

CENTURY CASINOS INC /CO/
Form 10-K
March 10, 2017
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended

December 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-22900

CENTURY CASINOS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	84-1271317
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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455 E. Pikes Peak Ave, Suite 210, Colorado Springs, Colorado 80903

(Address of principal executive offices) (Zip Code)

(719) 527-8300

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.01 Per Share Par Value	NASDAQ Capital Market, Inc.

Securities Registered Pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2016, based upon the closing price of \$6.23 for the Common Stock on the NASDAQ Capital Market on that date, was \$135,072,244. For purposes of this calculation only, executive officers and directors of the registrant are considered affiliates.

As of March 3, 2017, the registrant had 24,453,754 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: Part III incorporates by reference the registrant's definitive Proxy Statement for its 2017 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2016.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and the Private Securities Litigation Reform Act of 1995 and, as such, may involve risks and uncertainties. All statements included or incorporated by reference in this report, other than statements that are purely historical, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “could,” “potential,” “continue” or similar terminology. statements are based on the beliefs and assumptions of the management of the Company based on information currently available to management. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements.

The forward-looking statements included or incorporated by reference in this report are subject to additional risks and uncertainties further discussed under Item 1A. “Risk Factors” and are based on information available to us on the filing date of this report. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this report. New risks and uncertainties arise from time to time, and we cannot predict those events or how they may affect us. We assume no obligation to update any forward-looking statements.

PART I

As used in this report, the terms “Company,” “CCI,” “we,” “our,” or “us” refer to Century Casinos, Inc. and its consolidated subsidiaries, taken as a whole, unless the context otherwise indicates.

This report includes amounts translated into U.S. dollars from certain foreign currencies. For a description of the currency conversion methodology and exchange rates used for certain transactions, see Note 2 to the Consolidated Financial Statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this report. The following information should be read in conjunction with the Consolidated Financial Statements and notes thereto included in Part II, Item 8, “Financial Statements and Supplementary Data” of this report.

Item 1. Business.

General

Century Casinos, Inc., a Delaware corporation founded in 1992, is an international casino entertainment company that develops and operates gaming establishments as well as related lodging, restaurant, horse racing (including off-track betting) and entertainment facilities around the world. Our main goal is to grow our business worldwide by actively pursuing the development or acquisition of new gaming opportunities and reinvesting in our existing operations.

Overview of Operations

We view each property as a separate operating segment and aggregate all such properties into three reportable segments based on the geographical locations in which our casinos operate. We have additional business activities, including concession, management and consulting agreements and certain other corporate and management operations that we report as Corporate and Other. The following are our reportable segments:

- Canada
- United States
- Poland
- Corporate and Other

Canada

Net operating revenue from our Canada segment was \$50.2 million, or 36%, of our total net operating revenue for the year ended December 31, 2016.

- Century Casino & Hotel – Edmonton, Alberta, Canada (“CRA” or “Edmonton”). We opened this wholly-owned casino in November 2006 and the attached hotel in March 2007. Edmonton is the capital of the Canadian province of Alberta, serving a metropolitan population of over one million people. The facility has 777 ticket in/ticket out (“TITO”) slot machines, 35 tables (including a 24-hour poker room) and 17 video lottery terminals. In addition, the property has 26 hotel rooms, a 10,700 square foot showroom that can seat approximately 450 customers, a 3,000 square foot showroom that can seat approximately 200 customers, where we host Yuk Yuks Comedy Club comedic performances, four restaurants, 600 surface parking spaces and an underground heated parking garage with 300 additional spaces.
- Century Casino St. Albert – Edmonton, Alberta, Canada (“CSA” or “St. Albert”). We acquired this wholly-owned casino in October 2016. St. Albert is located 13 miles from CRA. The casino includes 381 TITO slot machines, 11 tables and 12 video lottery terminals. In addition, the property has a restaurant, a bar, a lounge, a banquet facility and 517 surface parking spaces.
- Century Casino Calgary – Calgary, Alberta, Canada (“CAL” or “Calgary”). We acquired this wholly-owned casino in January 2010. Calgary is the largest city in the province of Alberta, serving a metropolitan population of over one million people. The casino includes 504 TITO slot machines, 16 tables, 25 video lottery terminals and a full service off-track betting parlor. In addition, the property has a restaurant, a lounge, a 1,000 square foot showroom that can seat approximately 100 customers, a 4,500 square foot showroom that can seat approximately 500 customers, an 18,000 square foot showroom that can seat approximately 1,000 customers, a 30-lane bowling alley, 536 owned surface parking spaces and 262 leased surface parking spaces neighboring the casino.
- Century Downs Racetrack and Casino – Calgary, Alberta, Canada (“CDR” or “Century Downs”). Our subsidiary Century Casinos Europe GmbH (“CCE”) owns 75% of United Horsemen of Alberta Inc. dba Century Downs Racetrack and Casino, which in turn owns and operates a Racing and Entertainment Center (“REC”). The REC, which opened in April 2015, is located 17 miles from CAL and 4.5 miles from the Calgary International Airport. The casino includes 550 TITO slot machines and seven video lottery terminals. In addition, the property has a 5.5 furlong (0.7 mile) racetrack, a bar, a lounge, a restaurant facility, an off-track betting area, an entertainment area and 700 surface parking spaces. The horse racing season runs from March through November. CDR is consolidated as a majority-owned subsidiary for which we have a controlling financial interest.
- Century Bets! Inc. – Calgary, Alberta, Canada (“CBS” or “Century Bets”). Our subsidiary CCE formed Century Bets! Inc. in January 2015 and owns 75% of its outstanding shares. CBS operates the southern Alberta pari-mutuel network consisting of the sourcing of common pool pari-mutuel wagering content for racetracks throughout North America and world-wide. CBS provides pari-mutuel wagering content and live video to 18 off-track betting parlors throughout southern Alberta and has agreements with over 90 racetracks worldwide to broadcast races through the off-track betting network. CBS is consolidated as a majority-owned subsidiary for which we have a controlling financial interest.

United States

Net operating revenue from our United States segment totaled \$30.1 million, or 22%, of our total net operating revenue for the year ended December 31, 2016.

- Century Casino & Hotel – Central City, Colorado (“CTL” or “Central City”). We opened this wholly-owned casino and hotel in July 2006, as part of a joint venture in which we owned a 65% interest. On December 31, 2007, we acquired the remaining 35% interest in the joint venture. Central City is located approximately 35 miles west of Denver, serving a metropolitan population of over 3.0 million people. Century Casino & Hotel is located in Central City at the end of the Central City Parkway, a four lane highway that connects I-70, the main east/west interstate highway in Colorado, to Central City. The facility has 497 TITO slot machines, eight tables, 26 hotel rooms, a bar, two restaurants and a 500 space on-site covered parking garage.
- Century Casino & Hotel – Cripple Creek, Colorado (“CRC” or “Cripple Creek”). We have owned and operated this wholly-owned casino and hotel since 1996. The town of Cripple Creek is located approximately 45 miles southwest of Colorado Springs, the second largest city in the state of Colorado, serving a metropolitan population of over 650,000 people. The facility has 446 TITO slot machines, six tables, 21 hotel rooms, two bars, a restaurant and 271 surface parking spaces neighboring the casino.

Poland

Net operating revenue from our Poland segment totaled \$54.9 million, or 39%, of our total net operating revenue for the year ended December 31, 2016.

- Casinos Poland – Poland (“CPL” or “Casinos Poland”). In March 2007, our subsidiary CCE acquired 33.3% of the outstanding shares of Casinos Poland Ltd. In April 2013, CCE increased its ownership interest in CPL to 66.6% and we began consolidating CPL as a majority-owned subsidiary for which we have a controlling financial interest.

CPL has been in operation since 1989 and is the owner and operator of eight casinos throughout Poland with a total of 495 slot machines and 75 tables. The following table summarizes the Polish cities in which CPL operated as of December 31, 2016, each casino’s location and the number of slots and tables at each casino.

City	Population	Location	Number of Slots	Number of Tables
Warsaw	1.7 million	Marriott Hotel	70	25
Warsaw	1.7 million	LIM Center	66	4

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Krakow	762,000	Dwor Kosciuszko Hotel	60	8
Lodz	730,000	Manufaktura Entertainment Complex	60	7
Wroclaw	635,000	HP Park Plaza Hotel	69	12
Poznan	550,000	Hotel Andersia	58	9
Sosnowiec*	215,000	Sosnowiec City Center	61	6
Plock	126,000	Hotel Plock	51	4

* The casino license at the Katowice casino expired in July 2016 and casino operations were moved to the Sosnowiec casino.

Corporate and Other

Net operating revenue from our Corporate and Other segment totaled \$4.0 million, or 3%, of our total net operating revenue for the year ended December 31, 2016.

- **Cruise Ships.** Through concession agreements with TUI Cruises, Windstar Cruises, Thomson Cruises and Diamond Cruise International Co., Ltd. (“Diamond”), we operate 13 ship-based casinos. The concession agreement with Windstar Cruises also gives us the exclusive right to install and operate casinos onboard any new ships built or acquired by Windstar Cruises. We operate a total of 221 slot machines and 42 tables onboard the 13 ships. The following table summarizes the cruise lines with which we have agreements, the ships on which we operate ship-based casinos and the number of slots and tables at each casino.

Cruise Line	Ship	Number of Slots	Number of Tables
TUI Cruises	Mein Schiff 1	19	5
TUI Cruises	Mein Schiff 2	20	0
TUI Cruises	Mein Schiff 3	20	1
TUI Cruises	Mein Schiff 4	17	1
TUI Cruises	Mein Schiff 5	17	1
Windstar Cruises	Wind Surf	27	4
Windstar Cruises	Wind Star	11	2
Windstar Cruises	Wind Spirit	12	2
Windstar Cruises	Star Pride	11	2
Windstar Cruises	Star Breeze	11	2
Windstar Cruises	Star Legend	11	2
Thomson Cruises	TUI Discovery	17	3
Diamond Cruise	Glory Sea	28	17

In June 2016, we began operating the ship-based casino onboard the Mein Schiff 5, a new 2,500 passenger cruise ship, and the TUI Discovery, a 2,067 passenger cruise ship. Under an amended concession agreement with TUI Cruises, we also plan to operate the ship-based casino onboard Mein Schiff 6, a new 2,500 passenger cruise ship scheduled to begin operations in the third quarter of 2017.

Under a concession agreement with Diamond, we began operating the ship-based casino onboard Glory Sea, a 1,200 passenger cruise ship, in July 2016. Glory Sea operates in the Chinese cruise market with four-day trips between China, South Korea and Japan. In connection with the operation of the ship-based casino onboard Glory Sea, we also entered into a Cooperation Agreement with Dynamic Partners International, Ltd. (“Dynamic”) in July 2016. Under this agreement, Dynamic markets and promotes the casino to VIP players along with facilitating our concession agreement with Diamond, for which we pay Dynamic 25% to 40% of the net profit from the Glory Sea casino.

In March 2015, we mutually agreed with Norwegian Cruise Line Holdings (“Norwegian”) to terminate our concession agreements with Oceania Cruises (“Oceania”) and Regent Seven Seas Cruises (“Regent”), indirect subsidiaries of Norwegian, effective June 1, 2015 (the “Termination Agreement”). We transitioned operations of the eight ship-based casinos that we operated onboard Oceania and Regent vessels to Norwegian in the second quarter of 2015. As consideration for the early termination of the concession agreements, we received \$4.0 million in June 2015, which we recorded on our consolidated statement of earnings (loss) under operating revenue net of \$0.6 million in assets that were sold to Norwegian as part of the Termination Agreement.

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In March 2015, we also entered into a two-year consulting agreement with Norwegian, which became effective June 1, 2015, under which we are providing limited consulting services for the ship-based casinos of Oceania and Regent in exchange for receiving a consulting fee of \$2.0 million, which is payable \$250,000 per quarter through the second quarter of 2017.

- Hilton Aruba Caribbean Resort & Casino Management Agreement. We have a management agreement to direct the operation of the casino at the Hilton Aruba Caribbean Resort & Casino, for which we receive a monthly management fee. The management agreement expires in December 2017 and we do not anticipate renewing this agreement. The casino at the Hilton Aruba Caribbean Resort & Casino is centrally located within the hotel. The casino operates with approximately 200 TITO slot machines, 16 tables and a beverage outlet. We recorded revenue of \$0.5 million related to this management agreement for the year ended December 31, 2016.
- Mendoza Central Entretenimientos S.A. (“MCE”). In October 2014, our subsidiary CCE purchased 7.5% of the shares of MCE for \$1.0 million. The shares are reported on our consolidated balance sheet using the cost method of accounting. MCE has an exclusive agreement with the Instituto Provincial de Juegos y Casinos (“IPJC”) to lease slot machines and provide related services to Casino de Mendoza, a casino located in Mendoza, Argentina and owned by the Province of Mendoza. MCE leases 600 TITO slot machines to Casino de Mendoza. In addition, CCE and MCE have entered into a Consulting Services Agreement pursuant to which CCE provides advice on casino matters and receives a service fee consisting of a fixed fee plus a percentage of MCE’s earnings before interest, taxes, depreciation and amortization (“EBITDA”). See Note 4 to the Consolidated Financial Statements included in Item 8, “Financial Statements and Supplementary Data” of this report.

Additional Projects and Other Developments

In September 2016, we were selected by Horse Racing Alberta (“HRA”) as the successful applicant to own, build and operate a horse racing facility in the Edmonton market area, which we are planning to operate as Century Mile. Century Mile will be a one-mile horse racetrack and a multi-level REC. The proposed location is on Edmonton International Airport land and close to the city of Leduc, south of Edmonton. Century Mile will be approximately 30 miles from both the Century Casino & Hotel in Edmonton and Century Casino St. Albert. We estimate that this project will cost approximately CAD 50.0 million (\$37.2 million based on the exchange rate in effect as of December 31, 2016) and construction will take approximately 15 months to complete. Commencement of construction of the Century Mile project is subject to, among other things, our obtaining financing and the receipt of further regulatory and governmental approvals, including but not limited to approval by the Alberta Gaming and Liquor Commission (“AGLC”).

We are planning a restoration and expansion project at the historic Palace Hotel that we own in Cripple Creek, Colorado, which will add 32 hotel rooms, an atrium, a coffee shop and a fitness room to the property. We estimate that this project will cost approximately \$6.5 million and will be completed in early 2018. Commencement of construction of the Palace Hotel project is subject to our obtaining financing, which we are currently negotiating.

We have additional potential gaming projects that we are currently exploring. Along with the capital needs of potential projects, there are various other risks which, if they materialize, could affect our ability to complete a proposed project or could eliminate its feasibility altogether. For more information on these and other risks related to our business, see Item 1A, “Risk Factors” below.

Capital Needs, Uses and Cash Flow

As a gaming company, our operating results are highly dependent on the volume of customers at our casinos. Most of our revenue is essentially cash-based, through customers wagering with cash or paying for non-gaming services with cash or credit cards. Our industry is capital intensive, and we rely heavily on the ability of our casinos to generate operating cash flow to maintain operations, fund reinvestment in existing properties for both refurbishment and expansion projects, repay third party debt, and pursue additional growth via new development and acquisition opportunities. When necessary and available, we supplement the cash flows generated by our operations with either cash on hand or funds provided by bank borrowings or other debt or equity financing.

Marketing and Competition

We face intense competition from other casinos in jurisdictions in which we operate and destination resorts. Many of our competitors are larger and have substantially greater name recognition and financial and marketing resources than we do. We seek to compete through promotion of our players' clubs, enhancement of social networking initiatives and other marketing efforts. In addition to our players' clubs, we also have various cash and prize promotions and market our casinos through a variety of media outlets including internet, television, radio, print and billboard advertising. Our marketing focuses on competition and other facts and circumstances of each market area in which we operate. Our primary marketing strategy centers on attracting new customers and rewarding repeat customers through our players' club programs. All visitors to our properties are offered the opportunity to join our players' club. We maintain a proprietary database that consists primarily of slot machine customers that allows us to create effective targeted marketing and promotional programs, cash and merchandise giveaways, coupons, downloadable promotional credits, preferred parking, food, lodging, game tournaments and other special events. Our players' club cards allow us to update our database and track member gaming preferences, including, but not limited to, maximum, minimum, and total amounts wagered and frequency of visits. We have designed a multi-tiered reward program based on total amount wagered and frequency of visits to reward customer loyalty and attract new customers to our properties. Those who qualify for VIP status receive additional benefits compared to regular club membership, such as invitations to exclusive VIP events.

Canada

- Edmonton - The Century Casino & Hotel in Edmonton, Canada and Century Casino St. Albert have six competitors (five casinos and one REC) in the Edmonton market, including a new casino that opened in downtown Edmonton that has increased competition in the market. The distance between our properties is approximately 13 miles. We do not believe that our properties compete against one another for customers.

§ Century Casino & Hotel in Edmonton – This property is one of two casinos in Edmonton that have both a hotel and showrooms. The property's showrooms allow us to attract customers to the casino through live music concerts, private concerts, comedic performances, catering and banquet events. In addition, the property is the only casino in the Edmonton market to offer a heated parking garage. Our main marketing activity focuses on branding the casino, through various forms of media, as the ultimate entertainment destination and as a provider of a sophisticated, interactive and intimate gaming experience. The casino is located in a densely populated area with the closest competing casino approximately six miles away.

§ Century Casino St. Albert – This property is located in St. Albert, the second largest city in the Edmonton capital region. The closest competitor is located approximately five miles away. We introduced our distinct branding, the players' club program and promotions made through various marketing channels such as print, mail and social media. The property positions itself as a fine entertainment venue with an excellent restaurant, a small concert and event venue and a well-appointed gaming floor.

- Calgary - Century Casino Calgary and Century Downs have six competitors (two of which have a combination of hotel and casino) in the Calgary market. Both of our casinos have off-track betting parlors, and there is only one

other casino in the Calgary market with an off-track betting parlor. The distance between our properties is 17 miles. We do not believe that our properties compete against one another for customers.

- § Century Casino Calgary – Unique to this property is a 30-lane bowling alley, a lounge and two showrooms. Using numerous forms of media, such as print, radio, mail and social media, we concentrate our marketing on the casino floor, the players’ club and bowling center. This property is located in an industrial area approximately three miles from downtown Calgary with the closest competition located three blocks away.

- § Century Downs – Unique to this property is a 5.5 furlong (0.7 mile) racetrack. Using numerous forms of media, such as radio, television and billboards, we concentrate our marketing on the casino floor, the players’ club and racetrack. This property is located one mile north of the city limits of Calgary and 4.5 miles from the Calgary International Airport with the closest competition located approximately 13 miles away.

- Century Bets - Century Bets is the exclusive operator of the southern Alberta pari-mutuel network. In addition to permitting customers to place wagers at off-track betting locations, the network offers advance deposit wagering for online wagering.

United States

Cripple Creek, Central City and Black Hawk are the only three cities in Colorado that allow gaming, exclusive of two Native American gaming operations in southwestern Colorado. Cripple Creek, located approximately 45 miles southwest of Colorado Springs, and Central City and Black Hawk, located approximately 35 miles west of Denver, are historic mining towns dating back to the late 1800's that have developed into tourist attractions. As of December 31, 2016, there were 12 active casino licensees operating in Cripple Creek, 6 active casino licensees operating in Central City and 17 active casino licensees operating in Black Hawk. Unlike other regions in which we operate, gaming in Colorado is "limited stakes," which restricts any single wager to a current maximum of one hundred dollars.

The cities of Central City and Black Hawk are adjoining small mountain tourist towns, located approximately one mile apart. Central City and Black Hawk compete with one another for market share, and we view the two cities as one combined market servicing the Denver area. Black Hawk, which we believe does not maintain the same rigorous historical preservation standards as Central City, has been able to successfully attract major casino industry leaders with the ability to offer larger hotels, upscale dining facilities, performance centers and spa facilities. The casino operations in Black Hawk constitute a significant portion of the overall casino gaming market in Colorado (exclusive of the Native American gaming operations), with 59% of the total gaming devices in Colorado in 2016 and approximately 75% of total gaming revenues in Colorado in 2016.

Management believes that an integral component in attracting gaming patrons to our Colorado casinos is the availability of adequate, nearby parking and lodging. At our Cripple Creek property, we presently own a total of 271 surface parking spaces. We believe we have sufficient close proximity parking. However, covered parking garages provided by four of our competitors in Cripple Creek may negatively impact our casino, particularly during inclement weather. Our casino in Central City has a 500-space covered parking garage offering free public parking. Several other casinos in the Central City/Black Hawk market also have covered parking garages. In addition, three of our competitors in the Cripple Creek market and five of our competitors in the Central City and Black Hawk market have more hotel rooms, providing them with an advantage during inclement weather and the peak tourist season.

Our marketing objective for the casinos in Colorado is to create public awareness by positioning our casinos as the premier provider of personal service, convenient parking, the latest gaming products and superior food. In addition to our players' clubs, we also have various cash and prize promotions and market our casinos through a variety of channels including radio, billboard, print and social media.

Poland

CPL competes with 41 casinos located throughout Poland. The Polish government generally forbids the marketing of gaming activities outside of a casino, but the marketing of entertainment is permissible. Therefore, CPL's marketing has focused on advertising the entertainment possibilities at each casino, such as concerts and parties. CPL also relies on the locations of its casinos, which are in major cities throughout Poland, to attract customers. The Polish government issues casino licenses in Poland by district, and there are additional casinos in each district in which CPL operates. For example, five other casinos in the Warsaw district compete with our Warsaw casinos. The Polish Minister of Finance does not disclose individual casino data. Changes to the Polish gaming law that go into effect in April 2017 legalize online gaming and reintroduce slot arcades through a state run company. These changes may

result in increased competition for our casinos.

Corporate and Other

- Cruise Ships – We have limited marketing opportunities on our ship-based casinos. We work jointly with the onboard revenue departments of the cruise lines on casino promotions and signage, which are in line with the cruise line’s guidelines. While we offer modern gaming products, we compete with other activities on the ship as well as onshore activities, including land-based casinos.
- Aruba – The Hilton Aruba Caribbean Resort & Casino, for which we hold the casino management agreement, has 12 competitors in the Aruba market. Our main marketing activity is focused on promotions to increase traffic at the casino with promotions such as mystery jackpots, players’ club rewards and various events at the casino, including live music and bingo. Marketing efforts are targeted to hotel guests staying at the Hilton Aruba Caribbean Resort as well as tourists and locals from the island. The casino is located on the High Rise Strip on Palm Beach, which is the main tourist destination on the island.
- Argentina – The Casino de Mendoza has four competitors in the Mendoza market. The IPJC is responsible for the marketing efforts for the casino, which are targeted at local residents as well as tourists.

Seasonality

Canada – Our Edmonton and Calgary casinos in Alberta, Canada attract more customers from September through April. During the remainder of the year, the casinos attract fewer customers because we compete with outdoor activities. Century Downs also attracts additional customers during the racing season from March through November. Century Bets attracts more customers to off-track betting parlors during the peak racing season from May through August.

United States – Our casinos in Colorado attract more customers during the warmer months from May through September. We expect to attract fewer customers from October through April because weather conditions during this period are variable and can have a significant impact on daily business levels.

Poland – CPL generally attracts more customers from October through March because domestic customers generally vacation out of the country during the summer months.

Corporate and Other

- Cruise Ships – Our business onboard cruise ships typically is not impacted by seasonality because the cruise ships generally operate year round. Our revenues from these operations fluctuate significantly with the volume and quality of the players onboard the ships. In addition, the cruise ships on which we conduct operations may be out of service from time to time for maintenance or based on the operating schedule of the cruise line, which may impact revenue from our cruise ship casinos.
- Aruba – The Hilton Aruba Caribbean Resort & Casino, for which we hold the management agreement, is popular among tourists throughout the year, with the peak season being from the end of December through April.
- Argentina – The Mendoza market has a slight seasonal increase from January through March due to increased tourism.

Governmental Regulation and Licensing

The ownership and operation of casino gaming facilities are subject to extensive state, local, foreign, provincial or federal regulations. We are required to obtain and maintain gaming licenses in each of the jurisdictions in which we conduct gaming operations. The limitation, conditioning, suspension, revocation or non-renewal of gaming licenses, or the failure to reauthorize gaming in certain jurisdictions, would materially adversely affect our gaming operations in that jurisdiction. In addition, changes in law that restrict or prohibit gaming operations in any jurisdiction could have a material adverse effect on our financial position, results of operations and cash flows.

Statutes and regulations can require us to meet various standards relating to, among other matters, business licenses, registration of employees, floor plans, background investigations of licensees and employees, historic preservation, building, fire and accessibility requirements, payment of gaming taxes, and regulations concerning equipment, machines, chips, gaming participants, and ownership interests. Civil and criminal penalties, including shutdowns or the loss of our ability to operate gaming facilities in a particular jurisdiction, can be assessed against us and/or our officers to the extent of their individual participation in, or association with, a violation of any of the state or local gaming statutes or regulations. Such laws and regulations apply in all jurisdictions in which we may do business. Management believes that we are in compliance with all applicable gaming and non-gaming regulations as described below.

Canada

AGLC - Gaming in Alberta is governed by the provincial government. The AGLC administers and regulates the gaming industry in Alberta. The AGLC operates in accordance with the Gaming and Liquor Act, the Gaming and Liquor Regulation and the Criminal Code of Canada.

The AGLC requires all gaming operations to be licensed but only allows a certain number of licenses to be granted. All available licenses have currently been granted and the AGLC has an indefinite moratorium on new casinos and RECs. If the AGLC increases the number of licenses available in the future, applicants for a gaming license must submit an application and run through a detailed approval process. Following the approval of the board of the AGLC, the applicant may operate the casino applied for in accordance with federal and provincial legislation, regulation, and policies as well as the municipal requirements, permits, licenses and authorization relating to the casino. At Edmonton and Calgary, our licenses must be renewed every five years, with the next renewals scheduled for 2018 for both casinos. At Century Downs and St. Albert, our licenses must be renewed every two years, with the next renewals scheduled for 2018. The AGLC monitors the casino operator and its compliance with all requirements. In the event of a violation of such requirements, civil and criminal charges can be assessed.

The AGLC allows casinos to operate slot machines and table games a daily maximum of 17 consecutive hours commencing at 10:00 a.m. and ending no later than 3:00 a.m. and to operate casino poker rooms 24 hours a day. Casinos and RECs may permit only individuals 18 or older to gamble in the casino. The AGLC permits slot machines, video lottery terminals, baccarat, blackjack, poker, craps and roulette with a maximum single bet of \$2,000 and a maximum single bet of \$5 for slot machines.

The AGLC provides casinos with slot machines, slot technicians and personnel to administer table game counts. In return, casino licensees provide the AGLC with a place to operate slot machines, market the casinos, and provide table game dealers, slot attendants, security and surveillance. Casino licensees do not incur lease expenditures to the AGLC. In lieu of these lease expenses and other expenses associated with operating slot machines (i.e. equipment and personnel), casino licensees retain only a portion of net sales. Net sales, as defined by the AGLC, are calculated as cash played, less cash won, less the cost to lease the equipment, if applicable. At our Edmonton, St. Albert and Calgary casinos, the AGLC retains 85% of slot machine net sales, of which it allocates 15% to licensed charities and 70% to the Alberta Lottery Fund. At Century Downs, the AGLC retains 35% of slot machine net sales through April 2017 and thereafter will retain 40% of net sales. AGLC allocates these funds to the Alberta Lottery Fund. For all table games, excluding poker and craps, we are required to allocate 50% of our net win to a charity designated by the AGLC. For poker and craps, we are required to allocate 25% of our net win to the charity. We record our revenue net of the amounts retained by the AGLC or allocated to the AGLC-designated charity or the Alberta Lottery Fund.

HRA - HRA was formed in June 2002 to facilitate long term industry renewal for horse racing. The objectives of HRA are to govern, direct, control, regulate, manage, market and promote horse racing in any or all of its forms; to protect the health, safety and welfare of racehorses and, with respect to horse racing, the safety and welfare of racing participants and racing officials; and to safeguard the interest of the general public in horse racing.

HRA requires all horse racing operators to be licensed. A licensed operator is responsible for the general supervision of horse races at its facilities but must not interfere with the proper performance of the functions and responsibilities of racing officials. Only individuals 18 or older may place a bet on horse races. HRA also prohibits racing officials, HRA employees, jockeys, drivers of horses and any employee of any of them from betting on a race, encouraging others to bet on a race on their behalf or owning a pari-mutuel ticket. A licensed owner of a horse, its trainer and any authorized agent or employee of such owner or trainer may not bet or encourage others to place a bet on their behalf on a horse other than the horse owned or trained by such licensed owner or trainer.

A licensed operator must also provide and maintain a suitable racetrack, file with HRA a certificate of measurement of the track and provide services at race meetings, including first aid and ambulance facilities. HRA must approve the equipment, facility and any services the operator will provide. HRA also requires a licensed operator to establish and maintain complete records of each horse race conducted by the operator.

The HRA's portion of slot machine net sales retained from Century Downs, which is currently 21.25% through April 2017 and thereafter will be 16.25%, is used to fund animal welfare programs, purses, breed improvement programs, marketing, and administration and backstretch programs. For off-track betting and live racing wagers, CDR retains approximately 21.5% of each bet, from which it will distribute 5.4% to the HRA, 0.8% to the Canadian Pari-Mutuel Agency and uses the remainder to pay expenses related to the conduct of pari-mutuel wagering.

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United States

The ownership and operation of gaming facilities in Colorado are subject to extensive state and local regulations. Licenses must be obtained from the Colorado Limited Gaming Control Commission (the “Gaming Commission”) prior to offering limited gaming to the public in the State of Colorado. In addition, the Division of Gaming (the “DOG”) within the Colorado Department of Revenue, licenses, implements, regulates, and supervises the conduct of limited stakes gaming. The Director of the DOG, under the supervision of the Gaming Commission, has been granted broad powers to ensure compliance with the laws and regulations. The Gaming Commission, DOG and DOG Director are collectively referred to as the “Colorado Gaming Authorities.”

The laws, regulations, and internal control minimum procedures of the Colorado Gaming Authorities seek to maintain public confidence and trust that licensed limited gaming is conducted honestly and competitively, that the rights of the creditors of licensees are protected, and that gaming is free from criminal and corruptive elements. The Colorado Gaming Authorities’ stated policy is that public confidence and trust can be maintained only by strict regulation of all persons, locations, practices, associations, and activities related to the operation of the licensed gaming establishments and the manufacture and distribution of gaming devices and equipment.

The Gaming Commission is empowered to issue six types of licenses. In order to operate a casino, an operator is required to obtain a retail gaming license. Further, under Colorado gaming regulations, no person or entity can have an ownership interest in more than three retail licenses. We currently operate under the maximum of three retail gaming licenses in Colorado (Century Casino & Hotel in Cripple Creek operates under two gaming licenses). Licenses must be renewed every two years, with the next renewals scheduled for 2017 for our casinos in Central City and Cripple Creek. In addition, the Gaming Commission has broad discretion to revoke, suspend, condition, limit or restrict the licensee at any time. The failure or inability of the Century Casino & Hotel in Central City or Cripple Creek, or the failure or inability of others associated with these casinos to maintain necessary gaming licenses or approvals would have a material adverse effect on our operations.

Our Colorado casinos must meet specified architectural requirements and must not exceed specified gaming square footage limits as a total of each floor and the full building. Colorado casinos may operate 24-hours a day, and may permit only individuals 21 or older to gamble in the casino. Colorado law permits slot machines, blackjack, poker, craps and roulette with a maximum single bet of \$100. Colorado casinos may not provide credit to gaming patrons.

The Colorado constitution permits a gaming tax of up to 40% on adjusted gross proceeds (“AGP”), and voter approval is required for any increase to this gaming tax rate. The current gaming tax in Colorado established by the Gaming Commission is a graduated rate of 0.25% to 20% on AGP, where casinos pay a higher percentage as their AGP increase.

Colorado law requires that every officer, director or stockholder holding a 5% or greater interest or controlling interest of a publicly traded corporation, or owner of an applicant or licensee, shall be a person of good moral character and submit to and pay the cost of a full background investigation conducted by the Gaming Commission. Persons found unsuitable by the Gaming Commission may be required to immediately terminate any interest in, association or

agreement with, or relationship to, a gaming licensee. A finding of unsuitability with respect to any officer, director, employee, associate, lender or beneficial owner of a licensee or applicant may also jeopardize the licensee's retail license or applicant's license application. Licenses may, however, be conditioned upon termination of any relationship with unsuitable persons.

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We may not issue any voting securities except in accordance with the provisions of the Colorado Limited Gaming Act (the "Act") and the regulations promulgated thereunder. The issuance of any voting securities in violation of the Act will be void, and the voting securities will be deemed not to be issued and outstanding. No voting securities may be transferred, except in accordance with the provisions of the Act and the regulations promulgated thereunder. Any transfer in violation of these provisions will be void. If the Gaming Commission at any time determines that a holder in excess of 5% of our voting securities is unsuitable to hold the securities, then we may, within sixty (60) days after the finding of unsuitability, purchase the voting securities of the unsuitable person at the lesser of (a) the cash equivalent of such person's investment, or (b) the current market price as of the date of the finding of unsuitability, unless such voting securities are transferred to a suitable person within sixty (60) days after the finding of unsuitability. Until our voting securities are owned by persons found by the Gaming Commission to be suitable to own them, (a) we are not permitted to pay any dividends or interest with regard to the voting securities, (b) the holder of such voting securities will not be entitled to vote, and the voting securities will not for any purposes be included in the voting securities entitled to vote, and (c) we may not pay any remuneration in any form to the holder of the voting securities, except in exchange for the voting securities.

Poland

Gaming in Poland is governed by the Minister of Finance, who operates in accordance with Polish gaming law and has the authority to grant casino licenses. Polish gaming law was enacted in 1992. Key items included in Polish gaming law include the following requirements:

- All slot arcades were phased out and ceased operations in 2015 and, effective in 2016, the operation of slot machines was permitted in casinos only; however, effective in April 2017, slot arcades will be reintroduced and operated through a state run company;
- A maximum of 70 slot machines are allowed per casino;
- Licenses are not renewable, and licensees must reapply for a license once their current six year license has expired;
- The gaming tax rate assessed on gross gaming revenue is 50%;
- Poker cash games are prohibited in Poland, except for authorized poker tournaments; and
- Effective April 2017, online gaming will be permitted through a state run company. Current online gaming sites operating illegally will be blocked in Poland.

Casino licenses in Poland are limited to 52 and are subject to regional limitations. When a casino license expires, the Minister of Finance notifies the public of license availability, and those interested can submit an application. Applicants for a gaming license must complete a detailed approval process. Following approval from the Minister of Finance, the applicant may operate the casino for six years. The casino license for the Wroclaw casino expires in June 2017. In 2017, CPL submitted applications for multiple open licenses available throughout Poland, including in Wroclaw. We believe that CPL is likely to receive at least one of these casino licenses. The Minister of Finance monitors the casino operator and its compliance with all requirements. In the event of a violation, the Minister of Finance can assess charges and, in certain cases, withdraw casino licenses.

Corporate and Other

- Cruise Ships -- The casinos onboard the cruise ships operate in international waters and are not regulated by any national or local regulatory body. However, we follow standardized rules and practices in the daily operation of the casinos.

- Aruba -- The Minister of Justice governs gaming in Aruba. The Minister of Justice has the authority to grant a casino license, and a casino license will only be granted to the holder of a hotel license with a minimum of 250 rooms. As a result, the Hilton Aruba Caribbean Resort & Casino, which has 355 hotel rooms, holds the casino license and we operate the casino under a management agreement. The casino must be a facility belonging to the hotel but separated from the normal hotel business matters. Gaming applicants must be in good standing and reputation as determined by the Minister of Justice. Games permitted include craps, bingo, keno, card games, roulette, wheel of fortune and slot machines. Casinos must be in compliance with conditions and rules and regulations set forth by the Minister of Justice, subject to penalties of closure, fines and/or withdrawal of license.
- Argentina – The Casino de Mendoza is owned and operated by the Province of Mendoza. To retain the exclusive agreement with the IPJC, MCE must remain in good standing and operate ethically and without fault. In addition, any changes to the slot machines leased by MCE to Casino de Mendoza require approval from the IPJC.

Other Regulation

We are subject to certain foreign, federal, state, provincial and local safety and health, employment and environmental laws, regulations and ordinances that apply to our non-gaming operations. We have not made, and do not anticipate making, material expenditures with respect to these laws, regulations and ordinances. However, the coverage of, and attendant compliance costs associated with, such laws, regulations and ordinances may result in future additional costs to our operations.

Rules and regulations regarding the service of alcoholic beverages are strict. The loss or suspension of a liquor license could significantly impair our operations. Local building, parking and fire codes and similar regulations also could impact our operations and any proposed development of our properties.

We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering laws and regulations. Any violations of anti-money laundering laws or regulations by any of our properties could have an adverse effect on our business.

Employees

As of December 31, 2016, we had approximately 1,437 full-time employees and 354 part-time employees. During busier months, a casino may supplement its permanent staff with seasonal employees. Approximately 248 employees at our CPL casinos in Poland belong to trade unions. The trade unions do not currently have any collective bargaining agreements with CPL, but changes in pay of union employees at CPL require approval of the unions.

Executive Officers of the Company

Name	Age	Position Held
Erwin Haitzmann	63	Chairman of the Board and Co-Chief Executive Officer
Peter Hoetzing	54	Vice Chairman of the Board, Co-Chief Executive Officer and President
Margaret Stapleton	55	Executive Vice President, Principal Financial/Accounting Officer and Secretary
Andreas Terler	48	Managing Director of Century Casinos Europe GmbH, Vice President Operations and Chief Information Officer
Nikolaus Strohriegel	48	Managing Director of Century Casinos Europe GmbH and Vice President Operations

Erwin Haitzmann holds a Doctorate and a Masters degree in Social and Economic Sciences from the University of Linz, Austria (1980), and has extensive casino gaming experience ranging from dealer through various casino management positions. Dr. Haitzmann has been employed full-time by us since 1993 and has been employed as either Chief Executive Officer or Co-Chief Executive Officer since March 1994.

Peter Hoetzing received a Masters degree from the University of Linz, Austria (1986). He thereafter was employed in several managerial positions in the gaming industry with Austrian casino companies. Mr. Hoetzing has been employed full-time by us since 1993 and has been Co-Chief Executive Officer since March 2005.

Margaret Stapleton was appointed Executive Vice President, Principal Financial/Accounting Officer and Secretary, effective May 2010. She holds a Bachelor of Science degree in Accounting from Regis University, Denver, Colorado (2004) and has over 30 years of experience in corporate accounting and internal audit. Mrs. Stapleton previously served as our Director of Internal Audit and Compliance from 2005 until May 2010.

Andreas Terler is a Graduate Engineer in Applied Mathematics from the University of Graz, Austria (1994). Mr. Terler is currently overseeing our operations in North America, our cruise ship-based casinos and our Caribbean operations. Mr. Terler has been employed by us since 2006. He has served as Chief Information Officer since February 2006, Managing Director of CCE since February 2007, and Vice President of Operations since May 2011.

Nikolaus Strohriegel received a Masters degree from the University of Vienna, Austria (1996). Mr. Strohriegel is currently overseeing our operations in Poland. Mr. Strohriegel has been employed by us since 2007. He has served as Managing Director of CCE since January 2009 and Vice President of Operations since March 2017.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are made available free of charge through the “SEC Filings” tab in the Investor Relations section of our website at <http://www.cnty.com> as soon as reasonably practicable after such report has been filed with, or furnished to, the SEC. None of the information posted to our website is incorporated by reference into this report.

Financial Information about Segments and Geographic Areas

See Note 13 to the Consolidated Financial Statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this report for financial information about segments and geographic areas.

Item 1A. Risk Factors.

Our short and long-term success is subject to many factors beyond our control. If any of the following risks, or any risks described elsewhere in or incorporated by reference in this report, actually occur, our business, financial condition or results of operations could suffer. Additional risks not presently known to us or which we currently consider immaterial may also adversely affect our business, financial condition or results of operations.

Risks Related to our Business and Operations

We face significant competition, and if we are not able to compete successfully, our results of operations will be harmed.

We face intense competition from other casinos in jurisdictions in which we operate and from destination venues. Many of our competitors are larger and have substantially greater name recognition and financial and marketing resources than we do. We seek to compete through promotion of our players' clubs and other marketing efforts. For example, for CRA, we emphasize the casino's showroom, heated parking, players' club program, and superior service. These marketing efforts may not be successful, which could hurt our competitive position.

The markets in which we operate are generally not destination resort areas and rely on a local customer base as well as tourists during peak seasons. The number of casinos in our markets may exceed demand, which could make it difficult for us to sustain profitability. New or expanded operations by other entities in any of the markets in which we operate will increase competition for our gaming operations and could have a material adverse impact on us. We are particularly vulnerable to competition in Colorado and Poland due to the large number of competitors in those markets. Internet gaming or other gaming opportunities that become available in our markets could also attract players that might otherwise have visited our casinos. At the end of 2016, the gaming law in Poland was changed to permit Internet gaming and slot arcades through a state run company, effective April 2017. It is unclear what impact these changes will have on CPL or the Poland market, but they could be material. Capital expenditures, such as those for new gaming equipment, room refurbishments and amenity upgrades may be necessary from time to time to preserve the competitiveness of our properties. If we are not successful in making these improvements, our facilities may be less attractive to our visitors than those of our competitors, which could have a negative impact on our business.

We face extensive regulation from gaming and other regulatory authorities, which involve considerable expense and could harm our business.

As owners and operators of gaming facilities, we are subject to extensive state, local, and international provincial regulation. State, local and provincial authorities require us and our subsidiaries to demonstrate suitability to obtain and retain various licenses and require that we have registrations, permits and approvals to conduct gaming operations. Various regulatory authorities may, for any reason set forth in applicable legislation, rules and regulations, limit, condition, suspend or revoke a license or registration to conduct gaming operations or prevent us from owning the securities of any of our gaming subsidiaries. Like all gaming operators in the jurisdictions in which we operate or plan to operate, we must periodically apply to renew our gaming licenses or registrations and have the suitability of certain of our directors, officers and employees approved. At CRA and CAL, our licenses must be renewed every five years, with the next renewals scheduled for 2018. At Century Downs and St. Albert and in Colorado, our licenses must be renewed every two years, with the next renewals scheduled for 2018 for Century Downs and St. Albert and 2017 for Central City and Cripple Creek. In Poland, gaming licenses are granted for six year periods and are not renewable. When a gaming license in Poland expires, any gaming company can apply for the license and there can be no guarantee that we will be granted a new license at our existing casinos. Our license at the Wroclaw casino expires in 2017. We may not be able to obtain license renewals or approvals of new licenses. Regulatory authorities may also levy substantial fines against us or seize our assets or the assets of our subsidiaries or the people involved in violating gaming laws or regulations. Any of these events could force us to terminate operations at an existing gaming facility, either on a temporary or permanent basis, could result in us being fined or could prohibit us from successfully completing a project in which we invest. Closing facilities or an inability to expand may have a material adverse effect on our business, financial condition and results of operations.

In addition to gaming regulations, we are also subject to various federal, state, provincial, local and foreign laws and regulations affecting businesses in general. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, environmental matters, smoking, employees, currency transactions, taxation, zoning and building codes, and marketing and advertising. Rules and regulations regarding the service of alcoholic beverages are strict. The loss or suspension of a liquor license could significantly impair our operations.

We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Any violations of anti-money laundering laws or regulations by any of our properties could have an adverse effect on our financial condition, results of operations or cash flows. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted.

Potential changes in the regulatory environment may adversely affect the results of our operations.

From time to time, legislators and special interest groups have proposed legislation that would expand, restrict or prevent gaming operations or that may otherwise adversely impact our operations in the jurisdictions in which we operate. Any expansion of the gaming industry that results in increased competition and any restriction on or prohibition of our gaming operations could have a material adverse effect on our operating results or cause us to record an impairment of our assets. In Poland, changes to the gaming law were passed in 2016 that go into effect in April 2017 that legalize online gaming and reintroduce slot arcades, which could adversely affect our results of operations. Online gaming and slot arcades will be operated through a state run company. In addition, there is uncertainty surrounding future legislative changes that the new Trump administration and the U.S. Congress could impose relating to gaming, including potential changes to online gaming or sports betting laws. Any newly adopted gaming laws in the U.S. or other jurisdictions in which we operate could have an adverse impact on our financial position and results of operations.

We face extensive taxation from gaming and regulatory authorities. Potential changes to the tax laws in the jurisdictions in which we operate may adversely affect the results of our operations.

We believe that the prospect of significant revenue to a jurisdiction through taxation and fees is one of the primary reasons jurisdictions permit legalized gaming. As a result, gaming companies are typically subject to significant taxes and fees in addition to normal federal, state, provincial and local income taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. For instance, the Colorado constitution permits a gaming tax of up to 40% on adjusted gross gaming proceeds. The current gaming tax in Colorado established by the Colorado Gaming Commission is a graduated rate of 0.25% to 20% on adjusted gross gaming proceeds, where casinos pay a higher percentage as their adjusted gross proceeds increase. At our Edmonton, St. Albert and Calgary casinos, the AGLC retains 85% of slot machine net sales, of which the AGLC allocates 15% to licensed charities and 70% to the Alberta Lottery Fund. For all table games in Alberta, Canada, excluding poker and craps, we are required to allocate 50% of our net win to a charity designated by the AGLC. For poker and craps in Alberta, Canada, we are required to allocate 25% of our net win to the charity. At Century Downs, the AGLC and HRA retain 56.25% of slot machine net sales, which are allocated to and used by the Alberta Lottery Fund and by HRA to fund purses, marketing, administration and animal welfare and other programs. Any change to the agreement

between the AGLC and HRA on the division of the slot machine net sales at Century Downs could negatively impact our revenue, as HRA may increase the amount it retains in order to offset increased retention from the AGLC. The Polish Minister of Finance assesses a gaming tax rate on gross gaming revenue of 50%. In addition, negative economic conditions could intensify the efforts of federal, state, provincial and local governments to raise revenues through increases in gaming taxes or introduction of additional gaming opportunities.

We may be unable to obtain the capital necessary to fund our operations or potential acquisitions.

Our industry is capital intensive, and we rely heavily on the ability of our casinos to generate operating cash flow to repay debt financing, fund maintenance capital expenditures and provide excess cash for future development. While we have a significant amount of cash currently on hand, we may not be able to obtain funding when we need it on favorable terms or at all. We are currently planning to construct and operate the Century Mile horse racing facility in the Edmonton market area, which we estimate will cost approximately CAD 50.0 million (\$37.2 million based on the exchange rate in effect as of December 31, 2016). If we are unable to finance our current or future expansion projects, such as the Century Mile and Palace Hotel projects, we will have to adopt one or more alternatives, such as reducing or delaying planned expansion, development and renovation projects and capital expenditures, selling assets, restructuring debt, obtaining additional equity financing or joint venture partners, or modifying our bank credit facility. In addition, the amount of capital that we are able to raise often depends on variables that are beyond our control, such as the share price of our stock and its trading volume. The availability of financing may be impacted by local, regional and global economic, credit and stock market conditions, all of which have been volatile. As a result, we may not be able to secure financing on terms attractive to us, in a timely manner or at all. If we are able to consummate a financing arrangement, the amount raised may not be sufficient to meet all of our future needs and, if it involves equity, may be highly dilutive to our stockholders. If we cannot raise adequate funds to satisfy our capital requirements, we may have to reduce, dispose of or eliminate certain operations.

Our financing agreements in Canada and Poland impose restrictive covenants that limit our operating flexibility, and a default could have a material adverse effect on us.

Our various credit agreements require us to adhere to a number of significant financial covenants and for the Company to guaranty the debt of our subsidiaries. These restrictions limit the ability of our subsidiaries in Canada and Poland to incur additional debt, obtain future financings to withstand a future downturn in our business or the economy in general, or to otherwise conduct necessary corporate activities. A breach of any covenant in any of our credit agreements would result in an event of default under that agreement after any applicable grace periods. An event of default, if not waived or cured, could cause the lender to accelerate the repayment of all outstanding amounts due under the agreement, foreclose on the security granted under the agreement and enforce the Company's obligations under its guarantee. There can be no assurances that we or our subsidiaries would be able to obtain a waiver of an event of default or modification of a covenant if necessary, or otherwise obtain alternative sources of funding to repay the obligation if a default occurred. Any such occurrences could have a material adverse effect on us.

Difficulties in managing our worldwide operations may have an adverse impact on our business.

We derive our revenue principally from operations located on two continents and on cruise ships operating around the world. Our management is located in the United States and Europe. Our worldwide operations pose risks to our business, especially for a smaller company such as ours. Risks associated with international operations include:

- different time zones;
- culture, management and language differences;
- fluctuations in foreign currency exchange rates;
- changes in laws and policies that govern our foreign operations;
- possible failure to comply with anti-bribery laws such as the United States Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
- difficulty in establishing staffing and managing non-United States operations;
- different labor regulations;
- changes in environmental, health and safety laws;
- potentially negative consequences from changes in or interpretations of tax laws;
- political instability and actual or anticipated military or political conflicts;
- economic instability and inflation, recession or interest rate fluctuations; and
- uncertainties regarding judicial systems and procedures.

These factors make it more challenging to manage and administer a globally-dispersed business and, as a result, we must devote greater resources to operating under several regulatory and legislative regimes (See “Governmental Regulation and Licensing” in Item 1, “Business”). This business model also increases our costs.

We intend to develop and operate additional properties in the future and if our development efforts are not successful, our business may be adversely affected.

We regularly review opportunities to develop new properties. We may not be successful in obtaining the rights to develop such properties, and as a result, we may incur significant costs for which we will receive no return. Even if we are successful in obtaining the rights to develop new casino properties, commencing operations at new casino projects may require substantial development capital. Additional risks before commencing operations include the time and expense incurred and unforeseen difficulties in obtaining suitable sites, liquor licenses, building permits, materials, competent and able contractors, supplies, employees, gaming devices and related matters.

We may engage in construction projects as part of our development of additional properties in the future. Construction projects entail significant risks, which can substantially increase costs or delay completion of a project. Most of these factors are beyond our control. The occurrence of any of these development and construction risks could increase the total costs of our construction projects or delay or prevent the construction or opening or otherwise affect the design and features of our construction projects. This could materially adversely affect our plan of operations, financial condition and ability to satisfy our debt obligations.

In September 2016, we were selected by HRA as the successful applicant to own, build and operate Century Mile. We estimate this project will cost approximately CAD 50.0 million (\$37.2 million based on the exchange rate in effect as of December 31, 2016). Development activities such as Century Mile involve substantial risks, such as uncertainties regarding our ability to secure various licenses, permits and government authorizations, including from the AGLC, and expenses related to such activities, as well as the risks of potential cost over-runs, construction delays and market deterioration.

We may pursue gaming opportunities that would require us to obtain a gaming license. While our management believes that we are licensable in any jurisdiction that allows gaming operations, each licensing process is unique and requires a significant amount of funds and management time. The licensing process in any particular jurisdiction can take significant time and expense through licensing fees, background investigation costs, legal fees and other associated preparation costs. Moreover, if we proceed with a licensing approval process with industry partners, such industry partners would be subject to regulatory review as well. We seek to find industry partners that are licensable, but cannot assure that such partners will, in fact, be licensable. Certain licenses include competitive situations where, even if we and our industry partners are licensable, other factors such as the economic impact of gaming, financial and operational capabilities of competitors must be analyzed by regulatory authorities. In addition, political factors may make the licensing process more difficult. If any of our gaming license applications are denied, we may have to write off costs related to our investment in such application processes, which could be significant. In addition, our ability to attract and retain competent management and employees for any new location is critical to our success. One or more of these risks may result in any new gaming opportunity not being successful. If we are not able to successfully commence operations at these properties, our results of operations may be adversely affected.

Our reputation and business may be harmed by cyber security breaches, and we may be subject to legal claims if there is loss, disclosure or misappropriation of or access to our customers', our business partners' or our own information or other breaches of our information security.

We make use of online services and centralized data processing, including through third party service providers. The secure maintenance and transmission of customer information, including credit card numbers and other personally identifiable information for marketing and promotional purposes, is a critical element of our operations. Our collection and use of personal data are governed by state and federal privacy laws as well as the applicable laws in other countries in which we operate. Compliance with applicable privacy regulations may increase our operating costs or adversely impact our ability to market our products, properties and services to our guests.

Our information technology and other systems that maintain and transmit customer information, or those of service providers, or our employee or business information may be compromised by a malicious third party penetration of our network security, or that of a third party service provider or business partner, or by actions or inactions by our employees. As a result, information of our customers, third party service providers or business partners or our employee or business information may be lost, disclosed, accessed or taken without their or our consent. Non-compliance with applicable privacy regulations by us (or in some circumstances non-compliance by third parties engaged by us) or a breach of security on systems storing our data may result in a loss of customers and subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of data. The loss, disclosure or misappropriation of our business information may adversely affect our businesses, operating results and financial condition. Furthermore, a cyber security breach could have a serious impact on our reputation and may adversely affect our businesses, operating results and financial condition.

We may be adversely affected by reductions in discretionary consumer spending as a result of consumer concerns over economic conditions, homeland security, terrorism and war.

Our business may be adversely affected by international, national and local economic and political conditions. The volatile global economic environment has had and is continuing to have negative effects on our business because our business is largely impacted by discretionary consumer spending. For example, the Alberta, Canada, economy recently has been adversely affected by declines in oil prices. Reductions in discretionary consumer spending or changes in consumer preferences brought about by factors such as increased unemployment, perceived or actual deterioration in general economic conditions, housing market instability, perceived or actual decline in disposable consumer income and wealth, and changes in consumer confidence in the economy could reduce customer demand for the leisure activities we offer and may adversely affect our revenue and operating cash flow.

Terrorist attacks and other acts of war or hostility have created many economic and political uncertainties and have had a negative impact on travel and leisure expenditures, including gaming, lodging and tourism. For example, our locations in Poland are in close proximity to Ukraine and Russia. While we have not experienced any material impact from the acts of hostility between the two countries, an increase in those hostilities could adversely affect our casinos in Poland. We cannot predict the extent to which terrorism, security alerts or war, or hostilities in countries throughout the world will directly or indirectly affect our business and operating results, but the impact could be material.

Insufficient or lower-than-expected results generated from our new developments and acquired properties may negatively affect our operating results and financial condition.

Our acquisitions and new developments may not generate revenues that will be sufficient to pay related expenses, or, even if such revenues are sufficient to pay related expenses, the acquisitions and new developments may not yield an adequate return or any return on our significant investments. In addition, generating returns on acquisitions and new investments may take significantly longer than we expect and may negatively impact our operating results and financial condition. New facilities also may compete with existing facilities that we own and operate.

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Inclement weather and other conditions could seriously disrupt our business, which may hamper our financial condition and results of operations.

The operations of our facilities are subject to disruptions or reductions in the number of customers who visit our properties because of severe weather conditions. If weather conditions limit access to our casino properties or otherwise adversely impact our ability to operate our casinos at full capacity, our revenue will suffer, which will negatively impact our operating results. High winds, flooding, blizzards and sub-zero temperatures, such as those experienced in Colorado and Alberta from time to time, can limit access to our properties.

Our insurance coverage may not be adequate to cover all possible losses that our properties could suffer, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.

We may suffer damage to our property caused by a casualty loss (such as fire, natural disasters, acts of war or terrorism), that could severely disrupt our business or subject us to claims by third parties who are injured or harmed. Although we maintain insurance customary in our industry, including property, casualty, terrorism and business interruption insurance, that insurance is subject to deductibles and limits on maximum benefits, including limitations on the coverage period for business interruption. Due to these variables, we may not be able to fully insure such losses, or fully collect, if at all, on claims resulting from severe weather conditions. The lack of sufficient insurance for these types of acts could expose us to heavy losses if any damages occur, directly or indirectly, that could have a significant adverse impact on our operations.

We renew our insurance policies on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or agree to certain exclusions from our coverage or self-insure. Among other factors, regional political tensions, homeland security concerns, other catastrophic events or any change in government legislation governing insurance coverage for acts of terrorism could materially adversely affect available insurance coverage and result in increased premiums on available coverage (which may cause us to elect to reduce our policy limits), additional exclusions from coverage or higher deductibles. Among other potential future adverse changes, in the future we may elect to not, or may not be able to, obtain any coverage for losses due to acts of terrorism.

Our business, financial condition, and results of operations may be harmed by work stoppages and other labor issues.

There are 248 employees at our CPL casinos in Poland who belong to trade unions. The trade unions do not currently have any collective bargaining agreements with CPL but changes in pay for union employees at CPL require approval from the trade unions. A lengthy strike or other work stoppage at our casino properties in Poland could have an adverse effect on our business and results of operations. Our employees in the U.S. and Canada and in our Corporate and Other segment are not covered by collective bargaining agreements. From time to time, we have experienced attempts to unionize certain of our non-union employees. If a union seeks to organize any of our employees, we could experience disruption in our business and incur significant costs, both of which could have a material adverse effect on our results of operation and financial condition. If a union were successful in organizing any of our employees, we

could experience significant increases in our labor costs which could also have a material adverse effect on our business, financial condition, and results of operations.

Fluctuations in currency exchange rates and currency controls in foreign countries could adversely affect our business.

Our casinos in Canada and Poland represent a significant portion of our business, and the revenue generated and expenses incurred by these operations are generally denominated in Canadian dollars and Polish zloty, respectively. Decreases in the value of these currencies in relation to the value of the U.S. dollar have decreased the operating profit from our foreign operations when translated into U.S. dollars, which has adversely affected our consolidated results of operations, and such decreases may occur in the future. In addition, we may expand our operations into other countries and, accordingly, we could face similar exchange rate risk with respect to the costs of doing business in such countries as a result of any increases in the value of the U.S. dollar in relation to the currencies of such countries. We do not currently hedge our exposure to fluctuations of these foreign currencies, and there is no guarantee that we will be able to successfully hedge any future foreign currency exposure.

We have invested \$1.0 million in capital in the MCE project located in Argentina. In addition, we have a Consulting Services Agreement with MCE in which CCE will receive a service fee consisting of a fixed fee plus a percentage of MCE's EBITDA. Argentina has implemented currency controls within the country that could limit our ability to repatriate our initial capital, the consulting service fee, or other funds. In addition, U.S. tax laws currently limit our ability to repatriate non-U.S. earnings in a tax-efficient manner.

The loss of key personnel could have a material adverse effect on us.

We are highly dependent on the services of Erwin Haitzmann and Peter Hoetzing, our Co-Chief Executive Officers, and other members of our senior management team. The employment agreements with Erwin Haitzmann and Peter Hoetzing provide that, under some circumstances, the departure of one executive could allow the other to leave for cause. Our ability to retain key personnel is affected by the competitiveness of our compensation packages and the other terms and conditions of employment, our continued ability to compete effectively against other gaming companies and our growth prospects. The loss of the services of any of these individuals could have a material adverse effect on our business, financial condition and results of operations.

We may be required in the future to record impairment losses related to assets we currently carry on our balance sheet.

We have \$218 million of tangible and intangible assets, including \$13 million of goodwill, \$12 million in casino licenses, \$2 million in trademarks and \$141 million in property and equipment as of December 31, 2016. Accounting rules require that we make certain estimates and assumptions related to our determinations as to the future recoverability of these assets. If we were to determine that the values of these assets carried on our balance sheet are impaired due to adverse changes in our business or otherwise, we may be required to record an impairment charge to write down the value of these assets, which would adversely affect our results during the period in which we recorded the impairment charge.

The enactment of legislation implementing changes in the U.S. taxation of international business activities or the adoption of other tax reform policies could materially affect our financial position and results of operations.

The Trump administration has made public statements indicating that international tax reform is a priority. Certain changes to U.S. tax laws, including limitations on the ability to defer U.S. taxation on earnings outside of the U.S. until those earnings are repatriated to the U.S., could affect the tax treatment of our foreign earnings. In addition, the cash and cash equivalent balances we currently maintain outside of the U.S. could be affected. Due to our international business activities, any changes in the U.S. taxation of such activities may increase our worldwide effective tax rate and harm our financial position and results of operations.

We are or may become involved in legal proceedings that, if adversely adjudicated or settled, could impact our financial condition.

From time to time, we are defendants in various lawsuits and gaming regulatory proceedings relating to matters incidental to our business. As with all litigation, no assurance can be provided as to the outcome of these matters and, in general, litigation can be expensive and time consuming. We may not be successful in the defense or prosecution of our current or future legal proceedings, which could result in settlements or damages that could significantly impact our business, financial condition and results of operations.

In Poland, tax laws and other Polish laws and regulations change from time to time, sometimes with no reference to established regulations or cases. The current Polish laws and regulations also have ambiguities that lead to differences in interpretations between authorities and between authorities and companies. Taxes or other payments may frequently be inspected by Polish authorities that are authorized to impose significant fines, extra liabilities and interest for underpayments. As a result, our tax risk is higher in Poland than in countries with better-developed tax systems. Since Polish tax payments may be inspected for up to five years, the amounts included in our financial statements for Polish taxes may change at a later date after the final amounts are determined, and other Polish laws and regulations may lead to additional liabilities. We have open tax audits currently in litigation with the Polish Internal Revenue Service (“Polish IRS”), as described further in Item 3, “Legal Proceedings”. The Supreme Administrative Court in Poland found in favor of the Polish IRS in 2016 regarding certain open tax audits, and we are awaiting a decision from the Supreme Administrative Court relating to another open tax audit. Additional tax obligations as a result of the tax audits by the Polish IRS could adversely affect our financial position.

We are dependent upon technology services and electrical power to operate our business, and if we experience damage or service interruptions, we may have to cease some or all of our operations, resulting in a decrease in revenue.

Our gaming operations rely heavily on technology services and an uninterrupted supply of electrical power. Our security system and all of our slot machines are controlled by computers and reliant on electrical power to operate. A loss of electrical power or a failure of the technology services needed to run the computers would make us unable to run all or parts of our gaming operations. Any unscheduled interruption in our technology services or interruption in the supply of electrical power is likely to result in an immediate, and possibly substantial, loss of revenue due to a shutdown of our gaming operations. Although we have designed our systems around industry-standard architectures to reduce downtime in the event of outages or catastrophic occurrences, they remain vulnerable to damage or interruption from floods, fires, power loss, telecommunication failures, terrorist attacks, computer viruses, computer denial-of-service attacks and similar events. Additionally, substantial increases in the cost of electricity and natural gas could negatively affect our results of operations.

Any violation of the Foreign Corrupt Practices Act or any other similar anti-corruption laws could have a negative impact on us.

A significant portion of our revenue is derived from operations outside the United States, which exposes us to complex foreign and U.S. regulations inherent in doing cross-border business and in each of the countries in which we transact business. We are subject to compliance with the U.S. Foreign Corrupt Practices Act ("FCPA") and other similar anti-corruption laws, which generally prohibit companies and their intermediaries from making improper payments to foreign government officials for the purpose of obtaining or retaining business. While our employees and agents are required to comply with these laws, we cannot be sure that our internal policies and procedures will always protect us from violations of these laws, despite our commitment to legal compliance and corporate ethics. Violations of these laws may result in severe criminal and civil sanctions as well as other penalties, and the SEC and U.S. Department of Justice have increased their enforcement activities with respect to the FCPA. The occurrence or allegation of these types of risks may adversely affect our business, performance, prospects, value, financial condition, and results of operations.

Risks Related to Our Common Stock

Our stock price has been volatile and may decline significantly and unexpectedly.

Our common stock trades in the U.S. on the NASDAQ Capital Market, which consists of relatively small issuers and a lack of significant trading volumes relative to other U.S. markets. These factors may result in volatility in the price of our common stock. For instance, the trading price of our common stock on the NASDAQ Capital Market in 2015 and 2016 varied from a high of \$8.27 to a low of \$4.85.

Certain anti-takeover measures we have adopted may limit our ability to consummate transactions that some of our security holders might otherwise support.

We have a fair price business combination provision in our certificate of incorporation, which requires approval of certain business combinations and other transactions by holders of 80% of our outstanding shares of voting stock. In addition, our certificate of incorporation allows our board of directors to issue shares of preferred stock without stockholder approval. These provisions generally have the effect of requiring that any party seeking to acquire us negotiate with our board of directors in order to structure a business combination with us. This may have the effect of depressing the price of our common stock due to the possibility that certain transactions that our stockholders might favor could be precluded by these provisions.

Regulation Risk Related to Stockholders

Stockholders may be required to dispose of their shares of our common stock if they are found unsuitable by U.S. gaming authorities.

Gaming authorities in the U.S. and Canada generally can require that any beneficial owner of our common stock and other securities file an application for a finding of suitability. If a gaming authority requires a record or beneficial owner of our securities to file a suitability application, the owner must apply for a finding of suitability within 30 days or at an earlier time prescribed by the gaming authority. The gaming authority has the power to investigate an owner's suitability, and the owner must pay all costs of the investigation. If the owner is found unsuitable, then the owner may be required by law to dispose of our securities. Our certificate of incorporation also provides us with the right to repurchase shares of our common stock from certain beneficial owners declared by gaming regulators to be unsuitable holders of our equity securities, and the price we pay to any such beneficial owner may be below the price such beneficial owner would otherwise accept for his or her shares of our common stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The following table sets forth the location, applicable reportable segment, size and description of certain types of gaming facilities available at each of our casinos as of December 31, 2016:

Summary of Property Information

Property	Segment	Casino Space Sq Ft	Acreeage	Number of Slot Machines	Number of Video Lottery Terminals	Number of Tables	Number of Off-Track Betting Parlors
Century Casino & Hotel – Edmonton	Canada	31,500	6	777	17	35	0
Century Casino – St. Albert	Canada	13,600	5.5	381	12	11	0
Century Casino – Calgary	Canada	20,000	8	504	25	16	1
Century Downs Racetrack and Casino	Canada	22,000	57.3	550	7	0	1
Century Bets! Inc. (1)	Canada	0	0	0	0	0	18
Century Casino & Hotel – Central City	United States	22,350	1.3	497	0	8	0
Century Casino & Hotel – Cripple Creek	United States	19,600	3.5	446	0	6	0
Casinos Poland – Poland (2)	Poland	36,500	0	495	0	75	0
Cruise Ships (total of 13) (3)	Corporate and Other	16,000	0	221	0	42	0
Hilton Aruba Caribbean Resort & Casino (4)	Corporate and Other	16,000	15	200	0	16	0
Mendoza Central Entretenimientos S.A. (5)	Corporate and Other	23,000	0	600	0	0	0

(1) Century Bets! Inc. runs the pari-mutuel network in southern Alberta. The off-track betting parlors are located throughout southern Alberta, including in Century Casinos – Calgary and Century Downs Racetrack and Casino.

(2) Casinos Poland operates eight separate casinos in leased building spaces, including hotels, throughout Poland. For the locations of these casinos, see “Overview of Operations - Poland” in Item 1, “Business” of this report.

(3) Operated under concession agreements. We do not own the ships on which our casinos operate.

(4) Operated under a casino management agreement. We do not own the hotel in which the casino operates.

(5) Operated under a consulting services agreement. We do not own the building in which the casino operates.

Each of the locations listed in the table above are wholly-owned by us except for Century Downs Racetrack and Casino, Century Bets! Inc., the casinos operated by Casinos Poland, the cruise ships, the Hilton Aruba Caribbean Resort & Casino and Mendoza Central Entretenimientos S.A.

As of December 31, 2016, the Century Casino & Hotel in Edmonton, Century Casino St. Albert and Century Casino in Calgary and our 75% share of Century Downs are pledged as collateral for our obligations under a mortgage with the Bank of Montreal. As of December 31, 2016, a parcel of land in Kolbaskowo, Poland owned by Casinos Poland was used to secure a bank guarantee with mBank, and a building in Warsaw, Poland owned by Casinos Poland was used to secure a line of credit with BPH Bank. See Note 7 to the Consolidated Financial Statements included in Item 8, “Financial Statements and Supplementary Data” of this report.

Additional Property Information

Century Casino Calgary – In addition to the property described above, we currently lease approximately 28,900 square feet of land at our property in Calgary for additional parking.

Century Downs Racetrack and Casino – The land on which the REC is located was sold by CDR to 1685258 Alberta Ltd. (“Rosebridge”) prior to our acquisition of our ownership interest in CDR. CDR leases from Rosebridge the 57.3 acres on which the REC is located.

Century Bets – Century Bets currently leases approximately 625 square feet of office space from Century Casino & Hotel Edmonton for administrative purposes.

Corporate Offices – We currently lease approximately 5,700 square feet of office space in Colorado Springs, Colorado and approximately 2,500 square feet of office space in Vienna, Austria for corporate and administrative purposes.

Item 3. Legal Proceedings.

We are not a party to any pending litigation that, in management’s opinion, could have a material effect on our financial position or results of operations except as follows.

Since 2011, the Polish IRS has conducted a series of tax audits of CPL to review the calculation and payment of personal income tax by CPL employees for periods ranging from 2007 to 2011. The Polish IRS has asserted that CPL should calculate, collect and remit to the Polish IRS personal income tax on tips received by CPL employees from casino customers and has prevailed in several court challenges by CPL. Through December 31, 2016, CPL has paid PLN 6.4 million (\$2.1 million) to the Polish IRS related to these audits. As a result of one court decision currently on appeal, CPL’s tax records for 2009 remain open for audit.

The Polish IRS did not conduct a tax audit for the period from January 1, 2010 to November 30, 2010, and the statute of limitations has passed for an audit to be conducted. As a result, we adjusted our contingent liability related to the CPL taxes to remove the estimated taxes accrued for the 2010 tax year. The adjustment reduced the contingent liability by PLN 3.4 million (\$0.9 million) in December 2015 and was recorded as gain on foreign currency and other on our consolidated statement of earnings (loss) during the fourth quarter of the year ended December 31, 2015. In December 2016, the Polish IRS began a tax audit of December 2010 and the remaining open portion of the 2011 fiscal year. CPL will pay PLN 2.9 (\$0.7 million based on the exchange rate in effect on December 31, 2016) related to this audit in March 2017, and plans to file an appeal of this audit in 2017.

The balance of the estimated potential contingent liability on our consolidated balance sheet for all open periods as of December 31, 2016 is PLN 8.8 million (\$2.1 million based on the exchange rate in effect on December 31, 2016). We have evaluated the contingent liability recorded on our consolidated balance sheet as of December 31, 2016 and have concluded that it is properly accrued in light of our estimated obligation related to personal income tax on tips as of December 31, 2016. Additional court decisions and other proceedings by the Polish IRS may expose us to additional employment tax obligations in the future. Any additional tax obligations are not probable or estimable, and we have not recorded any additional obligation related to such taxes as of December 31, 2016. Additional tax obligations assessed in the future as a result of these matters, if any, may be material to our financial position, results of operations and cash flows. To comply with court decisions and to reduce the likelihood of future employment tax assessments, we changed our payroll and withholding process pertaining to tips received by CPL employees in the third quarter of 2016.

In October 2016, we filed a motion for arbitration in Poland against LOT Polish Airlines, which previously owned a 33.3% interest in CPL that it sold to us in 2013. We are seeking to collect amounts owed to us by LOT Polish Airlines in connection with the payments made to the Polish IRS for the tax periods December 1, 2007 to December 31, 2008 and January 1, 2011 to January 31, 2011. The arbitration is pending.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded in the United States on the NASDAQ Capital Market under the symbol “CNTY”.

The following graph illustrates the cumulative shareholder return of our common stock during the period beginning December 31, 2011 through December 31, 2016, and compares it to the cumulative total return on the NASDAQ and the Dow Jones US Gambling Index. The comparison assumes a \$100 investment on December 31, 2011, in our common stock and in each of the foregoing indices, and assumes reinvestment of dividends, if any. This table is not intended to forecast future performance of our common stock.

	12/11	12/12	12/13	12/14	12/15	12/16
CNTY	100.00	112.25	205.93	199.60	307.51	325.30
NASDAQ	100.00	115.91	160.32	181.80	192.21	206.63
Dow Jones US Gambling Index	100.00	108.18	176.84	141.75	107.13	131.07

The following table sets forth the low and high sales price per share of our common stock as reported on the NASDAQ Capital Market for the periods indicated.

	2016		2015	
	High	Low	High	Low
First Quarter	\$7.80	\$5.34	\$6.29	\$4.85
Second Quarter	\$6.96	\$5.40	\$6.45	\$5.15
Third Quarter	\$6.93	\$5.85	\$7.07	\$5.60
Fourth Quarter	\$8.27	\$6.00	\$7.84	\$5.82

No dividends have been declared or paid by us. Declaration and payment of dividends, if any, in the future will be at the discretion of the board of directors. At the present time, we intend to use any earnings that may be generated to finance the growth of our business.

At March 3, 2017, we had 132 holders of record of our common stock.

In March 2000, our board of directors approved and announced a discretionary program to repurchase up to \$5.0 million of our outstanding common stock. In November 2009, our board of directors approved an increase of the amount available to be repurchased under the program to \$15.0 million. The amount available for repurchase as of December 31, 2016 is \$14.7 million. The repurchase program has no set expiration or termination date. No repurchases were made during the year ended December 31, 2016.

Item 6. Selected Financial Data.

The selected financial data should be read in conjunction with Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and Part II, Item 8, “Financial Statements and Supplementary Data”, of this Form 10-K.

Amounts in thousands, except for share information	For the year ended December 31,				
	2016 (1)	2015 (2)	2014	2013 (3)	2012
Results of Operations:					
Net operating revenue	\$ 139,234	\$ 133,734	\$ 120,048	\$ 104,588	\$ 71,828
Earnings from operations	16,165	15,796	2,657	5,483	5,776
Net (earnings) loss attributable to non-controlling interests	(4,598)	(1,471)	2,321	106	0
Net earnings attributable to Century Casinos, Inc. shareholders	9,215	11,520	1,232	6,181	4,091
Adjusted EBITDA (4)	\$ 25,762	\$ 22,798	\$ 12,850	\$ 12,685	\$ 10,563
Basic earnings per share:					
Earnings from continuing operations	\$ 0.66	\$ 0.65	\$ 0.11	\$ 0.23	\$ 0.24
Net earnings attributable to Century Casinos, Inc. shareholders	\$ 0.38	\$ 0.47	\$ 0.05	\$ 0.26	\$ 0.17
Diluted earnings per share:					
Earnings from continuing operations	\$ 0.66	\$ 0.65	\$ 0.11	\$ 0.23	\$ 0.24
Net earnings attributable to Century Casinos, Inc. shareholders	\$ 0.37	\$ 0.47	\$ 0.05	\$ 0.26	\$ 0.17
Balance Sheet:					
Cash and cash equivalents	\$ 38,837	\$ 29,366	\$ 24,741	\$ 27,348	\$ 24,747
Total assets	217,838	186,424	187,112	190,303	136,851
Long-term debt	55,609	36,520	37,894	33,738	3,079
Total liabilities	79,254	59,637	64,686	60,853	18,695
Non-controlling interest	6,388	4,737	3,998	7,641	0
Total Century Casinos, Inc. shareholders' equity	\$ 132,196	\$ 122,050	\$ 118,428	\$ 121,809	\$ 118,156

- (1) In October 2016, we began operation of Century Casino St. Albert. We also adopted Accounting Standard Update (“ASU”) No. 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes (“ASU 2015-17”) on a prospective basis as of December 31, 2016. As permitted by the standard, no prior periods have been restated in this report. As a result of the adoption of ASU 2015-17, we netted our deferred taxes into a long-term deferred tax asset. As of December 31, 2015, we had deferred tax liabilities of \$3.6 million reported on our consolidated balance sheet.
- (2) In April 2015, we began operations of CDR’s casino and racetrack. In June 2015, we recorded \$3.4 million in net operating revenue from the \$4.0 million consideration for the early termination of our Oceania and Regent concession agreements net of \$0.6 million in assets sold to Norwegian as part of the termination agreement. We have corrected our consolidated balance sheet and statement of earnings for the year ended December 31, 2015, as detailed below.
- (3) In April 2013, we purchased an additional 33.3% ownership interest in CPL and began consolidating CPL as a majority-owned subsidiary for which we have a controlling financial interest and we recorded a gain on business

combination of \$2.1 million associated with the purchase. Additionally, we recorded a gain on business combination of \$0.4 million associated with the CDR acquisition in December 2013.

- (4) A reconciliation of Adjusted EBITDA to Net earnings attributable to Century Casinos, Inc. shareholders is presented below.

We have not declared or paid dividends in any of the years presented above.

Correction of Consolidated Balance Sheet as of December 31, 2015 and Statement of Earnings for the Year Ended December 31, 2015

We identified an error in our balance sheet as of December 31, 2015 and our statement of earnings for the year then ended. We erroneously recognized pari-mutuel revenue at CBS totaling \$0.7 million in our statement of earnings for the year ended December 31, 2015 and a corresponding account receivable in the same amount on our balance sheet as of December 31, 2015. The consolidated balance sheet as of December 31, 2015 and the statement of earnings for the year then ended presented in Part II, Item 8, "Financial Statements and Supplementary Data", of this report, have been revised to reflect the correct balances. In addition, Note 1 to the Consolidated Financial Statements included in Part II, Item 8, Financial Statements and Supplementary Data" of this report presents the impact of these corrections on our 2015 consolidated financial statements as previously reported by us.

Non-GAAP Measures – Adjusted EBITDA

We define Adjusted EBITDA as net earnings (loss) attributable to Century Casinos, Inc. shareholders before interest expense (income), net, income taxes (benefit), depreciation, amortization, non-controlling interest (earnings) losses and transactions, pre-opening expenses, acquisition costs, non-cash stock-based compensation charges, asset impairment costs, (gain) loss on disposition of fixed assets, discontinued operations, (gain) loss on foreign currency transactions and other, gain on business combination and certain other one-time transactions. Intercompany transactions consisting primarily of management and royalty fees and interest, along with their related tax effects, are excluded from the presentation of net earnings (loss) and Adjusted EBITDA reported for each segment. Not all of the aforementioned items occur in each reporting period, but have been included in the definition based on historical activity. These adjustments have no effect on the consolidated results as reported under US GAAP. Adjusted EBITDA is not considered a measure of performance recognized under US GAAP.

Management believes that Adjusted EBITDA is a valuable measure of the relative performance of the Company and its properties. The gaming industry commonly uses Adjusted EBITDA as a method of arriving at the economic value of a casino operation. Management uses Adjusted EBITDA to forecast and evaluate the operational performance of the Company and its properties as well as to compare results of current periods to prior periods. Management believes that presenting Adjusted EBITDA to investors provides them with information used by management for financial and operational decision making in order to understand the Company's operating performance and evaluate the methodology used by management to evaluate and measure such performance. Management believes that using Adjusted EBITDA is a useful way to compare the relative operating performance of separate reporting segments by eliminating the above mentioned items associated with the varying levels of capital expenditures for infrastructure required to generate revenue, and the often high cost of acquiring existing operations. Our computation of Adjusted EBITDA may be different from, and therefore may not be comparable to, similar measures used by other companies within the gaming industry.

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The reconciliation of Adjusted EBITDA to net earnings (loss) attributable to Century Casinos, Inc. shareholders is presented below.

	For the year ended December 31, 2016				
	Canada	United States	Poland	Corporate and Other	Total
Net earnings (loss) attributable to Century Casinos, Inc. shareholders	\$ 8,448	\$ 2,890	\$ 2,921	\$ (5,044)	\$ 9,215
Interest expense (income), net	3,037	2	71	(22)	3,088
Income taxes (benefit)	796	1,815	1,265	(2,089)	1,787
Depreciation and amortization	3,049	2,488	2,430	382	8,349
Non-controlling interest	3,137	0	1,461	0	4,598
Non-cash stock-based compensation	0	0	0	759	759
(Gain) loss on foreign currency transactions, cost recovery income and other	(2,232)	0	(310)	19	(2,523)
Loss on disposition of fixed assets	27	2	301	0	330
Acquisition costs	0	0	0	159	159
Adjusted EBITDA	\$ 16,262	\$ 7,197	\$ 8,139	\$ (5,836)	\$ 25,762

	For the year ended December 31, 2015				
	Canada	United States	Poland	Corporate and Other	Total
Net earnings (loss) attributable to Century Casinos, Inc. shareholders	\$ 7,432	\$ 2,381	\$ 2,899	\$ (1,192)	\$ 11,520
Interest expense (income), net	3,160	1	129	(13)	3,277
Income taxes (benefit)	1,929	1,461	1,136	(2,872)	1,654
Depreciation and amortization	2,472	2,558	2,571	398	7,999
Non-controlling interest	23	0	1,448	0	1,471
Non-cash stock-based compensation	0	0	0	1,641	1,641
(Gain) loss on foreign currency transactions, cost recovery income and other	(685)	0	(1,444)	3	(2,126)
Loss on disposition of fixed assets	11	0	341	30	382
Preopening expenses	345	0	0	0	345
Other one-time (income) costs	0	0	0	(3,365)	(3,365)
Adjusted EBITDA	\$ 14,687	\$ 6,401	\$ 7,080	\$ (5,370)	\$ 22,798

Other one-time (income) costs for the year ended December 31, 2015 for Corporate and Other were attributable to the termination of the Oceania and Regent concession agreements.

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For the year ended December 31, 2014

	Canada	United States	Poland	Corporate and Other	Total
Net earnings (loss) attributable to Century Casinos, Inc. shareholders	\$ 6,446	\$ 1,283	\$ (112)	\$ (6,385)	\$ 1,232
Interest expense (income), net	2,473	1	319	(37)	2,756
Income taxes (benefit)	1,971	786	25	(1,275)	1,507
Depreciation and amortization	1,910	2,419	2,839	667	7,835
Non-controlling interest	(2,267)	0	(54)	0	(2,321)
Non-cash stock-based compensation	0	0	0	1,028	1,028
(Gain) loss on foreign currency transactions, cost recovery income and other	(193)	0	(342)	18	(517)
Loss on disposition of fixed assets	2	39	587	3	631
Acquisition costs	115	0	0	266	381
Other one-time (income) costs	(103)	0	421	0	318
Adjusted EBITDA	\$ 10,354	\$ 4,528	\$ 3,683	\$ (5,715)	\$ 12,850

Other one-time (income) costs for the year ended December 31, 2014 for Canada were insurance proceeds and for Poland were the costs associated with relocating the Poznan casino to Hotel Andersia and the write-off of the Sosnowiec casino license.

For the year ended December 31, 2013

	Canada	United States	Poland	Corporate and Other	Total
Net earnings (loss) attributable to Century Casinos, Inc. shareholders	\$ 5,670	\$ 2,229	\$ 12	\$ (1,730)	\$ 6,181
Interest expense (income), net	584	0	374	(48)	910
Income taxes (benefit)	1,643	1,365	145	(1,859)	1,294
Depreciation and amortization	1,948	2,225	1,903	523	6,599
Non-controlling interest	(112)	0	6	0	(106)
Non-cash stock-based compensation	0	0	0	33	33
(Gain) loss on foreign currency transactions, cost recovery income and other	(41)	0	(204)	(73)	(318)
Loss on disposition of fixed assets	3	24	505	38	570
Acquisition costs	0	0	0	49	49
Other one-time (income) costs	(57)	0	8	(2,478)	(2,527)
Adjusted EBITDA	\$ 9,638	\$ 5,843	\$ 2,749	\$ (5,545)	\$ 12,685

Other one-time (income) costs for the year ended December 31, 2013 for Canada were insurance proceeds, for Poland were the impairment of long-lived assets and for Corporate and Other were the gain on bargain purchase recorded for the additional 33.3% ownership interest in CPL and the 15% ownership interest in CDR.

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	For the year ended December 31, 2012			
	Canada	United States	Corporate and Other	Total
Net earnings (loss) attributable to Century Casinos, Inc. shareholders	\$ 4,161	\$ 2,415	\$ (2,485)	\$ 4,091
Interest expense (income), net	643	0	(10)	633
Income taxes (benefit)	1,478	1,478	(1,928)	1,028
Depreciation and amortization	1,870	2,357	530	4,757
Non-cash stock-based compensation	0	0	(4)	(4)
(Gain) loss on foreign currency transactions, cost recovery income and other	29	0	(5)	24
Loss on disposition of fixed assets	6	10	16	32
Other one-time (income) costs	0	0	2	2
Adjusted EBITDA	\$ 8,187	\$ 6,260	\$ (3,884)	\$ 10,563

Other one-time (income) costs for the year ended December 31, 2012 for Corporate and Other were the impairment of long-lived assets. Prior to our acquisition of an additional 33.3% ownership interest in CPL in April 2013 and the creation of our Poland segment, we accounted for our CPL investment under the equity method. In 2012, earnings and losses related to the equity investment in CPL were reported in the Corporate and Other segment.

Non-GAAP Measures – Net Debt

We define Net Debt as total long-term debt (including current portion) plus deferred financing costs minus cash and cash equivalents. Net Debt is not considered a liquidity measure recognized under US GAAP. Management believes that Net Debt is a valuable measure of our overall financial situation. Net Debt provides investors with an indication of our ability to pay off all of our long-term debt if it became due simultaneously. The reconciliation of Net Debt is presented below.

Amounts in thousands	December 31, 2016	December 31, 2015
Total long-term debt, including current portion	\$ 55,609	\$ 36,520
Deferred financing costs	412	261
Total principal	\$ 56,021	\$ 36,781
Less: cash and cash equivalents	\$ 38,837	\$ 29,366

Net Debt \$ 17,184 \$ 7,415

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with Part II, Item 8, "Financial Statements and Supplementary Data" of this report. Information contained in the following discussion of our results of operations and financial condition contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, and, as such, is based on current expectations and is subject to certain risks and uncertainties. The reader should not place undue reliance on these forward-looking statements for many reasons, including those risks discussed under Item 1A, "Risk Factors," and elsewhere in this document. See "Disclosure Regarding Forward-Looking Statements" that precedes Part I of this report. We undertake no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise.

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References in this item to “we,” “our,” or “us” are to the Company and its subsidiaries on a consolidated basis unless the context otherwise requires. The term “USD” refers to US dollars, the term “CAD” refers to Canadian dollars and the term “PLN” refers to Polish Zloty. Certain terms used in this Item 7 without definition are defined in Item 1, “Business” of this report.

Amounts presented in this Item 7 are rounded. As such, there may be rounding differences in period over period changes and percentages reported throughout this Item 7.

The discussion in this Item 7 relates to our financial statements after giving effect to the corrections to our 2015 consolidated financial statements as described in Part II, Item 6, “Selected Financial Data” and Note 1 to the Consolidated Financial Statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this report.

EXECUTIVE OVERVIEW

Overview

Since our inception in 1992, we have been primarily engaged in developing and operating gaming establishments and related lodging, restaurant and entertainment facilities. Our primary source of revenue is from the net proceeds of our gaming machines and tables, with ancillary revenue generated from hotel, restaurant, horse racing (including off-track betting), bowling and entertainment facilities that are in most instances a part of the casinos.

We view each casino property as a separate operating segment and aggregate all such properties into three reportable segments based on the geographical locations in which our casinos operate: Canada, United States and Poland. We have additional business activities including concession agreements, management agreements, consulting agreements and certain other corporate and management operations that we report as Corporate and Other.

The table below provides information about the aggregation of our operating segments into reportable segments:

Reportable Segment	Operating Segment
Canada	Century Casino & Hotel - Edmonton
Canada	Century Casino St. Albert
Canada	Century Casino Calgary
Canada	Century Downs Racetrack and Casino
Canada	Century Bets
United States	Century Casino & Hotel - Central City
United States	Century Casino & Hotel - Cripple Creek
Poland	Casinos Poland
Corporate and Other	Cruise Ships & Other
Corporate and Other	Corporate Other

The following operating segments are owned, operated and managed through wholly-owned subsidiaries:

- The Century Casino & Hotel in Edmonton, Alberta, Canada;
- The Century Casino St. Albert in Edmonton, Alberta, Canada;
- The Century Casino Calgary in Calgary, Alberta, Canada;
- The Century Casino & Hotel in Central City, Colorado; and
- The Century Casino & Hotel in Cripple Creek, Colorado.

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On October 1, 2016, our subsidiary Century Casino St. Albert Inc. acquired the Apex Casino in Edmonton, Alberta, Canada (the “Apex Acquisition”) and renamed the casino Century Casino St. Albert. CSA is a 34,500 square foot casino facility located on approximately six acres of land that includes 381 slot machines, 11 live table games, 12 video lottery terminals, a restaurant, a bar, a lounge and a banquet facility that can accommodate up to 175 guests. The base purchase price for the acquisition was CAD 29.9 million (\$22.8 million based on the exchange rate as of October 1, 2016). Under the purchase agreement, we were required to pay the excess working capital if working capital at closing exceeded CAD 2.0 million (\$1.5 million based on the exchange rate in effect on October 1, 2016). Working capital was calculated as CAD 4.0 million (\$3.1 million based on the exchange rate in effect on October 1, 2016) and we recorded the CAD 2.0 million (\$1.5 million based on the exchange rate in effect on December 31, 2016) as an accrued liability on our consolidated balance sheet for the year ended December 31, 2016. We paid this working capital adjustment in February 2017.

We have controlling financial interests through our subsidiary CCE in the following operating segments:

- We have a 66.6% ownership interest in CPL and we consolidate CPL as a majority-owned subsidiary for which we have a controlling financial interest. Polish Airports owns the remaining 33.3% of CPL. We account for and report the 33.3% Polish Airports ownership interest as a non-controlling financial interest. CPL has been in operation since 1989 and is the owner and operator of eight casinos throughout Poland.

We were granted a new casino license at the LIM Center in Warsaw that expires in October 2022 to replace the casino license that expired in September 2016. The casino license at the Katowice casino expired in July 2016 and casino operations at the Katowice casino were moved to the Sosnowiec casino.

- We have a 75% ownership interest in CDR and we consolidate CDR as a majority-owned subsidiary for which we have a controlling financial interest. We account for and report the remaining 25% ownership interest in CDR as a non-controlling financial interest. CDR operates Century Downs Racetrack and Casino, a REC in Balzac, a north metropolitan area of Calgary, Alberta, Canada. CDR’s casino and racetrack opened in April 2015. CDR is the only horse racetrack in the Calgary area and is located less than one-mile north of the city limits of Calgary and 4.5 miles from the Calgary International Airport.
- We have a 75% ownership interest in CBS and we consolidate CBS as a majority-owned subsidiary for which we have a controlling financial interest. Rocky Mountain Turf Club (“RMTC”) owns the remaining 25% of CBS. We account for and report the 25% ownership interest of RMTC in CBS as a non-controlling financial interest. CBS began operating the pari-mutuel network in May 2015. The pari-mutuel network consists of sourcing of common pool pari-mutuel wagering content and live video to off-track betting parlors throughout southern Alberta.

The following agreements make up the operating segment Cruise Ships & Other in the Corporate and Other reportable segment:

- We operate 13 ship-based casinos through concession agreements with four cruise lines.

In June 2016, we began operating the ship-based casinos onboard the Mein Schiff 5, a new 2,500 passenger cruise ship, and the TUI Discovery, a 2,067 passenger cruise ship. Under an amended concession agreement with TUI Cruises, we also plan to operate the ship-based casino onboard Mein Schiff 6, a new 2,500 passenger cruise ship scheduled to begin operations in the third quarter of 2017.

Under a concession agreement with Diamond, we began operating the ship-based casino onboard Glory Sea, a 1,200 passenger cruise ship, in July 2016. Glory Sea operates in the Chinese cruise market with four-day trips between China, South Korea and Japan. In connection with the operation of the ship-based casino onboard Glory Sea, we also entered into a Cooperation Agreement with Dynamic in July 2016. Under this agreement, Dynamic markets and promotes the casino to VIP players along with facilitating our concession agreement with Diamond, for which we pay Dynamic a portion of the net profit from the casino onboard Glory Sea.

In March 2015, we mutually agreed with Norwegian to terminate our concession agreements with Oceania and Regent, indirect subsidiaries of Norwegian, effective June 1, 2015. We transitioned operations of the eight ship-based casinos that we operated onboard Oceania and Regent vessels to Norwegian in the second quarter of 2015.

In March 2015, we also entered into a two-year consulting agreement with Norwegian, which became effective June 1, 2015. Under the consulting agreement, we are providing limited consulting services for the ship-based casinos of Oceania and Regent in exchange for receiving a consulting fee of \$2.0 million, which is payable \$250,000 per quarter through the second quarter of 2017.

- We have a management agreement to direct the operation of the casino at the Hilton Aruba Caribbean Resort & Casino from which we receive a monthly management fee. The management agreement ends in December 2017, and we do not anticipate renewing the agreement. We received management fees totaling \$0.5 million related to this agreement for the year ended December 31, 2016.
- Through our subsidiary CCE, we have a 7.5% ownership interest in MCE and we report our ownership interest using the cost method of accounting. MCE has an exclusive concession agreement with IPJC to lease slot machines and provide related services to Casino de Mendoza, a casino located in Mendoza, Argentina, and owned by the Province of Mendoza. MCE may also pursue other gaming opportunities. CCE has appointed one director to MCE's board of directors and has a three-year option through October 2017 to purchase up to 50% of the shares of MCE. The option can be exercised by CCE in tranches of shares, with each tranche representing not less than ten percent of the total outstanding shares of MCE. The exercise price of the shares is based upon the value of MCE at the time the option is exercised, which value is determined by a multiple of MCE's EBITDA less certain debt. There are no conditions that limit CCE's ability to exercise this option. In addition, CCE and MCE have entered into a consulting service agreement pursuant to which CCE provides advice on casino matters and receives a service fee consisting of a fixed fee plus a percentage of MCE's EBITDA.

Additional Projects Under Development

In September 2016, we were selected by HRA as the successful applicant to own, build and operate a horse racing facility in the Edmonton market area, which we are planning to operate as Century Mile. Century Mile will be a one-mile horse racetrack and a multi-level REC. The proposed location is on Edmonton International Airport land and close to the city of Leduc, south of Edmonton. We estimate that this project will cost approximately CAD 50.0 million (\$37.2 million based on the exchange rate in effect as of December 31, 2016) and construction will take approximately 15 months to complete. Commencement of construction of the Century Mile project is subject to, among other things, our obtaining financing and the receipt of further regulatory and governmental approvals, including but not limited to approval from the AGLC.

We are planning a restoration and expansion project at the historic Palace Hotel that we own in Cripple Creek, Colorado, which would include adding 32 hotel rooms, an atrium, a coffee shop and a fitness room to the property. We estimate that this project will cost approximately \$6.5 million and be completed in early 2018. Completion of the Palace Hotel project is subject to our obtaining financing, which we are currently negotiating.

Presentation of Foreign Currency Amounts - The average exchange rates to the U.S. dollar used to translate balances during each reported period are as follows:

Average Rates	For the year			% Change	
	ended December 31,			2016/2015	2015/2014
	2016	2015	2014		
Canadian dollar (CAD)	1.3256	1.2786	1.1046	(3.7%)	(15.8%)
Euros (EUR)	0.9041	0.9014	0.7539	(0.3%)	(19.6%)
Polish zloty (PLN)	3.9455	3.7706	3.1558	(4.6%)	(19.5%)

Source: Pacific Exchange Rate Service

We recognize in our statement of earnings (loss), foreign currency transaction gains or losses resulting from the translation of casino operations and other transactions that are denominated in a currency other than U.S. dollars. Our casinos in Canada and Poland represent a significant portion of our business, and the revenue generated and expenses incurred by these operations are generally denominated in Canadian dollars and Polish zloty. A decrease in the value of these currencies in relation to the value of the U.S. dollar would decrease the earnings from our foreign operations when translated into U.S. dollars. An increase in the value of these currencies in relation to the value of the U.S. dollar would increase the earnings from our foreign operations when translated into U.S. dollars. See Note 2, "Significant Accounting Policies - Foreign Currency Translation" to the Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this report.

DISCUSSION OF RESULTS

Years ended December 31, 2016, 2015 and 2014

Century Casinos, Inc. and Subsidiaries

	For the year ended December 31,			2016/2015		2015/2014	
	2016	2015	2014	\$ Change	% Change	\$ Change	% Change
Amounts in thousands							
Gaming Revenue	\$ 123,355	\$ 116,933	\$ 109,889	\$ 6,422	5.5%	\$ 7,044	6.4%
Hotel Revenue	1,906	1,681	1,636	225	13.4%	45	2.8%
Food and Beverage Revenue	12,500	12,003	10,988	497	4.1%	1,015	9.2%
Termination of Concession Agreements	0	3,365	0	(3,365)	(100.0%)	3,365	100.0%
Other Revenue	10,416	8,201	5,525	2,215	27.0%	2,676	48.4%
Gross Revenue	148,177	142,183	128,038	5,994	4.2%	14,145	11.0%
Less Promotional Allowances	(8,943)	(8,449)	(7,990)	494	5.8%	459	5.7%
Net Operating Revenue	139,234	133,734	120,048	5,500	4.1%	13,686	11.4%
Gaming Expenses	(58,928)	(56,364)	(60,782)	2,564	4.5%	(4,418)	(7.3%)
Hotel Expenses	(541)	(561)	(590)	(20)	(3.6%)	(29)	(4.9%)
Food and Beverage Expenses	(10,945)	(10,267)	(9,252)	678	6.6%	1,015	11.0%
General and Administrative Expenses	(44,306)	(42,747)	(38,932)	1,559	3.6%	3,815	9.8%
Total Operating Costs and Expenses	(123,069)	(117,938)	(117,391)	5,131	4.4%	547	0.5%
Earnings from Operations	16,165	15,796	2,657	369	2.3%	13,139	494.5%
Non-controlling Interest	(4,598)	(1,471)	2,321	3,127	212.6%	3,792	163.4%
Net Earnings Attributable to Century Casinos, Inc. Shareholders	9,215	11,520	1,232	(2,305)	(20.0%)	10,288	835.1%
Adjusted EBITDA (1)	\$ 25,762	\$ 22,798	\$ 12,850	\$ 2,964	13.0%	\$ 9,948	77.4%
Earnings Per Share Attributable to Century Casinos, Inc. Shareholders							
Basic Earnings Per Share	\$ 0.38	\$ 0.47	\$ 0.05	\$ (0.09)	(19.1%)	\$ 0.42	840.0%
Diluted Earnings Per Share	\$ 0.37	\$ 0.47	\$ 0.05	\$ (0.10)	(21.3%)	\$ 0.42	840.0%

(1) For a discussion of Adjusted EBITDA and reconciliation of Adjusted EBITDA to net earnings (loss) attributable to Century Casinos, Inc. shareholders, see Item 6, "Selected Financial Data" of this report.

Factors impacting year-over-year comparability of the results include the following:

- In March 2015, we acquired an additional 60% ownership interest in CDR through the conversion of CAD 11.0 million in loans we made to CDR. We now own 75% of CDR. The non-controlling interest in CDR was 85% through March 19, 2015 and 25% beginning as of March 20, 2015. The casino and racetrack at CDR began operating in April 2015.

CDR contributed \$16.0 million in net operating revenue and \$3.7 million in net earnings for the year ended December 31, 2016, \$12.0 million in net operating revenue and \$1.5 million in net earnings for the year ended December 31, 2015 and \$0.5 million in net operating revenue and \$0.1 million in net earnings for the year ended December 31, 2014. CDR is reported in the Canada reportable segment.

- CBS began operating the southern Alberta pari-mutuel network in May 2015. We have a 75% ownership interest in CBS.

CBS contributed a total of \$3.0 million in net operating revenue and \$0.2 million in net earnings for the year ended December 31, 2016 and \$2.2 million in net operating revenue and \$0.1 million in net earnings for the year ended December 31, 2015. CBS is reported in the Canada reportable segment.

- We recorded \$3.4 million in net operating revenue and net earnings for the year ended December 31, 2015 in the Corporate and Other segment, related to the \$4.0 million consideration for the termination of the Oceania and Regent concession agreements net of \$0.6 million of assets sold as part of the agreement. This is included in the Corporate and Other segment.

- We began operating CSA in October 2016.

CSA contributed a total of \$2.0 million in net operating revenue and \$0.3 million in net earnings for the year ended December 31, 2016. CSA is reported in the Canada reportable segment.

Net operating revenue increased by \$5.5 million, or 4.1%, and by \$13.7 million, or 11.4%, for the year ended December 31, 2016 compared to the year ended December 31, 2015 and for the year ended December 31, 2015 compared to the year ended December 31, 2014, respectively. Following is a breakout of net operating revenue by segment for the year ended December 31, 2016 compared to the year ended December 31, 2015 and for the year ended December 31, 2015 compared to the year ended December 31, 2014.

- Canada increased by \$5.0 million, or 11.1%, and by \$10.6 million, or 30.6%.
- United States increased by \$1.7 million, or 6.0%, and by \$1.7 million, or 6.5%.
- Poland increased by \$2.7 million, or 5.1%, and by \$1.0 million, or 2.0%.
- Corporate Other decreased by (\$3.9) million, or (49.6%), and increased by \$0.3 million, or 4.4%.

Operating costs and expenses increased by \$5.1 million, or 4.4%, and by \$0.5 million, or 0.5%, for the year ended December 31, 2016 compared to the year ended December 31, 2015 and for the year ended December 31, 2015 compared to the year ended December 31, 2014, respectively. Following is a breakout of operating costs and expenses by segment for the year ended December 31, 2016 compared to the year ended December 31, 2015 and for the year ended December 31, 2015 compared to the year ended December 31, 2014.

- Canada increased by \$3.7 million, or 11.1%, and by \$7.2 million, or 27.4%.
- United States increased by \$0.8 million, or 3.4%, and remained constant.
- Poland increased by \$1.4 million, or 3.0%, and decreased by (\$3.3) million, or (6.5%).
- Corporate Other decreased by (\$0.9) million, or (7.1%), and by (\$3.3) million, or (21.5%).

Earnings from operations increased by \$0.4 million, or 2.3%, and by \$13.1 million, or 494.5%, for the year ended December 31, 2016 compared to the year ended December 31, 2015 and for the year ended December 31, 2015 compared to the year ended December 31, 2014, respectively. Following is a breakout of earnings from operations by segment for the year ended December 31, 2016 compared to the year ended December 31, 2015 and for the year ended December 31, 2015 compared to the year ended December 31, 2014.

- Canada increased by \$1.3 million, or 11.2%, and by \$3.4 million, or 40.7%.
- United States increased by \$0.9 million, or 22.5%, and by \$1.8 million, or 85.7%.
- Poland increased by \$1.2 million, or 29.8%, and by \$4.3 million, or 2641.5%.
- Corporate Other decreased by (\$3.1) million, or (75.2%), and increased by \$3.6 million, or 46.9%.

Net earnings decreased by (\$2.3) million, or (20.0%), and increased by \$10.3 million, or 835.1%, for the year ended December 31, 2016 compared to the year ended December 31, 2015 and for the year ended December 31, 2015 compared to the year ended December 31, 2014, respectively. Items deducted from or added to earnings from operations to arrive at net earnings include interest income, interest expense, gains (losses) on foreign currency transactions and other, income tax expense and non-controlling interests. For a discussion of these items, see “Non-Operating Income (Expense)” and “Taxes” below in this Item 7.

Reportable Segments

The following discussion provides further detail of consolidated results by reportable segment.

Canada

Amounts in thousands	For the year ended December 31,			2016/2015		2015/2014	
	2016	2015	2014	\$ Change	% Change	\$ Change	% Change
Gaming	\$ 34,009	\$ 31,044	\$ 23,693	\$ 2,965	9.6%	\$ 7,351	31.0%
Hotel	561	662	851	(101)	(15.3%)	(189)	(22.2%)
Food and Beverage	8,501	8,386	7,302	115	1.4%	1,084	14.8%
Other Revenue	8,035	6,158	3,857	1,877	30.5%	2,301	59.7%
Gross Revenue	51,106	46,250	35,703	4,856	10.5%	10,547	29.5%
Less Promotional Allowances	(869)	(1,047)	(1,104)	(178)	(17.0%)	(57)	(5.2%)
Net Operating Revenue	50,237	45,203	34,599	5,034	11.1%	10,604	30.6%
Gaming Expenses	(10,725)	(9,257)	(9,239)	1,468	15.9%	18	0.2%
Hotel Expenses	(185)	(194)	(232)	(9)	(4.6%)	(38)	(16.4%)
Food and Beverage Expenses	(6,790)	(6,445)	(5,427)	345	5.4%	1,018	18.8%
General and Administrative Expenses	(16,302)	(14,976)	(9,361)	1,326	8.9%	5,615	60.0%
Total Operating Costs and Expenses	(37,051)	(33,344)	(26,169)	3,707	11.1%	7,175	27.4%
Earnings from Operations	13,186	11,859	8,430	1,327	11.2%	3,429	40.7%
Non-controlling Interest	(3,137)	(23)	2,267	3,114	13539.1%	2,290	101.0%
Net Earnings Attributable to Century Casinos, Inc. Shareholders	8,448	7,432	6,446	1,016	13.7%	986	15.3%
Adjusted EBITDA	\$ 16,262	\$ 14,687	\$ 10,354	\$ 1,575	10.7%	\$ 4,333	41.8%

On October 1, 2016, our subsidiary, Century Casino St. Albert Inc., completed the Apex Acquisition and began operating CSA.

With renovations at CRA complete, the acquisition of CSA and the continued quarter over quarter growth at CDR, we believe that the Canada segment will continue its revenue growth in 2017. In addition, we are working to identify possible operating, marketing and staffing synergies that can be used to control costs throughout the properties in the Canada segment.

Years ended December 31, 2016 and 2015

The following discussion highlights results for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Results in U.S. dollars were impacted by a 3.7% exchange rate decrease in the average rate between the U.S. dollar and Canadian dollar for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Revenue Highlights

In CAD

At CRA, net operating revenue decreased by (CAD 0.8) million, or (2.7%), due to lower gaming and food and beverage revenue. We conducted a casino remodel during the second and third quarters of 2016, which contributed to the decrease in revenue. The remodel included expanding the gaming floor, relocating the poker room, enhancing the high limit gaming area and adding a new bar to the casino. The remodel was substantially completed in November 2016. In addition, increased competition from a new casino in the downtown Edmonton area contributed to the decline in net operating revenue.

At CSA, net operating revenue was CAD 2.7 million.

At CAL, net operating revenue decreased by (CAD 0.1) million, or (0.8%), due to lower gaming and food and beverage revenue. CAL has been impacted the hardest by the weak Alberta economy due to lower oil prices. In response to the decreased gaming and food and beverage revenue, we decreased the promotional allowances offered at this location.

At CDR, net operating revenue increased by CAD 5.8 million, or 37.5%, due to operating the casino for three additional months and the racetrack for approximately two additional months in 2016 compared to 2015.

At CBS, net operating revenue increased by CAD 1.1 million, or 39.1%.

In U.S. dollars

At CRA, net operating revenue decreased by (\$1.4) million, or (6.3%).

At CSA, net operating revenue was \$2.0 million.

At CAL, net operating revenue decreased by (\$0.4) million, or (4.7%).

At CDR, net operating revenue increased by \$4.0 million, or 33.7%.

At CBS, net operating revenue increased by \$0.8 million, or 35.9%.

Operating Expense Highlights

In CAD

At CRA, operating expenses increased by CAD 0.6 million, or 2.9%, primarily due to increased payroll costs of CAD 0.4 million from higher minimum wages in Alberta, Canada and increased marketing expenses of CAD 0.2 million.

At CSA, operating expenses were CAD 2.0 million.

At CAL, operating expenses increased by CAD 0.2 million, or 2.1%, primarily due to increased payroll costs of CAD 0.2 million, resulting primarily from higher minimum wages in Alberta, Canada and increased administrative expenses of CAD 0.1 million, offset by decreased marketing expenses of CAD 0.1 million.

In U.S. dollars

At CRA, operating expenses decreased by (\$0.1) million, or (0.8%).

At CSA, operating expenses were \$1.5 million.

At CAL, operating expenses decreased by (\$0.1) million, or (1.5%).

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At CDR, operating expenses increased by CAD 2.8 million, or 24.9%, due to operating the casino for three additional months and the racetrack for approximately two additional months in 2016 compared to 2015.

At CBS, operating expenses increased by CAD 0.8 million, or 31.3%, due to operating the pari-mutuel network for the full year in 2016 as compared to May through December in 2015.

At CDR, operating expenses increased by \$1.9 million, or 21.7%.

At CBS, operating expenses increased by \$0.6 million, or 27.9%.

Additional Items Impacting Net Income

In CAD	In U.S. dollars
Interest expense decreased by (CAD 0.2) million, or (5.0%), related to interest rate swaps under our credit agreement with the Bank of Montreal (the "BMO Credit Agreement"), offset by increased interest expense related to the CAD 30.0 million borrowed on our BMO Credit Agreement to purchase CSA.	Interest expense decreased by (\$0.1) million, or (3.9%).
Foreign currency losses decreased by CAD 1.2	Foreign currency losses increased by \$0.1 million, or 76.4%.

million, or
94.3%.

Income tax expense decreased by (\$1.1) million, or (58.7%). The write-down of the valuation allowance at CDR was \$2.2 million.

Income tax expense decreased by (CAD 1.6) million, or (60.9%), mainly due to a write-down of the valuation allowance at CDR of CAD 2.9 million.

A reconciliation of net earnings attributable to Century Casinos, Inc. shareholders to Adjusted EBITDA can be found in the “Non-GAAP Measures – Adjusted EBITDA” discussion in Item 6, “Selected Financial Data” of this report.

Years ended December 31, 2015 and 2014

The following discussion highlights results for the year ended December 31, 2015 compared to the year ended December 31, 2014. The increased revenue and expenses in our Canada segment primarily relate to the operations of CDR and CBS throughout the year ended December 31, 2015. In March 2015, our subsidiary, CCE, converted CAD 11.0 million of loans it made to CDR into an additional 60% ownership interest in CDR, resulting in a 75% ownership interest in CDR. CDR began operations in April 2015 and CBS began operations in May 2015.

Results in U.S. dollars were impacted by a 15.8% exchange rate decrease in the average rate between the U.S. dollar and Canadian dollar for the year ended December 31, 2015 compared to the year ended December 31, 2014.

Revenue Highlights

In CAD

At CRA, net operating revenue increased by CAD 1.6 million, or 5.9%, mainly due to increased gaming revenue of CAD 1.5 million, or 7.5%, primarily from increased Baccarat revenue. Food and beverage revenue also increased by CAD 0.2 million, or 3.8%, due to higher patronage at our showroom throughout 2015.

At CAL, net operating revenue increased by CAD 0.3 million, or 2.7%, primarily due to increased food and beverage revenue of CAD 0.1 million, or 5.5%, along with increased revenue from gaming and other revenue. The increased revenue from food and beverage was due to the renovation of a food and beverage outlet.

At CDR, net operating revenue increased by CAD 14.8 million due to the opening of the casino and racetrack in April 2015.

At CBS, net operating revenue was CAD 2.9 million due to operating the southern Alberta pari-mutuel network beginning in May 2015.

In U.S. dollars

At CRA, net operating revenue decreased by (\$2.1) million, or (8.3%), gaming revenue decreased by (\$1.2) million, or (7.0%), and food and beverage revenue decreased by (\$0.6) million, or (10.2%).

At CAL, net operating revenue decreased by (\$1.0) million, or (11.0%), and food and beverage revenue decreased by (\$0.2) million, or (8.7%).

At CDR, net operating revenue increased by \$11.5 million.

At CBS, net operating revenue was \$2.2 million.

Operating Expense Highlights

In CAD

At CRA, total operating costs and expenses increased by CAD 0.4 million, or 2.3%, mainly due to increased payroll costs of CAD 0.2 million relating to the increased minimum wage in Alberta, Canada, increased administrative costs of CAD 0.2 million relating to increased property taxes and maintenance costs at the property, and increased depreciation costs of CAD 0.1 million, offset by decreased gaming expenses of (CAD 0.1) million mainly due to decreased royalty expenses on slot machines.

At CAL, total operating costs and expenses increased by CAD 0.1 million, or 0.9%, mainly due to increased property taxes.

In U.S. dollars

At CRA, total operating costs and expenses decreased by (\$1.9) million, or (11.5%).

At CAL, total operating costs and expenses decreased by (\$1.1) million, or (12.8%).

At CDR, total operating costs and expenses increased by CAD 10.6 million, or 1555.2%, due to the operation of the casino and racetrack, which opened in April 2015.

At CBS, total operating costs and expenses were CAD 2.7 million.

At CDR, total operating costs and expenses increased by \$8.2 million, or 1304.8%.

At CBS, total operating costs and expenses were \$2.1 million.

Additional Items Impacting Net Income

In CAD	In U.S. dollars
Interest expense increased by CAD 1.5 million, or 55.4%, at CRA and CDR.	Interest expense increased by \$0.7 million, or 27.8%.
Foreign currency losses increased by CAD 0.3 million, or 31.7%.	Foreign currency losses remained constant.
Income tax expense increased by CAD 0.5 million, or 11.6%.	Income tax expense remained constant.
The above items were offset by CAD 0.5 million of funds received by CDR related to infrastructure built during the development of the REC project.	The funds received by CDR related to infrastructure built during the development of the REC project was \$0.5 million.

A reconciliation of net earnings attributable to Century Casinos, Inc. shareholders to Adjusted EBITDA can be found in the “Non-GAAP Measures – Adjusted EBITDA” discussion in Item 6, “Selected Financial Data” of this report.

United States

Amounts in thousands	For the year ended December 31,			2016/2015		2015/2014	
	2016	2015	2014	\$	%	\$	%
				Change	Change	Change	Change
Gaming	\$ 32,398	\$ 31,038	\$ 29,373	\$ 1,360	4.4%	\$ 1,665	5.7%
Hotel	1,345	1,019	785	326	32.0%	234	29.8%
Food and Beverage	3,397	3,070	3,133	327	10.7%	(63)	(2.0%)
Other Revenue	352	346	296	6	1.7%	50	16.9%
Gross Revenue	37,492	35,473	33,587	2,019	5.7%	1,886	5.6%
Less Promotional Allowances	(7,357)	(7,035)	(6,880)	322	4.6%	155	2.3%
Net Operating Revenue	30,135	28,438	26,707	1,697	6.0%	1,731	6.5%
Gaming Expenses	(12,723)	(12,363)	(12,740)	360	2.9%	(377)	(3.0%)
Hotel Expenses	(356)	(367)	(358)	(11)	(3.0%)	9	2.5%
Food and Beverage Expenses	(2,463)	(2,338)	(2,192)	125	5.3%	146	6.7%
General and Administrative Expenses	(7,398)	(6,969)	(6,928)	429	6.2%	41	0.6%
Total Operating Costs and Expenses	(25,428)	(24,595)	(24,637)	833	3.4%	(42)	(0.2%)
Earnings from Operations	4,707	3,843	2,070	864	22.5%	1,773	85.7%
Net Earnings Attributable to Century Casinos, Inc. Shareholders	2,890	2,381	1,283	509	21.4%	1,098	85.6%
Adjusted EBITDA	\$ 7,197	\$ 6,401	\$ 4,528	\$ 796	12.4%	\$ 1,873	41.4%

We continue to see growth at our Colorado properties and anticipate slow growth in these markets in the coming years. At CRC, we plan to renovate the Palace Hotel and add an additional 32 hotel rooms to our property. We estimate that the Palace Hotel project will cost \$6.5 million and be completed in early 2018, subject to our obtaining financing for the project.

Years ended December 31, 2016 and 2015

The following discussion highlights results for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Market Share Highlights

Market share is calculated by dividing our property's AGP into the market's AGP for the same time period.

- The Central City market increased by 6.4% and CTL's share of the Central City market was 28.2%, an increase of 0.5% compared to the year ended December 31, 2015.

- The Cripple Creek market increased by 2.6% and CRC's share of the Cripple Creek market was 9.9%, remaining constant compared to the year ended December 31, 2015.

Revenue Highlights

- At CTL, net operating revenue increased by \$1.4 million, or 8.5%, primarily due to increased gaming and food and beverage revenue. CTL has been successful in attracting more VIP players to the casino, which contributed to the increased net operating revenue.
- At CRC, net operating revenue increased by \$0.3 million, or 2.5%, primarily due to increased gaming and hotel revenue offset by increased promotional allowances. CRC continues to have success with online hotel bookings, which contributed to increased hotel revenue.

Operating Expense Highlights

- At CTL, operating expenses increased by \$0.7 million, or 4.8%, due to increased gaming related expenses of \$0.4 million and increased payroll costs of \$0.1 million.
- At CRC, operating expenses increased by \$0.1 million, or 1.3%, primarily due to increased payroll costs.

Additional Items Impacting Net Income

- Income tax expense increased by \$0.4 million, or 24.2%.

A reconciliation of net earnings attributable to Century Casinos, Inc. shareholders to Adjusted EBITDA can be found in the “Non-GAAP Measures – Adjusted EBITDA” discussion in Item 6, “Selected Financial Data” of this report.

Years ended December 31, 2015 and 2014

The following discussion highlights results for the year ended December 31, 2015 compared to the year ended December 31, 2014.

Market Share Highlights

Market share is calculated by dividing our property’s AGP into the market’s AGP for the same time period.

- The Central City market increased by 5.2% and CTL’s share of the Central City market was 28.1%, remaining constant compared to the year ended December 31, 2014.
- The Cripple Creek market increased by 4.1% and CRC’s share of the Cripple Creek market was 9.9%, an increase of 0.8% compared to the year ended December 31, 2014.

Revenue Highlights

- At CTL, net operating revenue increased by \$0.8 million, or 5.1%. The increased revenue was due to increased gaming revenue of \$1.1 million, or 6.4%, offset by increased promotional allowances due to increased player promotions.
- At CRC, net operating revenue increased by \$0.9 million, or 8.4%. The increased revenue was due to increased gaming revenue of \$0.6 million, or 4.6%, and increased hotel revenue of \$0.2 million, or 58.8%, due to the implementation of online bookings at the beginning of 2015, offset by increased promotional allowances due to increased player promotions.

Operating Expense Highlights

- At CTL and CRC, total operating costs and expenses remained constant.

Additional Items Impacting Net Income

- Income tax expense increased by \$0.7 million, or 85.9%.

A reconciliation of net earnings attributable to Century Casinos, Inc. shareholders to Adjusted EBITDA can be found in the “Non-GAAP Measures – Adjusted EBITDA” discussion in Item 6, “Selected Financial Data” of this report.

Poland

Amounts in thousands	For the year ended December 31,			2016/2015		2015/2014	
	2016	2015	2014	\$	%	\$	%
				Change	Change	Change	Change
Gaming	\$ 54,791	\$ 51,673	\$ 50,057	\$ 3,118	6.0%	\$ 1,616	3.2%
Food and Beverage	602	547	553	55	10.1%	(6)	(1.1%)
Other Revenue	214	347	587	(133)	(38.3%)	(240)	(40.9%)
Gross Revenue	55,607	52,567	51,197	3,040	5.8%	1,370	2.7%
Less Promotional Allowances	(717)	(359)	(6)	358	99.7%	353	5883.3%
Net Operating Revenue	54,890	52,208	51,191	2,682	5.1%	1,017	2.0%
Gaming Expenses	(33,582)	(32,090)	(32,908)	1,492	4.6%	(818)	(2.5%)
Food and Beverage Expenses	(1,692)	(1,484)	(1,633)	208	14.0%	(149)	(9.1%)
General and Administrative Expenses	(11,778)	(11,895)	(13,975)	(117)	(1.0%)	(2,080)	(14.9%)
Total Operating Costs and Expenses	(49,482)	(48,040)	(51,355)	1,442	3.0%	(3,315)	(6.5%)
Earnings (Losses) from Operations	5,408	4,168	(164)	1,240	29.8%	4,332	2641.5%
Non-controlling Interest	(1,461)	(1,448)	54	13	0.9%	1,502	2781.5%
Net Earnings (Loss) Attributable to Century Casinos, Inc. Shareholders	2,921	2,899	(112)	22	0.8%	3,011	2688.4%
Adjusted EBITDA	\$ 8,139	\$ 7,080	\$ 3,683	\$ 1,059	15.0%	\$ 3,397	92.2%

During the fourth quarter of 2016, one of our competitors in the Warsaw market ceased operations, which contributed to increased revenue at our main property, the Warsaw Marriott. We anticipate that the increased revenue at the Warsaw Marriott will continue during 2017. Offsetting the increased revenue at the Warsaw Marriott was the closure of the Katowice casino in June 2016 due to the expiration and nonrenewal of the casino license at that location. We have applied for a new license in that city and, if awarded, plan to reopen a casino in Katowice by the end of 2017. In addition, effective in April 2017, the Polish gaming laws will permit online gaming and slot arcades operated through a state run company. We do not anticipate the changes in the gaming laws to have a significant impact on our operations in 2017, though these changes could increase competition and adversely affect our results of operations in the future.

To address the court decisions regarding employee tip litigation with the Polish IRS, we changed the payroll and withholding processes for CPL beginning in the third quarter of 2016. As a result of these changes, payroll costs for the third and fourth quarter of 2016 increased by PLN 2.9 million (\$0.7 million based on the exchange rate in effect on December 31, 2016). We anticipate annual payroll costs to increase by approximately PLN 5.0 million (\$1.2 million based on the exchange rate in effect on December 31, 2016). See Item 3, "Legal Proceedings" of this report for more information.

Years ended December 31, 2016 and 2015

The following discussion highlights results for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Results in U.S. dollars were impacted by a 4.6% exchange rate decrease in the average rate between the U.S. dollar and Polish zloty for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Revenue Highlights

In PLN	In U.S. dollars
Net operating revenue increased by PLN 19.9 million, or 10.1%, due to increased gaming revenue. In Warsaw, our main competitor ceased operations, contributing to increased revenue at our Marriott Warsaw property. The increased revenue at the Marriott Warsaw was offset by the closure of the Katowice casino in June 2016, and the movement of its casino operations to the Sosnowiec casino until a new license is obtained.	Net operating revenue increased by \$2.7 million, or 5.1%.

Operating Expense Highlights

In PLN	In U.S. dollars
Operating expenses increased by PLN 14.2 million, or 7.8%, primarily due to increased gaming related expenses of PLN 10.4 million and payroll costs of PLN 4.0 million, offset by decreased marketing expenses of (PLN 0.4) million. In addition, we had a PLN 1.2 million impairment on the leasehold improvements at the Katowice location due to the loss of the casino license.	Operating expenses increased by \$1.4 million, or 3.0%, including as a result of the Katowice leasehold improvements impairment of \$0.4 million.

Additional Items Impacting Net Income

In PLN	In U.S. dollars
Interest expense decreased by (PLN 0.2) million, or (39.3%).	Interest expense decreased by (\$0.1) million, or (45.0%).
Foreign currency losses decreased by (PLN 0.3) million, or (33.6%).	Foreign currency losses increased by \$0.3 million, or 46.8%.

In the fourth quarter of 2015, we reduced the contingent liability by PLN 3.4 million due to the expiration of the statute of limitations for the Polish IRS to audit the 2010 tax year (see Item 3, “Legal Proceedings” of this report).
The contingent liability was reduced by \$0.9 million in the fourth quarter of 2015.

Income tax expense increased by PLN 0.7 million, or 15.5%.
Income tax expense increased by \$0.1 million, or 11.4%.

A reconciliation of net earnings (loss) attributable to Century Casinos, Inc. shareholders to Adjusted EBITDA can be found in the “Non-GAAP Measures – Adjusted EBITDA” discussion in Item 6, “Selected Financial Data” of this report.

Years ended December 31, 2015 and 2014

The following discussion highlights results for the year ended December 31, 2015 compared to the year ended December 31, 2014. Results in U.S. dollars were impacted by a 19.5% exchange rate decrease in the average rate between the U.S. dollar and Polish zloty for the year ended December 31, 2015 compared to the year ended December 31, 2014.

Revenue Highlights

In PLN

Net operating revenue increased by PLN 35.0 million, or 21.6%. The increase was primarily due to increased gaming revenue of PLN 36.7 million, or 23.2%, due to CPL continuing to upgrade slot machines to offer higher quality machines throughout the casinos, the addition of 18 slot machines in 2015 and the closing of slot arcades throughout Poland, as well as increased table revenue from the addition of seven table games in 2015 and increased roulette play throughout the casinos. Food and beverage revenue also increased by PLN 0.3 million, or 18.0%. The increased revenue was offset by increased promotional allowances of PLN 1.3 million due to a slot loyalty program that was introduced at a limited number of casinos in the third quarter of 2014 and was implemented in the remaining casinos in 2015.

In U.S. dollars

Net operating revenue increased by \$1.0 million, or 2.0%, gaming revenue increased by \$1.6 million, or 3.2%, food and beverage revenue remained constant and promotional allowances increased by \$0.4 million.

Operating Expense Highlights

In PLN

Total operating costs and expenses increased by PLN 19.2 million, or 11.9%, primarily due to increased gaming tax expense of PLN 18.2 million as a result of increased gaming revenue, increased marketing expenses of PLN 1.9 million due to the restructuring of promotional and prize giveaways throughout the casinos to encourage play from VIP players, increased cost of goods sold expense of PLN 0.3 million due to increased food and beverage sales, offset by decreased payroll expenses of (PLN 0.7) million due to decreased staff as a result of operating efficiencies from a cost-cutting program implemented throughout CPL.

In U.S. dollars

Total operating costs and expenses decreased by (\$3.3) million, or (6.5%).

Additional Items Impacting Net Income

In PLN	In U.S. dollars
Interest expense decreased by (PLN 0.5) million, or (51.6%).	Interest expense decreased by (\$0.2) million, or (59.6%).
Foreign currency gains increased by PLN 0.2 million, or 23.6%.	Foreign currency gains increased by \$0.2 million, or 70.5%.
Income tax expense increased by PLN 4.1 million, or 2962.1%.	Income tax expense increased by \$1.1 million, or 4444.0%.
In addition, we reduced the contingent liability by PLN 3.4 million due to the expiration of the statute of limitations for the Polish IRS to conduct a tax audit for the 2010 tax year (see Item 3, “Legal Proceedings” in this report).	The reduction of the contingent liability was \$0.9 million.

A reconciliation of net earnings (loss) attributable to Century Casinos, Inc. shareholders to Adjusted EBITDA can be found in the “Non-GAAP Measures – Adjusted EBITDA” discussion in Item 6, “Selected Financial Data” of this report.

Corporate and Other

Amounts in thousands	For the year ended December 31,			2016/2015		2015/2014	
	2016	2015	2014	\$ Change	% Change	\$ Change	% Change
Gaming	\$ 2,157						