1&lt;/sup&gt;</td>
<td>1,808&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1,717</td>
<td>486</td>
</tr>
</tbody>
</table>

<sup>1</sup> Incl. win2day, WINWIN, tipp3 and Rabcat.  
<sup>2</sup> Incl. Cuisino, CAST, CCB and CALL.
### LOCATIONS IN AUSTRIA

- **12** casinos
- **16** WINWIN outlets
- **3,315** tipp3 points of sale
- **5,131** lottery points of sale
- **1,049,638** win2day users on win2day.at

### CASINO GUESTS IN MILLIONS

- **2.85** Austria
- **7.93** worldwide

### GAMING TABLES

- **235** Austria
- **596** worldwide

### SLOT MACHINES

- **2,369** Austria
- **6,846** worldwide

### VIDEO LOTTERY TERMINALS (WINWIN, CAI)

- **7** Austria
- **7** worldwide

### LOTTERY PICKS PLAYED

- **868,869,782** all pick slip games
- **547,792,121** Lotto picks

### INSTANT LOTTERY TICKETS PLAYED

- **41,848,296** scratch-off tickets
- **15,939,121** break-open tickets

- **156,623,213** EuroMillions picks
Together ...
we report]
ABOUT US

Building on over 50 years of experience, we offer gaming, betting and entertainment products and services of the highest standard. Our primary responsibility in all that we do is to our customers. We are a group of companies whose business activities are shaped by the principle of responsible gaming and a clear, lasting sense of social responsibility. We conduct all our business in adherence to the defined legal and regulatory parameters, working in close cooperation with the licensing authorities. Our attractive portfolio of products and services reflects the diversity in society and offers fun and excitement of the utmost quality.

We are responsible for our employees. The strength of our group is based on their diversity. That’s why all our employees have the opportunity to contribute personally to our corporate success according to their qualifications and abilities. In return, we pay fair, performance-based salaries. We encourage the professional development of our employees and support their social commitment and engagement.

Competent management gives us the agility we need and creates an environment in which our employees can work autonomously and responsibly. We place our customers at the center of our activities, encourage innovation and practice a constructive culture of learning from mistakes. Each and every one of us is proud to be part of an excellent Austrian enterprise.

We embrace our responsibility to society and support charitable projects. Our tax payments facilitate important social initiatives.

We also bear a responsibility to our shareholders. Efficiency and cost-awareness contribute to ensuring that our business activities generate commensurate value added.
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Imprint 60
from left to right: Alexander Labak, Bettina Glatz-Kremsner, Dietmar Hoscher
Dear Reader,

You hold in your hands the first-ever joint Annual Report for the Casinos Austria and Austrian Lotteries Group. Its title – “Together” – serves both as a commitment from us and a directive to ourselves to work in unison, together and with each other across all our business units to actively shape the future of our group. The 2017 reporting year might have been a challenge for us all, but we can already see that changes and fresh ideas have pushed us forward together.

Our group has been demonstrating its recipe for success in gaming and entertainment coupled with outstanding gastronomy and social responsibility for 50 years. 50 years defined by innovations, achievements, launches and engagement for society – for social projects and initiatives, for art and culture, for Austrian tourism – as well as by a substantial contribution to domestic value added. 50 years with a clear mission: we have assumed a leadership role in key issues like player protection and have set benchmarks for responsible gaming. We also have a firm commitment to social engagement. We are one of the best taxpayers, a good employer and a fair partner to our suppliers and our customers.

In the 2017 business year, the Casinos Austria and Austrian Lotteries Group posted consolidated sales of over 4 billion euros for the first time, an increase of 3.49 percent compared to 2016. The group result was also very positive at 100.63 million euros, up 10.34 percent on the previous year. We paid some 622 million euros in taxes, fees and social security contributions – another record amount. Our group employs more than 4,200 people worldwide and provides jobs for some 2,380 people in Austria.

With its twelve casinos in Austria, Casinos Austria posted gaming revenues of 330.14 million euros in 2017, one percent more than in 2016. More than 2.85 million guests – over half of whom were international guests – visited these casinos in 2017. Casinos Austria invested extensively in its casinos over the reporting year. The focus thereby lay on the completion of the renovations at Casino Graz and the expansion of Casino Wien to include a dedicated VIP slots area. The large-scale renovations at Casino Salzburg were likewise completed with the restoration of the main façade and the forecourt. And last but by no means least, the restaurant and bar area in Casino Kitzbühel was given a whole “new look”.

Our gastronomy subsidiary, Cuisino, clearly also impressed casino guests. Total sales for the Cuisino subsidiary in 2017 amounted to 18.16 million euros, an increase of 6.39 percent compared to the previous year. The renowned Gault&Millau Guide awarded Cuisino a total of seven toques: two to the restaurant in Casino Velden and one each to the restaurants in Casinos Wien, Salzburg, Linz, Bregenz and Graz (new in 2017).

In the classic lottery games sector, sales of the EuroMillions product in 2017 were up by 9.33 percent to 343.46 million euros, a result that can be attributed to the overall stronger development of the “Europot” jackpot throughout the year. Sales of the Lotto “6 aus 45” lottery product – including the “LottoPlus” add-on option introduced at the beginning of October – rose slightly year-on-year to 603.55 million euros.

The successful introduction of new games in the Casino Games section as well as the redesign and optimization of the website in general had a positive impact on the electronic lotteries on win2day, where sales were up by 4.81 percent to 1.61 billion euros. Poker on win2day continued to prove very popular, with sales in 2017 up by 20 percent compared to 2016 to 2.77 million euros. WINWIN opened a new video lottery terminals outlet in Bischofshofen in mid-April 2017 and posted total sales for the year of 525.34 million euros, a rise of 5.17 percent year-on-year. Austrian Lotteries posted total gaming revenues of 3.48 billion euros in 2017, thereby exceeding its results for 2016 by 3.91 percent. tipp3 likewise reported a successful year and strengthened its portfolio with the launch of a new “alle7” betting product.

Our international business continued to develop very well in 2017. The Casinos Austria International casinos reported both a 5.9 percent rise in total guest numbers.
to 5.1 million guests as well as an increase in consolidated revenues of 5.9 percent to 133.9 million euros. The operating result lies at 16 million euros.

Over twelve successful months in 2017, we offered our customers a diverse gaming experience with plenty of new products and technological innovations in the form of new games, apps, chatbots or responsive design websites. But our group is not just about new products and technological developments, the companies also play an important role as leading enterprises in the Austrian economy. Our casinos and WINWIN outlets are important for domestic tourism; our lottery products safeguard the role of tobacconists as local amenities; and we purchase services and goods from regional and local partners because we value their quality. In short, the Casinos Austria and Austrian Lotteries Group creates value added in Austria.

Accordingly, we would like to extend a special word of thanks to our employees, who contribute significantly to the success of our group through their dedication and commitment. We would also like to thank all our stakeholders for their support and hope they enjoy reading this joint Annual Report.

Finally, we would of course also like to take this opportunity to thank Karl Stoss for his service and dedication to the Casinos Austria and Austrian Lotteries Group throughout his ten years as Director General. Under his leadership, many new things were developed and a sound and solid basis for the future was created.

Bettina Glatz-Kremsner Dietmar Hoscher Alexander Labak
THE MANAGEMENT BOARD

BETTINA GLATZ-KREMSNER, DIRECTOR

Bettina Glatz-Kremsner was appointed to the Management Board of Austrian Lotteries in 2006 and has also been Chief Financial Officer and a Member of the Management Board of Casinos Austria AG since 2010. In May 2011, she was appointed to the Management Board of Casinos Austria International Holding GmbH, moving to the latter’s Supervisory Board with effect from 12 December 2013.

She joined Austrian Lotteries in 1990 after graduating from university and served until 1996 as CEO of the Hungarian subsidiary “Lotto Union”. She was then appointed Assistant to the Management Board of Casinos Austria AG and Deputy Head of the Executive Secretariat & Controlling Unit at Austrian Lotteries. From 2000 onwards, she was responsible for synergies in both companies.

Bettina Glatz-Kremsner has been Honorary Consul for the Republic of Hungary in Vienna and Lower Austria since January 2013. On 21 January 2016, she was appointed President of the Supervisory Board of EVN AG. She also sits on the Supervisory Board of Flughafen Wien AG. She was awarded the Grand Medal of Honor for Services to the Republic of Austria in April 2015 and the Silver Commander’s Cross Medal of Honor for Services to the State of Lower Austria in October 2016.

She holds a degree in Commercial Studies from Vienna University of Economics and Business.
Dietmar Hoscher was appointed to the Management Board of Casinos Austria AG in 2007. In May 2011, he was also appointed to the Management Board of Casinos Austria International Holding GmbH, moving to the latter’s Supervisory Board in December 2013.

He joined Casinos Austria in 1998. He became a Director of Österreichische Sportwetten GmbH (tipp3) in 2000, where he was appointed Chairman of the Management Board in June 2008 and Chairman of the Supervisory Board in 2010.

Dietmar Hoscher has been a Member of the Board of the European Casino Association (ECA) since June 2011 and an ECA Vice President since 2015. In addition to the ECA’s Responsible Gaming Working Group, he has also headed its Legal & Anti Money Laundering Working Group since the beginning of 2017. In April 2017, he was voted “Chief Compliance Officer of the Year” at the Global Regulatory Awards in London.

In recognition of his services to arts and culture in the country, Dietmar Hoscher was given the title of Professor by the Austrian President in 2014. He has been Chairman of the Board of Trustees of ORF since 2014 and is also Chairman of the Advisory Committee of the Association for Integrity in Sports (Play Fair Code).

After studying Economics at the University of Vienna, Dietmar Hoscher managed a research project at the Ludwig Boltzmann Institute before being appointed Economic Advisor to the Österreichische Nationalbank in 1987. Two years later, he became an Economic Policy Advisor to the Austrian Parliament, serving in this capacity from 1995 under Finance Ministers Staribacher, Klima and Edlinger. He served as a Member of the Upper House of Parliament from 1999 to 2002 and as a Member of Parliament from 2002 to 2006.

Alexander Labak was appointed to the Management Board of Casinos Austria AG on 1 June 2017, where he took over the position of Director General from Karl Stoss on 1 July of the same year. He was also appointed Chairman of the Board of Österreichische Lotterien GmbH at the same time.

Prior to joining the Casinos Austria and Austrian Lotteries Group, Alexander Labak held management positions in the following international companies: Apollo Global Management LLC, Domestic & General Insurance Plc, HomeCredit B.V., Mastercard International, Deutsche Bank AG, Foundation Health Systems, Johnson & Johnson Consumer Products and Henkel.

Alexander Labak holds a Doctorate in Commercial Studies from Vienna University of Economics and Business and an MBA from the Wharton School in Philadelphia.

Karl Stoss

- Director General of Casinos Austria AG and Chairman of the Board of Österreichische Lotterien Ges.m.b.H. until 30 June 2017
- President of the Austrian Olympic Committee (ÖOC)
- Member of the International Olympic Committee (IOC)
- Karl Stoss also sits on a range of other committees, supervisory and advisory boards.
SHAREHOLDERS AND SHAREHOLDINGS

Casinos Austria and its affiliates and subsidiary companies offer gaming and entertainment of the highest quality. The group is one of the few providers worldwide that can offer innovative solutions for all sectors of the gaming industry from a single source.

SHAREHOLDERS

<table>
<thead>
<tr>
<th>SHAREHOLDERS</th>
<th>in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medial Beteiligungs-GmbH</td>
<td>38.3</td>
</tr>
<tr>
<td>ÖBIB Österreichische Bundes- und Industriebeteiligungen GmbH</td>
<td>33.2</td>
</tr>
<tr>
<td>Novomatic AG</td>
<td>17.2</td>
</tr>
<tr>
<td>Bankhaus Schelhammer &amp; Schattera AG</td>
<td>5.3</td>
</tr>
<tr>
<td>Private Shareholders</td>
<td>6.0</td>
</tr>
</tbody>
</table>

SHAREHOLDINGS

<table>
<thead>
<tr>
<th>Casinos Austria AG</th>
<th>HQ: Vienna</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casinos Austria International Holding GmbH</td>
<td>100</td>
</tr>
<tr>
<td>Cuisino Ges.m.b.H.</td>
<td>100</td>
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<tr>
<td>Casinos Austria Sicherheitstechnologie GmbH</td>
<td>100</td>
</tr>
<tr>
<td>Casinos Austria Liegenschaftsverwaltungs- und Leasing GmbH</td>
<td>100</td>
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<tr>
<td>Congress Casino Baden Betriebsges.m.b.H.</td>
<td>89</td>
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<tr>
<td>Österreichische Lotterien Gesellschaft m.b.H.</td>
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<tr>
<td>Entertainment Glücks- und Unterhaltungs- spiel Gesellschaft m.b.H.</td>
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<tr>
<td>Glücks- und Unterhaltungsspiel Betriebsgesellschaft m.b.H.</td>
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<tr>
<td>win2day Entwicklungs- und Betriebsgesellschaft m.b.H.</td>
<td>100</td>
</tr>
<tr>
<td>Österreichische Sportwetten Gesellschaft m.b.H.</td>
<td>56</td>
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<tr>
<td>Rabcat Computer Graphics GmbH</td>
<td>9</td>
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</tbody>
</table>

as of 31 December 2017
THE ORGANIZATION

The group’s individual areas of business are organized into separate Business Units, which draw on the services provided by its so-called Corporate Functions.

Each Business Unit (BU) and each Corporate Function (CF) is assigned strategically to one or more member(s) of the Casinos Austria or Austrian Lotteries management boards. Management of the group’s operations is handled by the respective executive and divisional management teams.

Services that are required across the entire group are bundled into Corporate Functions. These are also assigned strategically to one or more board member(s) and managed by one or more head(s) of division.

BUSINESS UNITS

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Executive(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casinos in Austria</td>
<td>Christian Schütz</td>
</tr>
<tr>
<td>Casinos International</td>
<td>Alexander Tucek, Christoph Zurucker-Burda</td>
</tr>
<tr>
<td>Lotteries</td>
<td>Elisabeth Römer-Russwurm</td>
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<tr>
<td>Betting &amp; Sports-Related Skill Games</td>
<td>Philip Newald, Georg Weber</td>
</tr>
<tr>
<td>VLT/Slot Machine Business</td>
<td>Robert Vierziger, Fritz Pühringer</td>
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<tr>
<td>Online Gaming</td>
<td>Martin Jekl, Emmerich Hager</td>
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</tbody>
</table>

CORPORATE FUNCTIONS

<table>
<thead>
<tr>
<th>Corporate Function</th>
<th>Executive(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project, Process &amp; Innovation Management</td>
<td>Reinhard Summerer, Erich Schuster</td>
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<tr>
<td>Internal Audit</td>
<td>Erhard Peinthor</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Naida Karabeg</td>
</tr>
<tr>
<td>Corporate Communications</td>
<td>Martin Himmelbauer</td>
</tr>
<tr>
<td>Finance &amp; Group Controlling</td>
<td>Wolfgang Sperl</td>
</tr>
<tr>
<td>Legal Affairs</td>
<td>Peter Erlacher</td>
</tr>
<tr>
<td>Public &amp; European Affairs, CSR, Compliance</td>
<td>Markus Eder</td>
</tr>
<tr>
<td>Information Technologies</td>
<td>Erich Schuster</td>
</tr>
<tr>
<td>Services</td>
<td>Nathan Bomze</td>
</tr>
<tr>
<td>Responsible Gaming, Advertising &amp; Sponsoring</td>
<td>Herbert Beck</td>
</tr>
</tbody>
</table>

as of 15 February 2018
The Supervisory Board has performed the duties incumbent upon it pursuant to statutory provisions and the Articles of Association in its meetings. The Management Board has provided regular reports on business progress.

The Casinos Austria AG financial statements and management report were audited by the independent auditor appointed at the Annual General Meeting on 31 March 2017, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The completed audit raised no grounds for objection. The independent auditor has therefore confirmed that the Casinos Austria AG annual financial statements and management report comply with statutory provisions.

The Supervisory Board confirms that it concurs with the Management Board’s management report and the proposed distribution of profits and that it formally approves the annual financial statements of Casinos Austria AG, which are hereby adopted pursuant to Section 96 of the Austrian Stock Corporation Act (Aktiengesetz).

Furthermore, the Supervisory Board recommends that the aforementioned audit firm, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, also be appointed as independent auditor for the 2018 fiscal year at the Annual General Meeting.
LEGAL AND REGULATORY FRAMEWORK

In Austria, the state holds a monopoly on games of chance – the Austrian Gaming Act (Glücksspielgesetz) is the basis on which the group offers games of chance in Austria.

Under the provisions of the Austrian Gaming Act, the right to operate games of chance in Austria – unless otherwise provided for in the said Gaming Act – is reserved for the Federal Government (monopoly on games of chance). This right can be transferred by the Federal Minister of Finance to third parties through the award of corresponding licenses. The conditions for the award of such licenses are likewise regulated in the Gaming Act.

The legislator stipulates in the Gaming Act that a license may only be granted to an applicant when said applicant can be expected to exercise the license most effectively as a result of its particular experience, infrastructures, development measures and equity capital, as well as its systems and measures to prevent gambling addiction, protect players, prevent money laundering and criminal activities, guarantee operational reliability, provide quality assurance, monitor its own activities and comply with any other applicable provisions in the Gaming Act.

The license to operate lotteries in Austria was awarded to Österreichische Lotterien Gesellschaft m.b.H. (hereinafter referred to as Austrian Lotteries) and is valid until 30 September 2027. This license also includes the right to operate so-called electronic lotteries, which include online gaming and video lottery terminals.

The Federal Ministry of Finance has awarded twelve casino licenses to Casinos Austria AG (hereinafter referred to as Casinos Austria). The licenses for the casinos in Bregenz, Graz, Innsbruck, Linz, Salzburg and Vienna are valid until 31 December 2027; the licenses for the casinos in Baden, Kitzbühel, Kleinwalsertal, Seefeld, Velden and Zell am See are valid until 31 December 2030. Three further casino licenses provided for in the Austrian Gaming Act have currently not been awarded.

Section 5 of the Austrian Gaming Act also provides for the operation of gaming machines in individual federal states. Under these provisions, the nine federal states in Austria have the right to issue licenses for the operation of gaming machines provided that certain regulatory measures are adhered to.

Sports betting is classed in Austria as a skill game and is not subject to the provisions of the Austrian Gaming Act; legislative responsibility for sports betting lies with the individual federal states.

LEGAL DEVELOPMENTS AT NATIONAL LEVEL

Financial Markets Anti-Money Laundering Act

In conjunction with the implementation of the new Austrian Financial Markets Anti-Money Laundering Act (Finanzmarkt-Geldwäschegesetz), which was published on 30 December 2016 in Federal Law Gazette I No. 118/2016, the Austrian Gaming Act was also amended. Along with the incorporation of relevant EU Directives into the provisions in the Gaming Act to prevent money laundering and the financing of terrorism, certain provisions regarding gaming license holders were amended.

The Gaming Act now stipulates that in the case of a direct or indirect acquisition of shareholdings that exceed the threshold levels of 20 percent, 30 percent or 50 percent, the acquirer must obtain authorization from the Ministry of Finance. The acquisition cannot be carried out prior to the receipt of this authorization. For the first time, the Gaming Act now also stipulates a duty of disclosure for the sale of such holdings.

The Gaming Act now sets out detailed qualification requirements and fit-and-proper stipulations both for directors/executives and for members of the supervisory board of companies that hold a gaming license. The amendments further stipulate that the statutes and articles of association of companies that hold a gaming license must prohibit sole directors and/or sole managing directors and sole powers of attorney. All these amendments came into force with effect from 1 January 2017.
OGH 4Ob124/17i

In its decision of 27 August 2017 (4Ob124/17i), the Austrian Supreme Court of Justice (Oberster Gerichtshof; OGH) rejected the appeal against a ruling by the Regional Court Korneuburg (Landesgericht). This ruling, which was made in a case brought by a player against an online gaming operator without a license to operate in Austria and which ordered said online gaming operator to repay gambling losses, thus enters into legal force. The court ruled that the online gaming products offered were in violation of the Austrian Gaming Act. Under the provisions of the Gaming Act, the selling of games of chance for money on the internet is a constituent part of the lottery license held by Austrian Lotteries. The holding of a gaming license from another country does not entitle the holder to offer such games of chance for money in Austria, even if this license was issued by a Member State of the European Union or the European Economic Area.

This decision could have far-reaching consequences for the Austrian online gaming market, since those operators who offer online gaming for money in Austria without an Austrian license are not only in violation of the Gaming Act, they must also be aware that players will demand repayment of any losses.

LEGAL DEVELOPMENTS AT EUROPEAN LEVEL

On 7 December 2017, the European Commission decided to close all contract infringement procedures relating to gambling in its Member States and to no longer handle any complaints regarding the gambling sector.

The background to this far-reaching decision: the regulation of gambling is a matter of national law. The Commission considers that complaints against the specific configuration of national gaming laws can be handled more efficiently by the national courts in their respective countries. While the Commission will “continue to support Member States in their efforts to modernize their national online gambling legal frameworks and to facilitate cooperation between national gambling regulators,” it is expressly not one of its goals to promote an EU single market in the gambling sector.
Together
We are team players and work together to shape and build the future of our group. Ideas for new products and services are formulated across all our business units, and we plan the subsequent details together. We place our customers firmly at the center of our activities. To do so, we apply various methods, like for instance service design, and work intensively on the customer experience.
A millionaire every week, the first Lotto six-time rollover jackpot in 31 years and a second chance for every Lotto pick with LottoPlus: in 2017, Austrian Lotteries generated gaming revenues of over 3.48 billion euros, an increase of 3.91 percent compared to the previous year. This strong result can be attributed to increased sales of the EuroMillions lottery product, on the win2day online gaming site and at the WINWIN video lottery terminals outlets.

The Austrian Lotteries product portfolio extends from classic lottery games like Lotto and EuroMillions to instant lottery products like Rubbellos (scratch-off tickets) and Brieflos (break-open tickets). Each year, a range of special promotions and offers provide customers with plenty of additional bonus prize options. In 2017, there were also plenty of new products and innovations, all of which were welcomed enthusiastically by customers. The “LottoPlus” add-on game was introduced for the Lotto “6 aus 45” national lottery, the “Lotti” chatbot was “born” and the first-ever augmented reality Rubbellos scratch-off ticket was launched.

THE NEW LOTTOPLUS ADD-ON

With the LottoPlus add-on game, every Lotto pick can be put back in the running for a second time. Since 4 October 2017, each Lotto draw is followed by a second draw – in which another six numbers roll out of the drum (but without a bonus number). Lotto fans thus have the chance to double their prospects with a Lotto pick. When they buy a lottery ticket, they can choose to give their picks a second chance at an additional cost of 50 cents per pick. LottoPlus does not follow the jackpot principle: if nobody picks all six correct numbers, the prize money for the six numbers is shared by any players with five correct numbers.

LOTTERIES CHATBOT “LOTTI” ANSWERS QUESTIONS ON THE GAMES

“Lotti – Your Lotteries Chatbot” was launched in May 2017. “Lotti” answers questions about the Lotto, EuroMillions and Joker products via Facebook Messenger. For instance, “Lotti” can check whether a lottery ticket has won, generate a quick pick, tell you how much is in the Jackpot or Europot and knows the results of the last ten draws. “Lotti” also provides information about draws, results and tier totals and can generate Lotto and EuroMillions quick picks via Amazon Alexa.

MOBILE GAMING FUN WITH RUBBELLOS AND BRIEFLOS

At the beginning of October 2017, Austrian Lotteries launched its first-ever digitally-enhanced Rubbellos scratch-off game with 3D augmented reality. Using the “Lotterien Glücksbote” messenger app and “Cool Cash” scratch-off ticket, customers could launch a wintry augmented reality world and make the polar bears on the ticket dance on the table in front of them. They could also use a second chance option to win free Lotto picks as instant prizes on the “Ice Runner” endless runner game. A break-open instant lottery game with a new “Brieflos Rad” bonus wheel option was launched on win2day. The game can also be played on mobile devices and is integrated into the “Lotterien Shaker” app.

55 MILLIONAIRES AND 229 OTHER BIG WINNERS

The list of winners at Austrian Lotteries in 2017 was as impressive as ever: a total of 284 lottery customers each won 100,000 euros or more. This translates into around 5.5 “big winners” on average every week. Of these, 55 customers each took home a multi-million euro prize. In other words, on average (just over) one person a week became a millionaire with an Austrian Lotteries product.

While “only” 59 players picked all six correct numbers in 2017, no less than 46 of these won a multi-million euro jackpot. The jackpot winners were spread across the whole of Austria; at least one player in each federal state picked all six correct numbers, with Salzburg the only state not to produce a Lotto millionaire for six correct numbers. The biggest jackpot of the year was won by a player from Vienna: as the only person to pick all six correct numbers in a quintuple rollover in the middle of October, he took home around 8.4 million euros. The most frequently drawn Lotto numbers in 2017 were 27 and 33, which were each drawn 19 times in 105 rounds. The least frequently drawn numbers were 9, 15 and 38 (each of which was drawn 10 times).
17.9 MILLION PICKS FOR FIRST-EVER SIX-TIME ROLLOVER JACKPOT

The highlight of the reporting year at Austrian Lotteries was the first-ever six-time rollover jackpot in the 31-year history of Lotto, which was drawn on 24 December. The Lotto event of the year ended with a double success – two players shared the jackpot and became multi-millionaires on Christmas Eve. This will definitely be a Christmas to remember for those two gentlemen – one from Styria and the other from Lower Austria. They both picked the “six correct numbers” – 7, 8, 14, 33, 38 and 40 – and both won exactly 6,118,478.40 euros. Both winners had trusted the help of the computer and chosen their numbers using the Quicktipp quick pick option. A total of 17.9 million picks were purchased for this six-time rollover draw, resulting in a record jackpot of more than 12.2 million euros for the six correct numbers.

In 2017, total winnings amounted to over 2.7 billion euros (calculation based on all games offered by Austrian Lotteries).

Austrian Lotteries – Key Figures for 2017

<table>
<thead>
<tr>
<th>in millions euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming revenues</td>
</tr>
<tr>
<td>Taxes, fees and social security</td>
</tr>
<tr>
<td>Gaming-related taxes and fees</td>
</tr>
<tr>
<td>Sports funding</td>
</tr>
<tr>
<td>Operating profit</td>
</tr>
<tr>
<td>Annual surplus</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>in actual numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees (FTE)</td>
</tr>
<tr>
<td>Total sales network</td>
</tr>
</tbody>
</table>

LottoPlus – since October 2017 a Lotto pick can be put back in the running for a second time for just 50 cents.

Cool Cash is the first Rubbellos to feature augmented reality.
WIN2DAY – ONLINE GAMING

win2day is the premier address for games of chance on the internet. Whether via computer, tablet or smartphone – the gaming website brings the gaming experience to every device. In 2017, win2day posted an increase in sales of 4.83 percent to over 1.61 billion euros. This rise can be attributed to the successful introduction of new games in the Casino Games section as well as the redesign and optimization of the website in general and the corresponding enhancement of the customer experience.

True to its motto “Mobile First”, win2day revamped its online presence in 2017 using state-of-the-art responsive web design technology. On websites designed with this technology, both the structure of the site as well as the content and navigation elements adapt automatically to the screen resolution on the user’s device. They feature flexible layouts and are designed to ensure consistency in usability across devices – from computers to tablets and smartphones.

A further key focus of the revamp lay on optimizing the customer journey. The goal here was to make the paths that users take on the website as uncomplicated and relevant as possible. This applies to all activities on the site - from the registration process through to the payout and deposit procedures as well as the actual games themselves. win2day has rounded off its new-look gaming experience with even more personalized features (such as previous Lotto picks and favorite games) and emotive content. The new design has been implemented consistently across all channels – from the desktop version to the iOS and Android apps.

POKER NETWORK WITH FINLAND

The Poker Room on win2day was launched back in February 2008 and now has over 140,000 registered users. To further enhance the Poker experience on win2day, the Poker Room was totally overhauled in 2016 as a first step. In March 2017, win2day then opened up a new market to its Poker clientele with the launch of a Poker network with the Finnish gaming operator Veikkaus, thus allowing Austrian and Finnish Poker players to play against each other at a virtual Poker table. With the launch of this network, win2day has assumed an international pioneering role in the online gaming sector: this is the first time that two licensed operators have joined forces to establish a joint Poker network.

Austrian & Finnish Online Poker Series 2017

The Poker Room on win2day regularly hosts large-scale tournaments and special promotions. The Poker highlight in 2017 was the Austrian & Finnish Online Poker Series 2017 (AFOPS 2017), which was hosted exclusively on win2day. Ten finalists were determined in a series of ten tournaments and then battled it out in the grand final for the title of Austrian & Finnish Online Poker Champion 2017. The cumulative prize money for all AFOPS 2017 events amounted to 250,000 euros.

“Robin of Sherwood” is one of the new games introduced on win2day in 2017.
THE WIN2DAY GAMING PORTFOLIO

win2day enthralls its users with a broad portfolio of games. Its Casino Room offers all the fun and excitement of casino favorites like Roulette and Blackjack as well as a wide selection of exclusive slot and video Poker games. Austrian Lotteries’ extensive range of lottery games can likewise be played on win2day. The win2day Poker and Bingo Rooms bring the fun of the shared gaming experience to the fore. Good preparation and sporting knowledge are the name of the game in the Betting Room.

In 2017, win2day expanded its range of casino games to include the “Galaxy Poker” and “Lightning Poker” video Poker games as well as the “Castle Builder II”, “Cave Explorer”, “Robin of Sherwood”, “Grillsaison”, “Sherlock of London” and “Wild West Rush” slot games.

The protection of minors and the protection of players against excessive gambling are – and always have been – an absolute priority for Austrian Lotteries and Casinos Austria on the win2day platform. Detailed information on the responsible gaming measures in place on win2day can be found in this report from page 36 onwards.

WINWIN – VIDEO LOTTERY TERMINALS

WINWIN treats its guests to a special combination of “Café, Bar and Gaming” and offers great entertainment in a relaxed and stylish setting at 16 outlets across Austria. In 2017, WINWIN posted revenues of 525.34 million euros, an increase of 5.2 percent compared to 2016.

All WINWIN outlets offer guests the opportunity to try their luck on latest generation video lottery terminals (VLTs). Stylish settings, high-quality bistro cuisine at fair prices, well-trained staff, regular live music events and great promotions round off the entertainment offer. WINWIN outlets are open 364 days a year (closed on 24 December). Entry is free-of-charge, and there is no obligation to wear a jacket or tie. Access to the gaming areas in the WINWIN outlets is permitted to guests aged 18 or over upon presentation of a personalized WINWIN Card.

Each WINWIN outlet has between 12 and 50 terminals with up to 83 different games. Players can play for as little as 10 cents and win up to 10,000 euros. Detailed information on the responsible gaming measures that are in place at the WINWIN outlets can be found in this report from page 36 onwards.

A WINWIN outlet is an attractive and important addition to the local and regional leisure and tourism amenities in its host location. As strong partners in their respective regions, the WINWIN outlets support sporting events and charitable causes.

OPENING OF WINWIN BISCHOFSHOFEN

On 19 April 2017, WINWIN opened a new outlet in Bischofshofen, bringing the number of locations to 16. WINWIN Bischofshofen joins Zell am See and Salzburg City as the third WINWIN outlet in the state of Salzburg and is the poster child for a new line: stylish and trendy architecture where wooden interiors meet modern design.

The new outlet offers a choice of 50 VLTs with over 80 different games on a floorspace of 600 square meters. A particular highlight are the four VIP VLTs in their own separate area. The bistro at the front of the venue serves a comprehensive selection of drinks and light

Electronic Lotteries

Pursuant to Section 12a of the Austrian Gaming Act, electronic lotteries are draws in which the player participates directly via electronic media and for which the outcome of the draw is calculated centrally and communicated via electronic media. The license to operate electronic lotteries is held by Österreichische Lotterien Ges.m.b.H. The games offered in the win2day Poker, Bingo and Casino Rooms constitute electronic lotteries. Keno is run in accordance with Section 12b of the Austrian Gaming Act and is offered exclusively via the internet on win2day.
snacks. Guests can enjoy various sporting events live on the oversized flat screen TV in the Sports Lounge. Ten well-trained members of staff are on hand to look after the guests. In 2017, WINWIN Bischofshofen was also the main sponsor of the Red Bull 400 Bischofshofen event, where 1,500 competitors sprint up the 400-meter Paul Ausserleitner ski jump.

**VIDEO LOTTERY TERMINALS (VLTs)**

Video lottery terminals are optically similar to classic slot machines but differ very significantly from the latter in their gaming mechanism. While each slot machine calculates its win/lose decisions autonomously via a random generator, this decision is calculated for VLTs by a central random generator – based on predetermined odds and payout rates. This central computer then communicates the results to the individual terminals via a telecommunications connection. The minimum/maximum bet per game is 10 cents/10 euros respectively. The maximum amount that can be won on a VLT game is 10,000 euros.

### WINWIN Locations

<table>
<thead>
<tr>
<th>Location</th>
<th>State</th>
<th>Opening date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayrhofen</td>
<td>Tyrol</td>
<td>21.05.2004</td>
</tr>
<tr>
<td>Lienz</td>
<td>Tyrol</td>
<td>14.08.2004</td>
</tr>
<tr>
<td>Schärding</td>
<td>Upper Austria</td>
<td>21.04.2005</td>
</tr>
<tr>
<td>Zell am See</td>
<td>Salzburg</td>
<td>23.03.2006</td>
</tr>
<tr>
<td>Steyr See</td>
<td>Upper Austria</td>
<td>06.06.2007</td>
</tr>
<tr>
<td>Wels</td>
<td>Upper Austria</td>
<td>27.09.2007</td>
</tr>
<tr>
<td>Landeck</td>
<td>Tyrol</td>
<td>23.04.2008</td>
</tr>
<tr>
<td>Vöcklabruck</td>
<td>Upper Austria</td>
<td>29.10.2008</td>
</tr>
<tr>
<td>Kufstein</td>
<td>Tyrol</td>
<td>14.05.2009</td>
</tr>
<tr>
<td>Krems</td>
<td>Lower Austria</td>
<td>30.03.2011</td>
</tr>
<tr>
<td>Salzburg</td>
<td>Salzburg</td>
<td>24.05.2012</td>
</tr>
<tr>
<td>Linz Urfahr</td>
<td>Upper Austria</td>
<td>22.01.2015</td>
</tr>
<tr>
<td>Schwaz</td>
<td>Tyrol</td>
<td>13.05.2015</td>
</tr>
<tr>
<td>Wiener Neustadt</td>
<td>Lower Austria</td>
<td>21.08.2015</td>
</tr>
<tr>
<td>Wels/Stadtplatz</td>
<td>Upper Austria</td>
<td>05.01.2016</td>
</tr>
<tr>
<td>Bischofshofen</td>
<td>Salzburg</td>
<td>19.04.2017</td>
</tr>
</tbody>
</table>
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TIPP3 – SPORTS BETTING

Communication and marketing activities at tipp3 in 2017 centered on the qualification for the 2018 FIFA World Cup, the launch of the innovative “alle7” betting product and the continued intensified cooperation with the Austrian tobacconist sector as primary sales partner. To enhance its digital portfolio, tipp3's mobile presence was completely revamped and the digital tipp3 betting tournament launched.

As an Austrian company, Österreichische Sportwetten GmbH offers its products exclusively on the domestic market under the tipp3 brand. tipp3 is an exceptionally strong brand with an extremely positive reputation, whose assets are well maintained and secured for the long-term. The level of recognition for the brand currently lies at around 89 percent (Source: Nielsen Sport, Welle March 2017).

Since tipp3 products are sold primarily via Austrian Lotteries sales outlets, tobacconists constitute one of tipp3’s most important sales partners. Accordingly, direct contacts with tobacconists were also further intensified in 2017. Staff in the sales outlets were given intensive training, provided with target-oriented advertising materials related to the tipp3 marketing and advertising focus, and supported through special events for tobacconists. The newly installed tippBoxes rewarded tobacconists with increased sales. By the end of September 2017, some 300 tippBoxes were in use nationwide. The tippBox is a touchscreen betting device that is easy to use for customers and guarantees sales outlets safe and reliable transactions.

COMMUNICATION FOCUS ON LAUNCH OF ALLE7

With “alle7” (“all 7”), tipp3 has launched a totally new sports betting product, the like of which has never before been seen in Austria. alle7 is easy to play and with a bet of only 1 euro offers significantly higher odds than previous sports betting products. This makes it particularly attractive both for betting customers as well as for sales outlets. alle7 was developed in cooperation with customers and sales partners, tested extensively outside football stadiums and has been received extremely well by the market.

alle7 can be played as a quick pick in the sales outlets and replaces the previous tipp3 Quicktipp option. Players bet on the results of seven preselected football games. If they get all seven scores absolutely right, they win 100,000 euros. In the second tier, players can win (depending on the odds) up to 10,000 euros if they guess all seven outcomes – 1-X-2 – correctly. If lots of goals are scored in the seven games, players win 1 euro. With alle7, tipp3 customers have the chance to win 100,000 euros every day. The jackpot doesn’t need to be steadily refilled, it always stands at the full amount.

PREPARATIONS FOR THE 2018 FIFA WORLD CUP

Immediately after the 2016 UEFA European Championship, preparations began for the 2018 FIFA World Cup. All tipp3 digital communication and betting channels have been given a unified look and slogan – “We make betting easy” – that stands out in its clarity and simplicity. To this end, the relaunches of the mobile version of tipp3 and the digital tippBox were followed in 2017 by work to implement a tipp3 app.

Österreichische Sportwetten GmbH

The company holds licenses from all nine federal states in Austria to operate sports betting, which does not fall under the national monopoly on games of chance. Österreichische Sportwetten GmbH was founded in April 2000, with its first bet placed just over a year later on 24 August 2001. Since then, the company has gone on to become the leading sports betting provider in Austria. In the meantime, some 6.3 million tipp3 bets are placed on average each year. This corresponds to a total of 199.6 million bets and 105.9 million betting slips since the company was founded. tipp3 bets can only be placed – both in sales outlets and via the internet – by persons aged 18 or over.
Together
In 2017, we celebrated our 50th anniversary as a company. Together with our guests in our casinos, our business partners and our staff, we took stock of our success story. A winning combination of gaming and entertainment paired with outstanding gastronomy and social responsibility are the cornerstones of our success.

50 years defined by innovations, achievements, launches and engagement for society – for social projects and initiatives, for art and culture, for Austrian tourism – as well as a substantial contribution to domestic value added. 15.4 billion euros in taxes and fees, 1.6 billion euros in investments, 94 million guests in our domestic casinos and 250 million euros in sponsoring and support. The Casinos Austria Group has a very impressive record indeed.
50 years ago – on 1 January 1968 to be precise – the first seven Casinos Austria casinos opened their doors for the first time. In those days, guests enjoyed the thrill of French Roulette and Baccara. 50 years later, twelve casinos across the whole of the country are open 364 days a year and enthrall more than 2.8 million guests annually with their choice of 235 gaming tables and 2,369 slot machines, 12 restaurants and superb event facilities.

All twelve Casinos Austria casinos celebrated the company’s 50th anniversary together with their guests. Anniversary parties featured prominently on the year’s event calendar – along with themed parties, diverse promotions and bonus prizes. Be it the European Poker Championship in Velden or our new weekend Party Games, there was something for everyone at Austria’s casinos – from gaming enthusiasts to first-time casino-goers alike.

From Innsbruck with detours to Kitzbühel and Seefeld to Bregenz and on via the Kleinwalsertal to Baden and Vienna; or from Velden to Graz, Linz, Zell am See and Salzburg – each individual region in Austria is different, as are its twelve casinos, each of which reflects that individuality to perfection. They can be found in the magnificent setting of an historic city palace, surrounded by mountains or lakes, in perfect downtown locations or even in a baroque palace.

The casino gaming experience is the core competence of our casinos. They charm their guests with a superb gaming mix that includes both international casino classics like Roulette, Blackjack and Poker as well as a wide choice of slot machines.

New “Party Zones” specially for party-goers and a younger audience were opened in our casinos in December 2017 – with happy hours, photo boxes and cash showers. And since casinos are, of course, all about gaming, they also offer special “Party Games”. Party Roulette, for instance, has a Double Zero above the Zero on the wheel, thus offering players 38 numbers on which to place their bets. The Halo wheel is an attraction in itself, with mesmerizing color effects that follow the ball as it spins. “Small bets, great fun” is the motto at the Party Roulette and Party Blackjack tables where bets can be placed from as little as 2 euros. Things are a bit more relaxed at parties than they are in everyday life, and the same applies for the Party Games. The more casual the look the better – and the uniforms worn by the croupiers are no exception.
The clear popularity of slot machines continued in 2017. Our casinos offer a diverse and thrilling gaming experience at a total of 2,369 state-of-the-art slot machines with HD screens, Bose sound systems and LED lighting. In our anniversary year, special MysteryPots paid out an additional 1 million euros each month. We also continued our popular “Double Days” promotion, with bonus prizes worth 100,000 euros to be won on each of these days (2.2., 3.3., etc.). The highest winnings – 1 million euros and more – were once again to be found on our Mega Million jackpot machines.

With the introduction of a new bonus option for Blackjack – an inhouse development at Casinos Austria – we succeeded in significantly raising the interest and fun factor for this game in 2017. Existing promotions like “Ladies Night” or “Lucky 13th” also remained popular and successful attractions.

### Number of Slot Machines in 2017

<table>
<thead>
<tr>
<th>Slotmachines</th>
<th>2,369</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy Roulette terminals</td>
<td>219</td>
</tr>
</tbody>
</table>

### Number of Gaming Tables in 2017

<table>
<thead>
<tr>
<th>Game Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Roulette</td>
<td>54</td>
</tr>
<tr>
<td>Party Roulette</td>
<td>19</td>
</tr>
<tr>
<td>Double Roulette</td>
<td>1</td>
</tr>
<tr>
<td>Blackjack</td>
<td>72</td>
</tr>
<tr>
<td>Blackjack X-change</td>
<td>4</td>
</tr>
<tr>
<td>Tropical Poker</td>
<td>10</td>
</tr>
<tr>
<td>Poker</td>
<td>40</td>
</tr>
<tr>
<td>Easy Hold’em</td>
<td>20</td>
</tr>
<tr>
<td>Macau Baccarat</td>
<td>11</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>235</strong></td>
</tr>
</tbody>
</table>

### Mega Million Jackpot Payouts in 2017 in euros

<table>
<thead>
<tr>
<th>Casino Velden</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13.10.2017</td>
<td>1,047,515.00</td>
</tr>
<tr>
<td>Casino Velden</td>
<td>20.05.2017</td>
<td>1,066,305.61</td>
</tr>
</tbody>
</table>

Highest quality service goes without saying; reputable, responsible and transparent handling of the games is an absolute priority. Thanks also to our highly trained croupiers, each and every one of the guests in our casinos can simply relax and enjoy the fun – and, of course, the experience.

The new high-limit slots area in Casino Wien offers gaming under the stars in the Blue Salon.
CASINO CUISINE

Good food and drinks combined with first-class service are key elements of the casino experience. Our Cuisino restaurants and bars offer guests the finest fare. Their culinary teams create top-quality cuisine of the highest level. They place great importance on Austrian quality and are proud advocates of the excellent regional produce that is to be found across the country. Following its takeover of the food and beverage services in Casino Graz, Cuisino now provides the gastronomy in all twelve of our casinos. The exceptional quality of the Cuisino restaurants is recognized with a total of seven Gault&Millau toques.

The combination of top cuisine, perfect service and exclusive ambience makes a visit to a Cuisino restaurant a truly memorable experience. Packages like our Dinner & Casino or Dinner & Casino Night options treat guests to an evening of culinary and gaming delights. In 2017, some 124,000 guests took advantage of these special packages.

MULTIFACETED EVENT PROVIDER

Our twelve casinos and dedicated Congress Casino Baden (CCB) event center are charming locations for every occasion. Top service, versatile rooms, good music and high-end cuisine are a guarantee for successful events – from arts and cultural events, comedy shows, concerts, presentations, clubbing events and balls right through to slot machine, Blackjack and Poker tournaments. Austrian Lotteries own dedicated event location – Studio 44 – completes the group’s portfolio with a cutting-edge venue in Vienna. A permanent team of experts are on hand to organize business events, product launches, symposia, gala evenings and much more. Known for its state-of-the-art technical equipment, the centerpiece at Studio 44 is an illuminated stage featuring 24 individually controllable LED color fields that allow customized lighting concepts to suit the mood.

Events in 2017

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Events</td>
<td>2,350</td>
</tr>
<tr>
<td>Tournaments</td>
<td>935</td>
</tr>
<tr>
<td>Tournament participants</td>
<td>38,480</td>
</tr>
<tr>
<td>Casino-on-Tour events at balls, company parties and trade fairs</td>
<td>210</td>
</tr>
</tbody>
</table>
we celebrate]}

Casino Locations

Casino Baden
Kaiser-Franz-Ring 1
2500 Baden
Tel.: +43 2252 444 96
E-Mail: baden@casinos.at
www.baden.casinos.at

Casino Bregenz
Platz der
Wiener Symphoniker 3
6900 Bregenz
Tel.: +43 5574 45127
E-Mail: bregenz@casinos.at
www.bregenz.casinos.at

Casino Graz
Landhausgasse 10
8010 Graz
Tel.: +43 316 832578
E-Mail: graz@casinos.at
www.graz.casinos.at

Casino Innsbruck
Salurner Straße 15
6020 Innsbruck
Tel.: +43 512 587040
E-Mail: innsbruck@casinos.at
www.innsbruck.casinos.at

Casino Kitzbühel
Hinterstadt 24
6370 Kitzbühel
Tel.: +43 5356 62300
E-Mail: kitzbuehel@casinos.at
www.kitzbuehel.casinos.at

Casino Kleinwalsertal
Walserstraße 31
6991 Riezlern
Tel.: +43 5517 5023 240
E-Mail: kleinwalsertal@casinos.at
www.kleinwalsertal.casinos.at

Casino Linz
Rainerstraße 2–4
4020 Linz
Tel.: +43 732 654487
E-Mail: linz@casinos.at
www.linz.casinos.at

Casino Salzburg
Schloss Klessheim
5071 Wals-Siezenheim
Tel.: +43 662 854455 0
E-Mail: salzburg@casinos.at
www.salzburg.casinos.at

Casino Seefeld
Bahnhofstraße 124
6100 Seefeld
Tel.: +43 5212 23 40
E-Mail: seefeld@casinos.at
www.seefeld.casinos.at

Casino Velden
Am Corso 17
9220 Velden
Tel.: +43 4274 2064
E-Mail: velden@casinos.at
www.velden.casinos.at

Casino Wien
Kärntner Straße 41
1010 Vienna
Tel.: +43 1 5124836
E-Mail: wien@casinos.at
www.wien.casinos.at

Casino Zell am See
Esplanade 4–6
5700 Zell am See
Tel.: +43 6542 47447
E-Mail: zellamsee@casinos.at
www.zellamsee.casinos.at

Casino Locations

Casino Innsbruck has been captivating its guests for 25 years.

Small but beautiful, the ambience at Casino Kitzbühel is highly praised by its guests.

A visit to Casino Salzburg takes guests to the magnificent Klessheim Palace.
Casinos Austria International (CAI) continued its successful course and once again reported a clear increase in results.

Casinos Austria International Holding GmbH (CAIH) and its subsidiaries together form a renowned international gaming group. CAIH consolidates Casinos Austria AG’s comprehensive international activities under one roof. Founded in 1977, the wholly-owned subsidiary of Casinos Austria AG has since gone on to become one of the global leading companies in the casino sector. With its unique portfolio of casino management and development services, CAIH has realized more international casino projects than any other operator worldwide. Its principal markets are in the European Union Member States, Switzerland, Australia and Canada.

Tradition, innovation, integrity, responsibility to society, security and service excellence are the cornerstones of the company’s success. CAIH’s business activities include the operation of its own casinos, the operation of casinos on a management contract basis and the investment in casino companies. Utmost priority is placed thereby on ensuring the product is an optimal fit for its local host market.

In 2017, the CAIH portfolio comprised 33 operations in 14 countries, including five cruising casinos and one video lottery. Together, these operations featured more than 360 gaming tables and over 4,400 gaming machines and employed 1,623 members of staff. For the 2017 reporting year, CAIH posted both a rise in guest numbers of 5.9 percent to 5.1 million guests as well as an increase in consolidated revenues of 5.9 percent to 133.9 million euros. Its operating result for the year lay at 16 million euros.

2017 IN REVIEW

The world economy showed a strong upturn at the end of 2017. Global output in the reporting year grew overall by 3.8 percent, the strongest growth in this indicator since 2011. Of importance for the casino sector were the growing demand from private households and the increase in employment figures.

The key developments at the CAI casino operations in the reporting year were as follows:

- The casinos in Germany posted an increase in guest numbers and a clear growth in revenues.
- In Belgium, the tax reduction on live gaming offers with bonus games that came into effect mid-2016 in the Brussels Capital region resulted in a continued improvement in earnings.
- Revenues from the video lottery terminals in Macedonia continued their positive trend in line with expectations.
- Management fee income from Canada once again rose considerably compared to the previous year as a result of an increase in guest numbers.
- Casino Grand in Brno reopened in July 2017 after a six-month forced closure due to a general ban on gambling issued by the Czech Ministry of Finance.
- A new casino with seven gaming tables and 114 slot machines was opened in October in Schaanwald in the Principality of Liechtenstein. Casino Schaanwald is wholly owned by the CAI Group.
- CAI has submitted a bid in the international tender process for the casino license in Andorra in conjunction with a local partner.

The following events occurred outside the normal scope of business:

- In March 2017, Casinos Austria International successfully sold the real estate and hotel operation held by its two Argentinian subsidiary companies.
- In July 2017, the corporate bond issued in 2010 became due for repayment. The bond was repaid by means of an internal group loan, a one-off subsidy and a direct contribution by Casinos Austria International Holding GmbH.
- In October 2017, the Supervisory Board of Casinos Austria AG, the parent company of Casinos Austria International Holding GmbH, resolved to convey a Memorandum of Information about the CAI Group to potential buyers.
Casinos Austria International publishes financial reports in the Oesterreichische Kontrollbank’s (OeKB) Issuer Information Center. The 2017 financial report will be available for download at the end of April 2018 at http://issuerinfo.oekb.at/startpage.html.

**CAI Operations 2017**

- The Reef Hotel Casino, Cairns, Australia
- Grand Casino Brussels Viage, Brussels, Belgium
- Great Blue Heron Casino, Ontario, Canada
- Casino Grand, Brno, Czech Republic
- Casino Pupp, Karlovy Vary, Czech Republic
- Casino Copenhagen, Denmark
- Casino Marienlyst, Helsingor, Denmark
- Casino Munkebjerg Vejle, Denmark
- Casino Odense, Denmark
- Casino Royale, Sharm el Sheikh, Egypt
- Casino Semiramis, Cairo, Egypt
- Casino International Batumi, Georgia
- Aquamarin Casino Seevetal, Germany
- Spielbank Bad Bentheim, Germany
- Spielbank Bad Harzburg, Germany
- Spielbank Bad Pyrmont, Germany
- Spielbank Bad Zwischenahn, Germany
- Spielbank Göttlingen, Germany
- Spielbank Hannover im RP5, Hannover, Germany
- Spielbank Norderney, Germany
- Spielbank Osnabrück, Germany
- Spielbank Wolfsburg, Germany
- Casino Sopron, Hungary
- Casino Schaanwald, Liechtenstein
- Oasis Hotel Casino Resort, Jericho, Palestinian Autonomy (not in operation)
- Grand Casino Bern, Switzerland
- Casino Lugano, Switzerland
- Casino St. Moritz, Switzerland
- Casinos on the following ships in the Silversea Cruises fleet:
  - Silver Muse, Silver Shadow, Silver Spirit,
  - Silver Whisper, Silver Wind

**Video Lottery Terminals in Macedonia**
Together
We support

We are a responsible enterprise and demonstrate this responsibility in our daily work. This sense of responsibility also extends to the private sphere. To give them more time for social commitment, the group gives all members of staff time off work.

In 2018, this opportunity to help others will be extended further: each member of staff can take five days off – with full pay – to do voluntary work. Because helping together strengthens togetherness.
OUR RESPONSIBILITY

COMPLIANCE AND MANAGEMENT SYSTEMS

Quality awareness, responsibility to our guests and customers, to society and to the licensing authorities are integral components of our corporate culture. Compliance and comprehensive management systems serve as important instruments in our quest for continuous improvement.

At the Casinos Austria and Austrian Lotteries Group, we understand compliance to mean the adherence by companies to all statutory provisions. Since this is self-evident, and something we do as a matter of course, we also see it to mean the establishment of corresponding organizational provisions to ensure that all statutory and company-internal regulations and directives are adhered to. Together, these form a mandatory, binding and unambiguous set of rules that apply to all our employees. We use comprehensive management systems to achieve our corporate goals and to ensure the quality of the individual processes. Through our Code of Conduct, our employees commit to working and conducting themselves in an ethical and legally responsible manner.

Violations of the law and illegal or nonconformist conduct that contravenes our corporate value system can have far-reaching consequences. They can result in financial penalties, claims for damages or confiscations of profits. They can also seriously damage our image and reputation, which in turn has a negative effect on stakeholder confidence and thus on our business.

Our group’s core internal compliance competences lie in the fields of data protection, anti-corruption and the fight against money laundering. They also extend to the areas of responsible gaming, information security, quality management and corporate social responsibility.

QUALITY MANAGEMENT CERTIFIED TO ISO 9001:2015

Casinos Austria’s guests appreciate the high-quality service, the professional handling of the games and the responsible, personal service they encounter in all our casinos. The Casinos Austria quality management system has been certified to the ISO 9001 standard since 2011 and was re-certified in 2017 to the ISO 9001:2015 international standard without reservation. The external auditors from the Swiss Association for Quality and Management Systems (SQS) confirmed the high level of service awareness demonstrated by all our staff, the professional handling of the games on offer, the adherence to the defined work processes as well as the extraordinary efforts to continually improve the already very high level of quality encountered at Casinos Austria.

SUCCESSFUL COMPLIANCE CERTIFICATION TO ISO 19600 AND ISO 37001

ISO 19600 is an international standard that establishes guidelines for the use of compliance management systems. Such systems help organizations to identify, understand and react correctly to the risks of irregular conduct. Risk assessment is a central element of compliance management in the ISO 19600 standard. Risks are weighted and prioritized based on their likelihood of occurrence. Corresponding measures must be taken against the most serious compliance risks identified. ISO 19600 also extends to the roles and responsibilities of the individuals involved.

The new ISO 37001 standard is a practical tool used by organizations to critically assess their current risk situation and integrate appropriate measures against corruption into their existing structures and processes. Like all management system standards, ISO 37001 is based on the so-called High-Level Standard Framework and can thus be easily integrated into an existing compliance management system based on ISO 19600.

Casinos Austria AG and its affiliated companies were audited and successfully certified to the ISO 19600 and ISO 37001 standards in 2017, making us the first gaming group worldwide to obtain such certification. No major or minor nonconformities were identified in the audit process.

CSR MANAGEMENT SYSTEM

The Austrian ONR 192500 standard provides corporate social responsibility (CSR) guidelines and recommendations for all organizations. The Casinos Austria and Austrian Lotteries Group’s ONR 192500-certified CSR management system was audited and successfully
re-certified by the Austrian Standards Institute in fall 2017. Casinos Austria AG and its affiliates are the first companies in the gaming sector to have a certified CSR management system.

INFORMATION SECURITY MANAGEMENT SYSTEM

The security organization and security measures implemented by the Casinos Austria and Austrian Lotteries Group are operated in accordance with the ISO/IEC 27001:2013 information security management standard. Austrian Lotteries is also certified to the World Lottery Association’s Security Control Standard (WLA-SCS). These internationally recognized standards form the basis of operational security in the handling of our games of chance, thus guaranteeing that all corresponding business processes are subjected to a regular improvement cycle.

In the maintenance audit in May 2017, the external auditors placed particular emphasis on examining the management system processes and the WLA-SCS security measures that have been implemented. A total of 23 people at our headquarters in Vienna and in selected WINWIN outlets were interviewed during the audit process. Austrian Lotteries received confirmation of its successful re-certification to both security standards in July 2017.

The focus of our information security activities in 2017 lay on the operation and continuous improvement of our information security management system as well as on our active participation in the international security committees of the European Lotteries, the World Lottery Association and the EuroMillions community.

Personal training courses were provided to new members of staff to strengthen their awareness of information security. Internal information security audits were likewise carried out.

DATA PROTECTION

GoodPriv@cy is a registered quality guarantee mark that is awarded for exemplary data protection practices and the corresponding high standards of information security. The primary aim of GoodPriv@cy is to reinforce public confidence in the holders of this seal of quality, thus verifying their data protection (and also privacy protection) compliance. The SQS GoodPriv@cy seal of quality is an internationally recognized certification.

The annual GoodPriv@cy audit of our data protection management system by SQS took place on 15 and 16 May. Audits were carried out at the headquarters of Casinos Austria AG, Österreichische Lotterien Gesellschaft m.b.H. and Casinos Austria Sicherheitstechnik GmbH as well as at our casinos in Baden, Seefeld and Innsbruck.

Our data protection management system is set up in accordance with the specifications laid out in the GoodPriv@cy standard and is regularly upgraded. A register of processing activities is stored in a central database (DRO database) and regularly monitored and updated by the responsible member of staff. During the audit, the SQS auditors determined that the sense and purpose of this directory was also recognized in our operations and that changes were also communicated throughout the year.

The Casinos Austria and Austrian Lotteries Group has been working intensively on the requirements that will be placed on companies by the EU General Data Protection Regulation (GDPR). In one such project, we analyzed our need for adaptations by comparing the terms used in the GDPR with those used in the group. The group plans to have completed the necessary implementation activities prior to the entry into force of the GDPR on 25 May 2018.

ANTI-CORRUPTION COMPLIANCE

At Casinos Austria and Austrian Lotteries, we orient ourselves on the international IDW PS 980 auditing standard in all our anti-corruption activities. Issued by the Institute of Public Auditors (IDW) in Germany, this international standard defines the elements that a compliance management system must contain in order to be considered appropriate. It helps compliance officers to identify areas where formal arrangements may be required and outlines how any such arrangements may be established and justified.
Together

The requirements of the now stricter statutory anti-corruption provisions have been met, for instance, by the introduction of a directive that is applicable across the entire Casinos Austria and Austrian Lotteries Group.

Four compliance officers certified to the Austrian Standards Institute’s ÖNORM standard manage and enforce compliance with the statutory provisions and with the internal rules that are obligatory for all our staff. An anti-corruption officer has likewise been appointed.

**COMBATING OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM**

The EU’s 4th Anti-Money Laundering Directive was incorporated into Austrian law with effect from 1 January 2017 through an Amendment to the Financial Markets Anti-Money Laundering Act (Finanzmarktgeldwäschegesetz). Casinos Austria and Austrian Lotteries use an ISAE 3000-compliant management system for the prevention of money laundering and criminal activities.

**RESPONSIBLE GAMING MANAGEMENT SYSTEM**

All responsible gaming and responsible advertising measures are managed through Casinos Austria’s dedicated responsible gaming management system. In 2014, Casinos Austria obtained certification for this system from the Austrian Standards Institute as the first gaming company worldwide to be certified according to the European Casino Association’s (ECA) Responsible Gaming Standards.

The Austrian Standards Institute rigorously audited our responsible gaming and responsible advertising measures based on the audit criteria developed and defined by the ECA. The certification process involved an intensive audit of multiple areas of activity, namely: staff training in responsible gaming, information for casino guests, access controls, advertising and marketing, alcohol sales, stakeholder involvement as well as research into and raising awareness of risk factors in the development of new gaming products.

The ECA certification is valid for three years, with one maintenance audit required during the validity period.

This maintenance audit, which was successfully completed in 2015, confirmed that our responsible gaming and responsible advertising measures still conformed to the ECA Responsible Gaming Standards.

Three years after the initial certification, all key indicators were subjected to an intensive re-certification audit during which the Casinos Austria headquarters, Casino Innsbruck and the newly-opened Casino Zell am See were all thoroughly inspected in January 2017. The re-certification process confirmed that Casinos Austria meets the highest possible standards. The company thus continues to merit and reinforce its strong reputation as a pioneer in this field.

The certification process for our quality management system (QMS) likewise places a key emphasis on measures to protect players and prevent gambling addiction. All concepts, programs and measures implemented in this regard are checked, assessed and confirmed by independent auditors in the course of an annual QMS audit. The most recent maintenance audit was successfully completed in 2017; the next one will be carried out in the first six months of 2018. The next re-certification according to EN ISO 9001:2015 is scheduled for 2019.

**RISK AND OPPORTUNITY MANAGEMENT**

The Casinos Austria and Austrian Lotteries Group has comprehensive strategic risk and opportunity management procedures in place. The maintaining of a permanent overview of key strategic corporate risks and opportunities and timely introduction of corresponding measures support decisions that facilitate our continued existence and corporate growth. Our risk and opportunity management system allows us to manage risks related to product security and quality, player protection, the protection of minors and the reliability of our gaming operations in a controlled manner. At the same time, it allows us to make increased use of the related opportunities to optimize product quality and customer satisfaction.
INTERNAL CONTROL SYSTEM

An internal control system (ICS) regularly monitored by our internal auditors ensures the conformity and cost effectiveness of our processes from the asset security and compliance with corporate principles perspectives. As an integral part of the ICS, the controlling system ensures consistency in corporate planning and reporting and thus supports the continuous improvement process.

PROCESS MANAGEMENT

Centralized process management supports effective cooperation across our group. Establishing greater transparency with regard to processes and responsibilities minimizes inefficiencies. Certified process managers support our process management activities. We use the process4.biz tool to regularly update the group’s operational and organizational model, a copy of which is made available to staff via the intranet. Process optimization activities serve as a means of improving the efficiency and effectiveness of our corporate processes. In the course of the 2017 reporting year, we developed a further key process, namely our staff qualification process, into a managed process.
RESPONSIBLE GAMING

The Casinos Austria Group is an international pioneer in the field of responsible gaming. Our certified responsible gaming management system, annual Responsible Gaming Academy and strict adherence to our “Code of Conduct Responsible Advertising” serve as evidence of the extensive measures taken by the group to protect our players and customers.

As gaming operators, we are fully aware that participation in gambling can become a problem for the person concerned in some individual cases. Accordingly, our guest and customer policies make a decisive contribution to minimizing any undesired effects of gambling. This is also our regulatory mandate. Responsible gaming is a fundamental element of business for all companies in our group – Casinos Austria, Austrian Lotteries, Casinos Austria International, win2day, WINWIN and tipp3.

Access to our casinos is restricted to persons over the age of 18 and is subject to the Casinos Austria AG House Rules and Gaming Regulations. An official photo ID (passport, personal identity card or driving license) is required for entry to our casinos and casino restaurants, and each guest must check in at the casino reception desk prior to each visit. The sale of our lottery products or payout of lottery prizes is restricted to persons over the age of 16. The sale of tipp3 sports betting products, access to the WINWIN outlets, participation in the online games on win2day.at and purchase of EuroBon payment vouchers are all restricted to persons over the age of 18. Special responsible gaming features are in place at the WINWIN outlets and on the win2day.at and tipp3.at sites to provide customers and users with additional support in managing the amounts of time and money they spend on gambling.

To protect our guests and players, we have developed a strategic framework that sets out clear rules for responsible gaming. This Five-Point Responsible Gaming Program comprises the following areas: (1) player protection, (2) regular, lasting training, (3) responsible advertising, (4) the promotion of research and cooperation with counseling centers and treatment facilities, and (5) quality assurance in content and processes. Through the implementation of this program, the group achieves a socially compatible gaming portfolio that is designed to minimize the risk to players that can result from the excessive consumption of gambling products.

Our Corporate Function Responsible Gaming, Advertising & Sponsoring develops and implements the corresponding strategies and measures to protect our players and customers. The most important instruments thereby are education and information on the risks of gambling, responsible advertising and sponsoring strategies, self-monitoring options for players and customers and meaningful self-imposed restrictions on the part of the group. Extensive networking with external institutions like universities and research institutes establishes the basis for effective measures to prevent the development of gambling problems or addiction. The Casinos Austria Group has been working for many years with a range of institutions which carry out research into gambling problems and addiction and which provide
advice, counseling and treatment both to people with gambling problems and to their relatives.

**STAFF TRAINING**

Managers and staff in our group with direct customer contact were again provided with targeted training courses and workshops led by national and international experts throughout the reporting year. All members of staff in our group are likewise required to complete a mandatory online basic responsible gaming training course. This course was completely revised based on the results of a study by the Private University for Health Sciences, Medical Informatics and Technology (UMIT) in Hall in Tyrol. In June 2017, the course was awarded the Comenius EduMedia Award in the category “Ethical, Social and Eurocultural Education” by the Johann Amos Comenius Society for Pedagogy and Information in Paderborn, Germany – a scientific society for multimedia, education technology and media didactics – for its outstanding pedagogic concept, content and design.

In accordance with the provisions of Section 25 (3) of the Austrian Gaming Act, Casinos Austria and WINWIN monitor visit frequency and amounts gambled for all guests. Should there be reasonable cause to suspect that a guest’s visit frequency or amounts gambled do not reflect his/her financial circumstances or could even threaten his/her means of existence, appropriate measures – from credit checks, meetings with a specially trained member of staff to discuss the matter through to entry bans – are taken. The training required to qualify as a specially trained member of staff (pursuant to Section 25 (3), Austrian Gaming Act) is provided by an interdisciplinary team of multi-professional trainers under the leadership of retired university professor Herwig Scholz from the Competence Center for Behavior Dependencies and Self-Efficacy in Treffen, Carinthia. As of 31 December 2017, the Casinos Austria and Austrian Lotteries Group had a total of 181 such specially trained members of staff.

The conference at our Responsible Gaming Academy (RGA) is one of our group’s most important responsible gaming training measures. The RGA was held for the 14th time in 2017 and again attracted international experts from around the globe to Studio 44 in Vienna to discuss recent developments in this field. Alongside staff from the group, the 223 delegates once again included representatives of government ministries as well as of research, counseling and treatment facilities from across Austria. The conference was followed by a third stakeholder round table at which the focus of the discussion lay on the criteria for responsible gaming that works as well as on how to verify this and provide appropriate quality assurance. The group was represented at the round table by Dietmar Hoscher (Director, Casinos Austria AG), Herbert Beck (Head of Responsible Gaming, Advertising & Sponsoring), Markus Eder (Head of Public & European Affairs), Martin Hainberger (Director, Casino Linz), Hermann Paminger (CSR Officer) and Wanda Wisgrill (Head of Customer & Retailer Service Center), who were joined by Alice Schogger (Head of the Department of Responsible Gaming, Austrian Ministry of Finance), Peter Jonas (Director of Certification, Austrian Standards Institute), Herwig Scholz (retired university professor), Elisabeth Gizicki-Merkinger (Head of the SHG Anonyme Spieler Counseling Center) as well as a former gambling addict.
TRAINING FOR SALES PARTNERS

All new Austrian Lotteries sales partners are required to complete a responsible gaming basic training course before they can commence selling lottery products. This basic training is also accessible online to all staff in these sales outlets via the Austrian Lotteries sales terminal. In the course of the reporting year, 415 responsible gaming basic training certificates were issued to sales partners. In fall 2017, all sales partners were also required to complete a compulsory player protection training course via these terminals, which had to be completed within a stipulated two-week period. The sales partners were notified that if they had not completed this course after a maximum of two reminders, their sales terminal would be locked until the course had been successfully completed.

The personal player protection training courses for sales partners by Austrian Lotteries sales representatives are backed up by corresponding training materials. As part of our 2017 information activities, a brochure was produced to support sales partners in the verification of adherence to the minimum age restriction for the purchase of Austrian Lotteries products. Regular reports and articles in Lotterien Aktuell, our newsletter for Austrian Lotteries sales partners, rounded off the knowledge sharing activities in 2017.

ADHERENCE TO THE VOLUNTARY AGE RESTRICTION

Adherence to Austrian Lotteries’ voluntary age restriction for the purchase of lottery products is monitored through regular mystery shopping checks. Repeated violations of this restriction can lead to the termination of the contract. In 2017, three rounds of mystery shopping checks were carried out, none of which led to a need for any contract terminations.

“GAMBLING IS NOT FOR CHILDREN” CAMPAIGN

In the pre-Christmas period, Austrian Lotteries once again participated in the international youth protection holiday campaign. The Austrian Lotteries campaign communicates the message that “Gambling is not for Children” and draws attention to the fact that gambling products are intended solely for adults. Austrian Lotteries has been running this campaign each year since 2011 – in 2017 also via Facebook.

RESPONSIBLE GAMING ON WIN2DAY

Since 2013, users of the win2day online gaming platform have had the option of registering with the MENTOR prevention tool. This program analyzes and compares the gaming history of all registered users with that of the average player and provides personalized feedback and graphics on winnings, losses, time played, days played, amounts bet per group of games and games played. The aim thereby is to motivate players to alter their gaming habits at a very early stage. At the beginning of 2017, an analysis of the use of the MENTOR tool in 2016 was commissioned. The results showed that MENTOR definitely reaches those players for whom it is of benefit. The personalized feedback has a demonstrable positive effect on a player’s willingness to change.

At the beginning of May 2017, MENTOR was extended by the QUESTOR self-test, a tool which compares user self-assessments of their gambling activities on win2day with actual usage data. The concept behind QUESTOR is based on new research findings which indicate that there is frequently a difference between self-assessment and actual gaming behavior (Auer/Griffiths, 2016). By providing them with a clear picture of their own use of the site, QUESTOR is designed to encourage players to consciously reflect on their gambling behavior, thereby enabling them to maintain an overview of the amounts of time/money spent and, where necessary, to adapt these accordingly.

RESPONSIBLE GAMING INFORMATION

Launched in 2009, the group’s dedicated responsible gaming website www.spiele-mit-verantwortung.at provides visitors with detailed information on the player protection measures at Casinos Austria, Austrian Lotteries, win2day, WINWIN and tipp3. Since the beginning of 2017, the key information on the website has also been available in German in simple language. The target group for this new addition to the website are people with limited reading skills, e.g. people with age-related reading difficulties.
In addition to full versions in English and German, abridged versions of the website are available in eleven languages, namely Italian, French, Czech, Slovakian, Hungarian, Slovenian, Serbian, Croatian, Turkish, Chinese/Mandarin and, most recently, Romanian, which was added in 2017.

CERTIFICATIONS

All responsible gaming and responsible advertising measures are managed through Casinos Austria’s dedicated responsible gaming management system. In 2014, Casinos Austria became the first gaming company worldwide to obtain certification for its responsible gaming management system according to the Responsible Gaming Standards developed by the European Casino Association (ECA). To this end, the Austrian Standards Institute rigorously audited our responsible gaming and responsible advertising measures based on the ECA audit criteria. Three years after the initial certification, all key indicators were subjected to an intensive re-certification audit in January 2017, during which the Casinos Austria headquarters, Casino Innsbruck and the newly-opened Casino Zell am See were all thoroughly inspected. The re-certification process confirmed that Casinos Austria meets the highest possible standards.

Certification according to the European Lotteries’ (EL) Responsible Gaming Standards is a further measure that guarantees excellence in responsible gaming. Austrian Lotteries has been fully certified to this standard since 2009. This certification is valid for a period of three years, during which one maintenance audit must be carried out. In September 2017, Austrian Lotteries was audited in accordance with the EL Responsible Gaming Framework by external auditors and successfully re-certified.

In 2017, Austrian Lotteries also obtained the 2017/2018 Certificate of Social Responsibility from GamCare, London, UK (gamcare.org.uk) for the player protection measures on win2day. GamCare awards annual certification for player protection and social responsibility. With this certification, GamCare confirms that the games and services offered on win2day continue to meet the “GamCare Player Protection Code of Practice for Remote Gambling”.

A new edition of the Responsible Gaming brochure for guests at WINWIN outlets was published in 2017.
**CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility (CSR) plays a central role in corporate philosophy at the Casinos Austria and Austrian Lotteries Group. In 2017, our CSR management system based on the ONR 192500 standard was successfully introduced and certified.

For the Casinos Austria and Austrian Lotteries Group, CSR means demonstrating responsibility beyond the regulatory obligations and provisions, doing so with great commitment and dedication, and anchoring this in a sound CSR management system. At the heart of this, of course, lies the responsibility in our core business, i.e. the all-important topic of responsible gaming. But CSR in our group goes far beyond that. It covers the full spectrum of economic, ecological and social responsibility along the value chain.

The 2017 reporting year was characterized from the CSR perspective by a further professionalization measure: the group introduced a CSR management system in accordance with the Austrian ONR 192500 standard (based on the international ISO 26000 standard for Social Responsibility).

In the course of the implementation of this CSR management system, we worked with our key internal and external stakeholders to identify our crucial economic, ecological and social topics. These were then anchored into our CSR 2020 “Best in Class for People-Gaming-Environment” strategy. This CSR strategy covers all areas of our core business and is oriented on the United Nations Sustainable Development Goals.

Our sustainability strategy is organized into three focus areas with a total of six action fields, each of which contains short- and long-term goals:

### FOCUS AREA 1: PEOPLE

**Action field: Top employer**

A central element of the principle of social responsibility is our responsibility to our staff. We do our utmost to be a top employer: the provision of a healthy and safe working environment, motivating training and further education options as well as diversity and fairness are all contributing factors.

**Action field: Good for Austria**

In our “Good for Austria” action field, we place a strong focus on partnership, cooperation and raising awareness. As a leading Austrian enterprise, we consider it important to establish lasting partnerships on equal terms in which we work together towards a sustainable future. To achieve this, we have to create awareness of the topic of sustainability – a goal we seek to realize through internal and external CSR events.
FOCUS AREA 2: GAMING

Action field: Compliance on all levels
By demonstrating compliance on all levels, we guarantee adherence to laws and regulations in the way intended by the lawmakers as well as adherence to all company internal rules and procedures.

Action field: Player protection of the highest quality
Our portfolio of gaming products and services is diverse, varied and at the same time responsible. Responsible gaming has been a key principle of business in all companies in our group ever since they were founded. In this way, we guarantee player protection of the highest possible quality.

FOCUS AREA 3: ENVIRONMENT

As service providers, the business activities of the companies in the Casinos Austria and Austrian Lotteries Group do not have the same effect on the environment as those of manufacturing companies. Nonetheless, our operations and our supply chains do still impact and affect many sectors of the environment.

Action field: Protection of the environment
Protecting the environment is one of the biggest global and regional challenges of our time. The Casinos Austria and Austrian Lotteries Group has set itself the goal of making a significant contribution to tackling this challenge. Our mission here is to act in an environmentally and energy-efficient manner at all levels.

Action field: Sustainable use of resources
We strive to make sustainable use of the resources that are necessary for our business. This requires fair and sustainable purchasing practices and efficient and sustainable waste management concepts.

Our CSR 2020 Strategy was developed – and will also be implemented – in cooperation with all our Corporate Functions and Business Units as well as with external experts. A dedicated software program will be used in future to monitor attainment of our CSR targets and non-financial performance indicators. This should contribute to augmenting the group’s reporting activities to also include non-financial data and indicators.

In order to create awareness, understanding and support for our CSR 2020 Strategy, we organized a roadshow at all twelve casinos and all 16 WINWIN outlets in 2017. The objective of this roadshow was to test the suitability of the strategy for everyday use and to identify any site-specific strengths and weaknesses. The roadshow was also used to train the local CSR officers.

The Casinos Austria and Austrian Lotteries ONR 192500-compliant CSR management system was audited and successfully re-certified in fall 2017 by the Austrian Standards Institute. This makes us the first gaming group with a certified CSR management system.

As part of the establishment of the CSR management system, we have also set ourselves the goal of evaluating the possibility of integrating the various management systems in the group in order to bundle competences and save resources.

With the passing of the Federal Law to Improve Reporting on Sustainability and Diversity (Bundesgesetz zur Verbesserung der Nachhaltigkeits- und Diversitätsberichterstattung/NaDiVeG) in December 2016, CSR reporting has now gained high relevance and is now even compulsory for some companies. The Casinos Austria and Austrian Lotteries Group has been publishing CSR Reports for many years and orients itself thereby on the international guidelines established by the Global Reporting Initiative (GRI). In our 2016 CSR Report, which was published in 2017, we oriented ourselves on the current version of the GRI Standards (2016) – as one of only four companies in Austria to do so.

Our engagement for society continues to grow. Our goal for the coming year is to further improve our CSR management system and integrate our CSR 2020 Strategy in its entirety into corporate strategy.
Together
If a company wants to be successful, it needs to offer an attractive environment which facilitates and encourages performance-oriented, creative work that is based on respect. If that environment is then filled with excellent staff who value the company as a reliable employer, then together this success can be achieved. In 2017, we organized numerous sporting projects in which we could participate together in teams. In our walk4life Challenge, for example, we stayed fit together and also did something for a good cause: for every step walked, the group donated money to a social project.
HUMAN RESOURCES

The Casinos Austria and Austrian Lotteries Group provides an attractive working environment that encourages innovation and fosters development. We place great importance on providing our staff with excellent training and education. Every investment in our employees is an investment in the success of our group.

With a total of 4,209 employees, the Casinos Austria and Austrian Lotteries Group is an important provider of jobs in Austria. We offer good career opportunities, job security and a pleasant working environment. An open communication culture with regular sharing of information and opinions is a prerequisite for working together.

**Employees in 2017**

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<thead>
<tr>
<th>Annual average full-time equivalent</th>
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<tbody>
<tr>
<td>Group including win2day, WINWIN, tipp3 and Rabcat</td>
</tr>
<tr>
<td>Casinos Austria AG including Cuisino, CAST, CCB and CALL</td>
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<tr>
<td>Austrian Lotteries</td>
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</table>

TRAINING AND EDUCATION

The Casinos Austria and Austrian Lotteries Group uses innovative performance, development, training and education instruments to ensure our employees have the best possible qualifications. The Casinos & Lotteries (C&L) Academy – our internal training and education platform – forms an important part of our employee and management qualification endeavors. The C&L Academy provides training on company-specific topics in an innovative format as well as a large selection of personality-building seminars and management training options. It also serves as a platform for students and experts to share know-how, experience and knowledge. The C&L Academy’s comprehensive course program is oriented on our corporate goals and is adapted accordingly each year.

In spring 2017, we launched a groupwide electronic learning platform that optimizes learning management and facilitates individual and group learning. Legally relevant and compliance training courses can now be completed online in a straightforward, easy-to-use format. The tool also supports our managers in planning training and education measures for their staff. Certification courses complement the personal development of our staff and are actively offered by the group. In the reporting year, for instance, we trained a further group of design thinking facilitators, who in turn can apply their newly gained skills directly in their workplaces.

In cooperation with the Danube University in Krems, we also developed a new university course in “Leisure, Entertainment and Gaming Business Management”, which will be offered from fall 2018 as a measure to promote and provide a qualification to talented individuals.
CROUPIER TRAINING PROGRAM

In 2017, Casinos Austria once again issued a nationwide call for applicants for its junior croupier training program, which was held in Vienna and Bregenz. In addition, open days (“JUC Days”) were organized for the first time in our casinos in Bregenz and Kitzbühel to give potential applicants the opportunity to find out more about a career as a croupier. To help retain junior staff, we introduced a new Junior Leadership Program (JLP) at the end of 2017. This comprehensive, multi-year program is made up of three tracks – personality development, professional competence and company-internal know-how and expertise – and leads to a university-level qualification. 47 members of staff from across the group are enrolled on the program.

EMPLOYEE SURVEY

In summer 2017, we carried out an employee survey using an anonymous online questionnaire. A total of 2,372 people across the group were invited to participate. The response rate was 73 percent. The results were presented by the management board to managers at a management meeting and subsequently to all employees at an internal event. They were also discussed in detail in the individual business units and corresponding measures identified.

MANAGEMENT DEVELOPMENT

As a management development measure and to reinforce the feedback culture across the entire group, a 360-degree feedback process for managers was launched in the 4th quarter of 2017. This process is intended to provide managers with orientation and an opportunity to reflect on their leadership behavior. The aggregated results will be fed into the design process for our management development program.

EXCELLENCE IN RECRUITING AND PERSONNEL MARKETING

The quality of recruiting activities at Casinos Austria and Austrian Lotteries is among the best in the land. This was confirmed by the Best Recruiters study, an important indicator in Austria when it comes to the quality of recruiting. Our employee app represents an important step in internal communication.
recruiting. Each year, the study assesses over 500 of the largest companies (in terms of turnover and employee numbers) in Austria based on the criteria “Online Recruiting Presence”, “Analysis of Online Job Adverts” and “Handling of Applicants”.

Austrian Lotteries was ranked in first place in the service companies sector and thus awarded the Gold Seal of Approval 2017/2018. And its ranking across all industry sectors was no less impressive: Austrian Lotteries achieved a sensational fifth place. Casinos Austria was ranked second in the service companies sector, thus repeating its previous year’s success and receiving the Silver Seal of Approval.

DIVERSITY AND EQUAL OPPORTUNITIES

In 2017, the Casinos Austria and Austrian Lotteries Group participated in the DisAbility Talent Program: five students with disabilities (sight, hearing, mobility) were given the opportunity to shadow 20 of our managers and staff at work and thus gain valuable insights into working life.

CORPORATE VOLUNTEERING

Under the slogan “Good for Austria”, the Casinos Austria and Austrian Lotteries Group continued its nationwide corporate volunteering program for staff. To encourage social engagement for good causes, the Casinos Austria and Austrian Lotteries Group allows each member of staff to spend five working days per year doing voluntary work.

The “berufundfamilie” (“workandfamily”) audit by the Austrian Ministry of Family and Youth lays the foundation not only for our corporate volunteering program but also for many other measures in our work and family friendly corporate policy. Austrian Lotteries has held the full “berufundfamilie” certificate since 2014.

SERVICE VIA EMPLOYEE APP

Since mid-2017, employees in our casinos can use an app for internal communication purposes. They can use the app to find out the latest company news, view their duty rosters and even swap shifts.

FOCUS ON HEALTH

Together with our company physician, the group offers a broad range of health measures each year. These include company-internal sports activities (e.g. spinal gymnastics, Pilates or yoga) as well external sports courses and joint running and walking groups. Around 100 members of our staff ran together in the Vienna Business Run on 7 September 2017.

A particularly good example of our commitment to health and good causes was our “walk4life Team Challenge”, which took place in early summer 2017. The aim
of this challenge was to do something good – both for others and for oneself. Each member of staff who participated in the walk4life challenge was given the target of walking at least 10,000 steps a day for a total of seven weeks. 338 members of staff formed themselves into 57 teams and began walking for a good cause and for their own health. For every week that the target was met, the group donated 5,000 euros to charity. The total distance to be covered in the period from 3 May to 20 June 2017 amounted to 2,000 km. By the end of the walk4life challenge, an incredible 177 million steps had been walked, raising a total of 35,000 euros for charity. This was donated to the Lebenshilfe aid organization in Bad Vöslau, where it is being used to replace and modernize the on-site kitchen.

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**walk4life**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants</td>
<td>338</td>
</tr>
<tr>
<td>Teams</td>
<td>57</td>
</tr>
<tr>
<td>Steps per person/day</td>
<td>10,000</td>
</tr>
<tr>
<td>Total distance to be covered</td>
<td>2,000 km</td>
</tr>
<tr>
<td>Total steps</td>
<td>177 million</td>
</tr>
<tr>
<td>Total donation to charity</td>
<td>35,000 euros</td>
</tr>
</tbody>
</table>
SECURITY

The group’s security policy guarantees safety and security standards of the highest order. The protection of our guests and customers, gaming operations and sensitive data go hand-in-hand at Casinos Austria, Austrian Lotteries and our affiliated companies. An integrated security concept safeguards the integrity and confidentiality of our business processes and systems.

There are many aspects to safety and security at the Casinos Austria and Austrian Lotteries Group, and we address and meet security demands from both a technical and an organizational perspective. State-of-the-art video technology – and staff who use it responsibly as a matter of course – is, for example, the key to security and safety in our casinos. At Casinos Austria, the well-being of guests at our twelve casinos across the country assumes top priority. A total of 29 members of staff in these casinos are responsible for all aspects of safety and security. First aid courses are held, for example, each year in our casinos under the supervision of AUVA (the Austrian insurance association for occupational injuries). Emergency scenarios and procedures (e.g. fire drills) are likewise rehearsed at regular intervals.

Professional, reputable and safe handling of all games is paramount at Casinos Austria.

The group’s comprehensive, integrated security concept safeguards the availability, integrity and confidentiality of our business processes and systems. Safety and security in the handling of our games is an integral component of our corporate philosophy. Our portfolio of gaming products and services is continually upgraded in line with our strict security policy and standards using state-of-the-art technology.

In our casinos, the security camera installations in the foyers and gaming areas are kept as unobtrusive as possible and convey a sense of security rather than an impression of omnipresent surveillance. The video technology serves to prevent criminal activities and thus to protect our guests, our staff and the company as a whole. Recordings made in our casinos are archived for up to 30 days in line with data protection commission provisions and guidelines. This 30-day archiving requirement is necessary because of the time delay before credit card incidents become apparent.

Central surveillance is a key component of the Casinos Austria security system. This video-based system is extremely flexible and can be operated both from a local control center in the casino as well as from a central security control center to which, for example, access control, fire, burglar and panic alarm systems are connected.

A cross-functional security committee is responsible for adherence to all relevant guidelines and procedures. This committee ensures that security standards across the group are continually improved.
The Casinos Austria and Austrian Lotteries Group’s responsibility to society is clearly reflected in our dense network of social, humanitarian, cultural, sports and scientific sponsoring partnerships. Decades-long support for well-known institutions goes hand-in-hand thereby with the sponsoring of new projects.

Casinos Austria already made sponsoring an integral part of its corporate philosophy when the company was founded 50 years ago. The same applies for Austrian Lotteries, which was founded in 1986. The group’s sponsoring strategy covers a broad range of institutions and projects, whereby diversity and sustainability both assume special significance.

The variety in our sponsoring activities is a direct result of the projects we support. Social organizations and humanitarian initiatives are just as important to us as cultural institutions or sponsoring endeavors in the world of sport. But variety in this context also means a mix of established sponsoring partnerships and support for exciting new initiatives.

By established cooperations we mean sponsoring partnerships that in some cases have been in place for several decades. These include, for example, Casinos Austria’s continued support of the Wiener Festwochen art festival in Vienna, the Bregenz Festival or the Burgtheater in Vienna. The sustainability aspect also comes into play here: the knowledge that they can rely on our continued support is crucial for our sponsoring partners.

Another popular project with a broad reach was also successfully continued in 2017 with the Lotteries Days reaching the 80,000-visitor mark. On so-called Lotteries Days, anyone who presents a lottery pick slip or instant lottery ticket from Austrian Lotteries gains free entry to well-known culture and leisure establishments. In the reporting year, lottery products thus also became entrance tickets to major attractions like the Kunsthistorisches Museum, Schönbrunn Zoo or Volks­theater in Vienna for around 20,000 lottery customers.

By the same token, new cultural, scientific, social and other relevant initiatives, institutions and organizations also emerge each year. The members of staff who manage sponsoring activities in the Casinos Austria and Austrian Lotteries Group also take this into account and carefully scrutinize where new sponsoring partnerships could be established and how the support can be best used to the benefit of both parties in each case. Our guiding principle for all such partnerships is that the individual projects follow long-term socio-political goals.
This is clearly also a goal of the European Theatre Night, which Austrian Lotteries has been supporting since 2014. This international culture project takes place simultaneously in all participating countries on a Saturday night in the month of November. In 2017, 67 theater groups and ensembles in 21 towns and cities across Austria participated in the initiative, which continues to grow in popularity each year. The European Theatre Night works on the “Pay-as-you-wish” principle, i.e. the people who attend the events decide for themselves how much they want to pay for doing so.

The multidisciplinary Universalmuseum Joanneum in Graz has been sponsored continuously by Austrian Lotteries since 2014. In 2017, a Lotteries Day was held at its Kunsthaus Graz art gallery during the “Football-sized lump of clay on light blue car roof” exhibition by the Styrian artist Erwin Wurm. Throughout the duration of the exhibition, all visitors who presented a lottery product pick slip or ticket could purchase a Joanneum Annual Pass for a reduced price of 15 euros (instead of the regular price of 45 euros). A total of 1,520 reduced-price Annual Passes were purchased during the exhibition period.

A premiere in 2017 was the “Pink Ladies Night” on 27 November. Casinos Austria has been a long-time supporter of the Austrian cancer support organization Österreichische Krebshilfe and demonstrated its solidarity for this cause by donating one euro for each guest who visited its casinos on that day to the Pink Ribbon initiative. The initiative raises awareness of the importance of cancer screening and the early detection of breast cancer. Two different “pink drinks” were offered on the night in all Austrian casinos, with Casinos Austria also donating one euro for each pink drink sold to the Pink Ribbon initiative.

Alongside our existing partnerships, the group has also increasingly launched its own initiatives in recent years. The Alpha Prize for Literature was set up back in 2010 to support talented new authors. In 2017, the prize was awarded to 22-year-old Marie Luise Lehner for her debut novel Fliegenpilze aus Kork (“Cork Toadstools”). Winners of the Alpha Prize for Literature receive a prize of 10,000 euros – as do winners of the Casinos Austria Rising Star Award. Established in 2013, the latter recognizes talented young musicians at the University for Music and Performing Arts (mdw) in Vienna and is intended to help them embark on a professional career in music. The Casinos Austria Rising Star Award was won in 2017 by the string quartet “Simply Quartet”.

1.47 BILLION EUROS FOR SPORT

Sports sponsorship is a social mandate that Austrian Lotteries has embraced since 1986: the company has paid over 1.47 billion euros to date into the Austrian Special Federal Sports Fund” (Besondere Bundes-Sportförderung). Through the sports funding provisions in the Austrian Gaming Act, Austrian Lotteries makes a crucial contribution to the financing of sports in Austria. Provisions to guarantee the annual funding of sports based on the annual taxes generated from Lotto and Toto have been established by law since the company was founded. Amateur sports, which play a very important role in society, profit in particular from this solidarity model.
With the Amendment to the Austrian Gaming Act (Glücksspielgesetz-Novelle 2008) which came into effect on 19 July 2010, and beginning with the 2011 calendar year, the Austrian Federal Government sets aside an annual sum of 80 million euros from the taxes and fees paid by the license holder pursuant to Section 14 of the Austrian Gaming Act for the funding of sports. From 2013 onwards, this amount increases each year in line with the extent to which the federal gaming taxes and fees paid by the license holder pursuant to Section 14 of the Gaming Act rose in the previous year compared to the year before.

The Austrian Federal Sports Promotion Fund (Bundes-Sportförderungsfonds) that was established in 2013 to manage the funding of Austrian sports associations was converted at the end of 2017 into the Bundes Sport GmbH. The newly founded company has been active since 1 January 2018 and has committees for amateur and competitive sports, both of which play an active role in the award, management and control of funding.

A selection of the many projects sponsored by the group

- Austrian Mountain Rescue Service
- Austrian National Library – “Crowdsourcing” Project and Lotteries Day for the “Maria Theresia” Exhibition
- Austrian Red Cross – Rappottenstein Castle, Lower Austria
- Burgtheater in Vienna – 13th Row Initiative
- Casinos Austria Integration Football World Championship with Diversity Cup
- Dancer against Cancer
- Darwin’s Circle
- European Theatre Night
- Grafenegg Festival with Sollenau
- Gründerinnen Tag – Female Founders Day in Studio 44
- Haus der Musik – “Accessibility” initiative at the museum of sound in Vienna
- HOSI Vienna – Rainbow Ball
- Inclusion Award
- Joanneum Graz – Annual Pass and Lotteries Day for “Erwin Wurm” Exhibition
- Lebenshilfe Österreich (aid organization)
- “Licht ins Dunkel” Initiative
- Mixed Ability Dance Workshops
- Natural History Museum Vienna – Annual Pass and Lotteries Day
- Österreichische Sporthilfe – Austrian Sports Aid
- Pink Ribbon Initiative – “Pink Ladies Night”
- Schönbrunn Zoo – “Giant Panda” Project and Lotteries Day
- Simultania Art Award/Simultania Liechtenstein
- Special Olympics Austria – World Winter Games Schladming 16/17
- “Sportler mit Herz” – “Athlete with a Heart of Gold” Award presented at the Lotteries “Night of Sport” Gala
- Tango en Punta
- “Teach for Austria” Education Initiative – U-Run
- Vienna Philharmonic – Midsummer Night’s Concert
- Volkshilfe public aid organization – “Night Against Poverty” Charity Gala
- Wiener Kabarettfestival – Vienna Comedy Festival’s Comedy Talent Show
- Wien Work Integrative Enterprises – Michl’s Restaurant and Business Run
- WWF Austria – Resettlement of the Lynx/Stork Colonies in the March-Thaya Plains, Wolf Awareness Campaign

we succeed]
2017 FISCAL YEAR

ECONOMIC UPDATE

Austria experienced a strong economic upswing in 2017. Domestic economic performance grew by 3 percent compared to the previous year, its strongest rise since 2007. Austria’s growth level thus lay above that of both the Eurozone and its driving economy, Germany (both +2.2 percent). Foreign trade in particular benefited from the generally favorable economic conditions in the reporting year. In concrete terms, real growth in Austria’s exports in 2017 rose by 5.5 percent due to increased demand from the neighboring countries to the east as well as from North America and Asia. This upturn is expected to continue in the coming year: GDP is forecast to rise by 3 percent in 2018.

The economic high was reflected in 2017 in brisk investment activity. Investments in equipment rose by 8.5 percent, boosted by the favorable financing conditions and a generally high corporate capacity utilization rate. Growth in the construction sector was also stronger than in previous years at 3 percent. Signs indicate a continued rise in investment activity in 2018, albeit at a slightly slower rate. A further important driver of economic growth in the reporting year was consumer spending. Thanks to a rise in real incomes, consumer spending rose by 1.5 percent. There are no indications of a downturn in the recent distinctly high level of consumer confidence in 2018.

Domestic consumer prices rose in 2017 – compared to the Eurozone reference value – at an above-average rate. This resulted in an average inflation rate in Austria for the year of 2.1 percent. This increase in prices was driven in particular by the rise in the costs of rents, food and gastronomy services. Since the beginning of 2018, a rise in energy prices has also been imminent. In contrast, the domestic labor market reported positive news for 2017: the Eurostat unemployment rate for Austria dropped below 6 percent thanks to a robust growth in jobs. A moderate downward trend is expected here for the coming years.

Figures for the domestic tourism sector once again reached a new high in 2017. The number of overnight stays in Austrian hotels and other tourist accommodations exceeded the 140-million mark for the second year in a row. Overnight stays grew by around 2.5 percent compared to the previous year, whereby the growth was stronger for international visitors than for domestic guests. The figures for Vienna were particularly striking: the Austrian capital attracted over seven million visitors in 2017. Of the 15.5 million overnight stays in Vienna in 2017, 82 percent were by international visitors. The Asian source markets in particular now play an increasingly important role for Austrian tourism. Double-digit growth in the number of visitors from China moved it up to seventh place in the list of source markets in 2017, just one year after it had reached the top ten. However, the popularity of Tyrol and Salzburg as tourist destinations remains uncontested: more than half of all overnight stays were in these two regions. In relative terms, Lower Austria and Upper Austria recorded the strongest growth rates (+4.1 and +4.0 percent respectively). Industry experts forecast a continuation of this positive trend in 2018, due not least to the availability of a number of new direct flight connections to Austria.

From a global economic perspective, 2017 proved to be distinctly less dynamic than expected. The expansion in global economic performance accelerated from 3.2 percent in the previous year to 3.7 percent in 2017. This can be attributed in part to the robust economic trend in the leading industrial nations. GDP growth in the United States climbed back over the 2-percent mark – despite the continued uncertainties regarding the new
government’s economic policies. The 2017 reporting year in the European Union likewise proved to be better than had been predicted, with economic activity supported by consumer spending and the European Central Bank’s continued expansive monetary policy. In 2018, aggregate economic performance for the EU-28 countries is expected to grow by 2.1 percent, i.e. at a similar level to 2017. However, there is also an element of downside risk stemming from the uncertainty regarding the outcome of the Brexit negotiations as well as the efforts to gain independence for Catalonia.

The emerging and developing nations contributed significantly to the upturn in international economic and trade activities in 2017. Overall growth increased from 4.4 percent in the previous year to 4.7 percent. Note-worthy in this context is the fact that both Brazil and Russia came out of recession in the reporting year. At the same time, the slowdown in growth in China originally predicted for 2017 failed to materialize. For 2018, economic experts forecast – despite the significant geopolitical risk factors in some areas – further strong growth in economic performance in the emerging markets (+4.9 percent).
In the reporting year, the Casinos Austria and Austrian Lotteries Group recorded consolidated sales of over 4 billion euros and a group result of 100.63 million euros. We paid some 622 million euros in taxes, fees and social security contributions in 2017. Our group employs more than 4,200 people worldwide and provides jobs for some 2,380 people in Austria.

With its twelve casinos in Austria, Casinos Austria posted gaming revenues of 330.14 million euros in 2017, one percent more than in the previous year. More than 2.85 million guests – over half of whom were international guests – visited these casinos in the reporting year.

The group’s gastronomy subsidiary, Cuisino – Genuss Events by Casinos Austria, clearly also impressed casino guests. Total sales for the Cuisino subsidiary in 2017 amounted to 18.16 million euros, an increase of 6.39 percent compared to the previous year.

Casinos Austria invested extensively in its casinos over the reporting year. The focus thereby lay on the completion of the renovations at Casino Graz. After 18 months of renovations, the final phase of the construction work was completed in September 2017. With its new foyer and redesigned gaming area, the centerpiece of the casino now also shines in new splendor. The casino entrance area now has a completely new layout. The foyer boasts an impressive chandelier, whose 300 lights simulate a gigantic Roulette table. The carpeting was specially designed for Casino Graz. The new golden bar and cocktail island are a further architectural highlight. A customized lighting concept allows the gaming area to be bathed in different lighting effects to suit the mood. Casinos Austria has invested a total of 8.5 million euros in the renovation of Casino Graz.

At Casino Wien, 1.36 million euros were invested to create a new high-limit slots area for VIP guests on the third floor of the casino premises. The design and theme for the room on the top floor of Palais Esterhazy reflects its name: the “Blue Salon”. The large-scale renovations at Casino Salzburg were likewise completed in 2017 with the restoration of the main façade and the forecourt.

The restaurant and bar area in Casino Kitzbühel were given a whole new look in just three weeks. The casino’s Cuisino restaurant was redesigned at the end of the reporting year. Its new gold, copper, bronze and mother-of-pearl color scheme conveys an atmosphere of cozy comfort and extraordinary flair. In the course of the refurbishments, the multi-function casino bar was extended and now covers a floorspace of over 100 square meters, which can be split off or extended further to suit the occasion.

Cuisino was also recognized for its culinary success: the renowned Gault&Millau Guide awarded the group’s gastronomy subsidiary a total of seven toques: two to the Cuisino restaurant in Casino Velden and one each to the Cuisino restaurants in Casinos Wien, Salzburg, Linz, Bregenz and Graz (new in 2017).
Austrian Lotteries posted total gaming revenues of 3.48 billion euros in 2017, thereby exceeding its results for 2016 by 3.91 percent. This strong result can be attributed to increased sales of the EuroMillions lottery product, on the win2day online gaming site and at the WINWIN video lottery terminals outlets.

In the classic lottery games sector, sales of the EuroMillions product in 2017 were up by 9.33 percent to 343.46 million euros, a result that can be attributed to the overall stronger development of the “Europot” jackpot throughout the year. Sales of the Lotto “6 aus 45” lottery product – including the “LottoPlus” add-on option introduced at the beginning of October – rose by 1.29 percent year-on-year to 603.55 million euros. Sales of the Bingo product rose by 2.10 percent, while sales of the Klassenlotterie class lottery were up by 9.81 percent compared to 2016. Sales of the Zahlenlotto numbers lottery were down by 0.34 percent compared to the previous year, while sales of the Joker product dropped by 2.81 percent, the Toto with Torwette football pool by 9.21 percent and the ToiToiToi lottery by 6.16 percent. In the instant lotteries sector, sales of the Brieflos break-open tickets were down by 11.26 percent compared to the previous year, while sales of the Rubbellos scratch-open tickets rose by 0.48 percent year-on-year.

Sales of the electronic lotteries on the win2day online gaming site in 2017 were up by 4.81 percent to 1.61 billion euros, a rise which can be attributed to the successful introduction of new games in the Casino Games section as well as the redesign and optimization of the website in general and corresponding enhancement of the customer experience. Poker sales on win2day in the reporting year were up by 20 percent compared to 2016 to 2.77 million euros.

WINWIN opened a new outlet in Bischofshofen in the middle of April. The 16 WINWIN outlets across the country together recorded a 5.17 percent increase in revenues compared to 2016.

### Gaming Revenues in 2017 by Product

<table>
<thead>
<tr>
<th>Product</th>
<th>Gaming revenues in 2017 in euros</th>
<th>Change compared to the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lotto “6 aus 45”</td>
<td>603,545,688.10</td>
<td>+1.29 %</td>
</tr>
<tr>
<td>Toto</td>
<td>7,143,887.48</td>
<td>-3.16 %</td>
</tr>
<tr>
<td>Torwette</td>
<td>785,263.68</td>
<td>-42.11 %</td>
</tr>
<tr>
<td>Bingo</td>
<td>9,467,815.30</td>
<td>+2.10 %</td>
</tr>
<tr>
<td>EuroMillions</td>
<td>343,460,813.60</td>
<td>+9.33 %</td>
</tr>
<tr>
<td>ToiToiToi</td>
<td>15,423,874.90</td>
<td>-6.16 %</td>
</tr>
<tr>
<td>Zahlenlotto 1–90</td>
<td>3,653,671.20</td>
<td>-0.34 %</td>
</tr>
<tr>
<td>Joker</td>
<td>180,804,785.92</td>
<td>-2.81 %</td>
</tr>
<tr>
<td>Rubbellos</td>
<td>127,840,207.64</td>
<td>+0.48 %</td>
</tr>
<tr>
<td>Brieflos</td>
<td>20,855,928.75</td>
<td>-11.26 %</td>
</tr>
<tr>
<td>Klassenlotterie</td>
<td>31,707,976.00</td>
<td>+9.81 %</td>
</tr>
<tr>
<td>win2day and Keno</td>
<td>1,610,278,776.38</td>
<td>+4.81 %</td>
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<tr>
<td>win2day Poker</td>
<td>2,772,981.06</td>
<td>+20.01 %</td>
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<tr>
<td>WINWIN</td>
<td>525,338,356.48</td>
<td>+5.17 %</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,483,080,026.49</td>
<td>+3.91 %</td>
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</tbody>
</table>

1 Incl. LottoPlus.  2 Rake only.
The Casinos Austria and Austrian Lotteries Group will continue to strengthen its market position in future through the introduction of new games and innovative technologies. In view of the ever-increasing spread of digital technologies, Casinos Austria is focusing even more on expanding its use of state-of-the-art communication and interaction systems. Its new Casino app went on line on 15 January 2018. Austrian Lotteries is likewise focusing increasingly on new products and services for digitally-aware target groups and will be optimizing its sales activities in this regard.

Throughout 2018, Casinos Austria will be fine-tuning the large-scale slot machine investment program that was started in 2017. To ensure its guests consistently enjoy a cutting-edge slot gaming mix, a further 100 machines will be replaced each year.

In the first six months of 2018, Austrian Lotteries will be expanding its portfolio of classic lottery games with an add-on to the EuroMillions lottery and a change to the Joker product that includes an improved prize structure. In the video lottery terminals sector, further new WINWIN locations will be evaluated and opened.

Our successful responsible gaming conference, the Responsible Gaming Academy, will also be continued and will be held on 24 April 2018 in Studio 44 in Vienna for the 15th year in succession.
### 2017 FINANCIAL STATEMENTS

#### CONSOLIDATED PROFIT AND LOSS STATEMENT

**FOR THE 2017 FISCAL YEAR FOR THE CASINOS AUSTRIA GROUP**

<table>
<thead>
<tr>
<th>in TEUR</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming revenues and bets placed incl. ancillary revenues</td>
<td>4,021,726</td>
<td>3,885,949</td>
</tr>
<tr>
<td>Payouts of winnings</td>
<td>-2,738,026</td>
<td>-2,639,273</td>
</tr>
<tr>
<td>Gross gaming revenues incl. ancillary revenues</td>
<td>1,283,700</td>
<td>1,246,676</td>
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<tr>
<td>Gaming taxes, fees and other taxes</td>
<td>-591,678</td>
<td>-568,890</td>
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<tr>
<td>Net gaming revenues incl. ancillary revenues</td>
<td>692,022</td>
<td>677,786</td>
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<td>Other operating income</td>
<td>60,501</td>
<td>65,140</td>
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<tr>
<td>Expenditure for materials and services</td>
<td>-14,925</td>
<td>-13,832</td>
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<td>Personnel expenses</td>
<td>-293,513</td>
<td>-284,571</td>
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<tr>
<td>Depreciation and amortisation</td>
<td>-36,802</td>
<td>-38,418</td>
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<tr>
<td>Other operating expenses</td>
<td>-275,558</td>
<td>-277,808</td>
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<tr>
<td>Income from at equity consolidated companies</td>
<td>7,535</td>
<td>21,762</td>
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<td><strong>Operating result</strong></td>
<td>139,260</td>
<td>150,059</td>
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<tr>
<td>Financial income</td>
<td>3,038</td>
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</tr>
<tr>
<td>Income from sale and liquidation of companies</td>
<td>3,260</td>
<td>0</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>-14,371</td>
<td>-25,926</td>
</tr>
<tr>
<td>Expenses from sale and liquidation of companies</td>
<td>0</td>
<td>-11,309</td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>-8,073</td>
<td>-34,137</td>
</tr>
<tr>
<td><strong>Result before income taxes</strong></td>
<td>131,187</td>
<td>115,922</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-31,289</td>
<td>-27,258</td>
</tr>
<tr>
<td><strong>Result from continuing operations</strong></td>
<td>99,898</td>
<td>88,664</td>
</tr>
<tr>
<td>Result from discontinued operations</td>
<td>737</td>
<td>2,538</td>
</tr>
<tr>
<td><strong>Group result</strong></td>
<td>100,635</td>
<td>91,202</td>
</tr>
</tbody>
</table>

| Attributable                                      |         |          |
| to shareholders of the parent company             | 75,754   | 68,697   |
| to non controlling interests                      | 24,881   | 22,505   |

Total: 100,635 | 91,202
# CONSOLIDATED BALANCE SHEET

**TO 31 DECEMBER 2017 FOR THE CASINOS AUSTRIA GROUP**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>124,217</td>
<td>266,610</td>
</tr>
<tr>
<td>Receivables and other assets</td>
<td>105,032</td>
<td>78,023</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>79,626</td>
<td>11,854</td>
</tr>
<tr>
<td><strong>Total ASSETS</strong></td>
<td>308,875</td>
<td>356,487</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>985</td>
<td>2,714</td>
</tr>
<tr>
<td><strong>Short term assets</strong></td>
<td>309,860</td>
<td>359,201</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>214,348</td>
<td>225,790</td>
</tr>
<tr>
<td>Goodwill</td>
<td>232,077</td>
<td>232,088</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>18,981</td>
<td>20,198</td>
</tr>
<tr>
<td>At equity consolidated companies</td>
<td>88,614</td>
<td>94,255</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>17,970</td>
<td>18,465</td>
</tr>
<tr>
<td><strong>Long term assets</strong></td>
<td>283,617</td>
<td>232,493</td>
</tr>
<tr>
<td><strong>Total LIABILITIES &amp; EQUITY</strong></td>
<td>855,607</td>
<td>823,289</td>
</tr>
<tr>
<td><strong>Total ASSETS</strong></td>
<td>1,165,467</td>
<td>1,182,490</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities</td>
<td>31,137</td>
<td>153,574</td>
</tr>
<tr>
<td>Trade payables</td>
<td>29,591</td>
<td>30,570</td>
</tr>
<tr>
<td>Provisions</td>
<td>9,915</td>
<td>8,288</td>
</tr>
<tr>
<td>Income tax liabilities</td>
<td>17,088</td>
<td>18,764</td>
</tr>
<tr>
<td><strong>Total Short term liabilities</strong></td>
<td>336,144</td>
<td>285,045</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>423,875</td>
<td>496,241</td>
</tr>
<tr>
<td>Provisions for employee entitlements</td>
<td>121,744</td>
<td>130,926</td>
</tr>
<tr>
<td>Deferred tax provisions</td>
<td>3,165</td>
<td>3,616</td>
</tr>
<tr>
<td>Other long term provisions</td>
<td>20,935</td>
<td>27,574</td>
</tr>
<tr>
<td><strong>Total Long term liabilities</strong></td>
<td>411,294</td>
<td>405,694</td>
</tr>
<tr>
<td>Share capital</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Retained earnings and balance sheet profit</td>
<td>244,894</td>
<td>184,313</td>
</tr>
<tr>
<td>Reserve for actuarial gains and losses</td>
<td>-47,036</td>
<td>-50,844</td>
</tr>
<tr>
<td>Reserve from hedging transactions</td>
<td>0</td>
<td>-73</td>
</tr>
<tr>
<td>Currency conversion reserve</td>
<td>12,337</td>
<td>18,262</td>
</tr>
<tr>
<td><strong>Equity – shareholders of the parent company</strong></td>
<td>250,195</td>
<td>191,658</td>
</tr>
<tr>
<td>Non controlling interests</td>
<td>80,103</td>
<td>88,897</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>330,298</td>
<td>280,555</td>
</tr>
<tr>
<td><strong>Total LIABILITIES &amp; EQUITY</strong></td>
<td>1,165,467</td>
<td>1,182,490</td>
</tr>
</tbody>
</table>
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Member of: