

BETTER  
COLLECTIVE

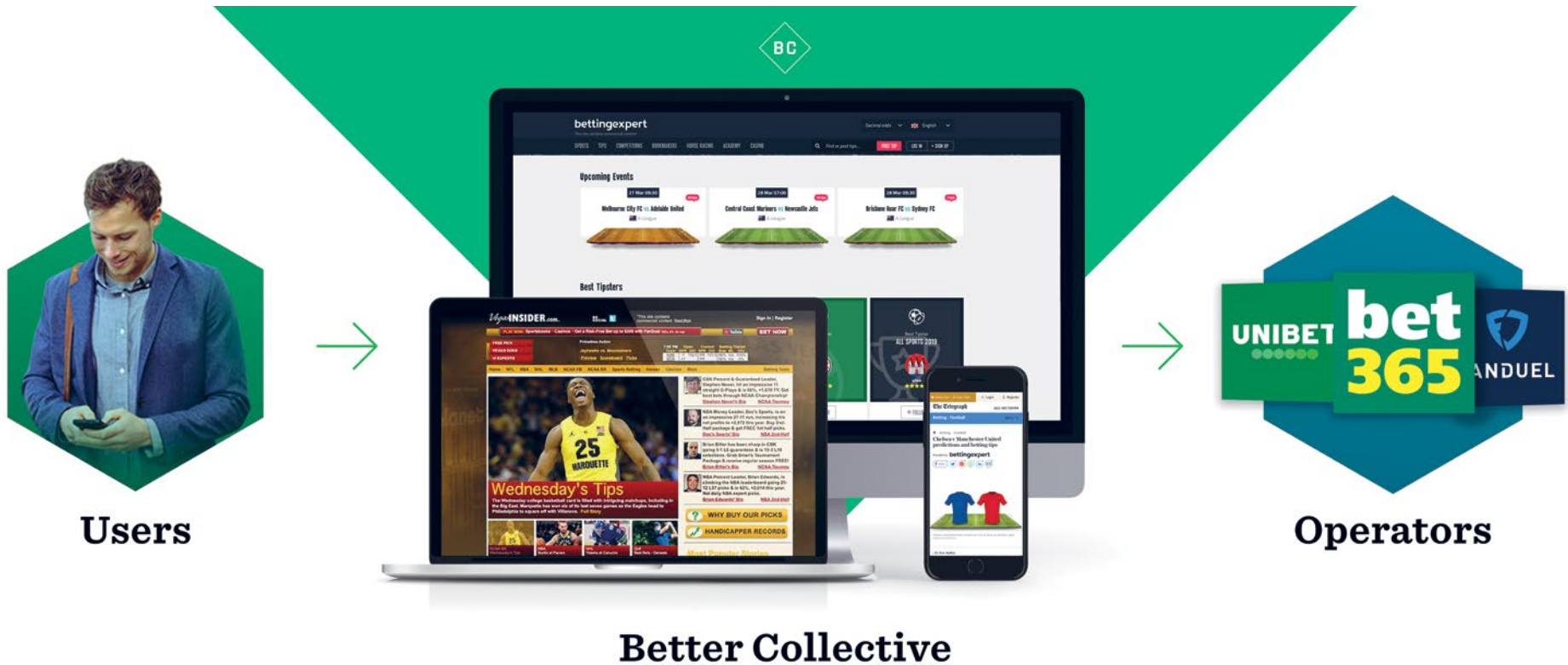


# ANNUAL REPORT 2019

Market leading sports betting media group connecting sports enthusiastic bettors with betting operators through innovative technologies and trusted digital media products



# WHAT WE DO



Sport and sports betting are all about entertainment and passion. Better Collective is a leading sports betting media group that connects sports enthusiastic bettors with betting operators through innovative technologies and trusted digital media products, which are centred on engaging and responsible sports betting content. On a daily basis, millions of players around the world actively search online for sports betting and gaming content.

Our vision is to empower online bettors by creating a transparent and safer online betting experience in a growing and more complex entertainment industry. Our media products cover more than 30 languages and attract millions of sports fans and tipsters worldwide. Users can get access to educational content around sports betting, compare odds and bookmakers and share analysis, tips and the excitement when a favourite team or athlete competes.

In this way, Better Collective helps players navigate safely among the bookmakers that match their individual needs. We provide leading online bookmakers with targeted user acquisition and increased user engagement because sports bettors actively seek our products. This makes Better Collective, and affiliates in general, an important part of the sports betting ecosystem.

# CONTENTS

## Management review

---

### Introduction

- 5 At-a-glance
- 6 Our products
- 7 Chairman and CEO letter
- 10 Key events 2019
- 11 Financial highlights and key ratios

### Strategy

- 13 Business model
- 13 Strategy
- 15 Market

### Financial review

- 18 Financial review
- 21 Outlook

### Corporate matters

- 23 Corporate governance
- 32 Board of directors
- 33 Management
- 34 Shareholders information
- 36 Corporate responsibility
- 37 Better for Bettors

### Statements

---

- 40 Statement by management
- 41 Independent auditor's report

## Financial statements

---

### Group

- 45 Statement of profit and loss
- 45 Statement of comprehensive income
- 46 Balance sheet
- 47 Statement of changes in equity
- 48 Cash flow statement
- 49 Notes

### Parent company

- 80 Statement of profit and loss
- 80 Statement of comprehensive income
- 81 Balance sheet
- 82 Statement of changes in equity
- 83 Cash flow statement
- 84 Notes

### Other

---

- 98 Definitions
- 98 Calculations
- 99 Our values
- 100 Company information







# INTRODUCTION

---

- 5 At-a-glance
- 6 Our products
- 7 Chairman and CEO letter
- 10 Key events 2019
- 11 Financial highlights and key ratios

# AT-A-GLANCE

Better Collective is a leading sports betting media group within the iGaming industry. Through our products, we aim to make sports betting and gambling entertaining, transparent and fair for the global network of online bettors.



**2002**

Founded

**400+**

Employees

**2018**

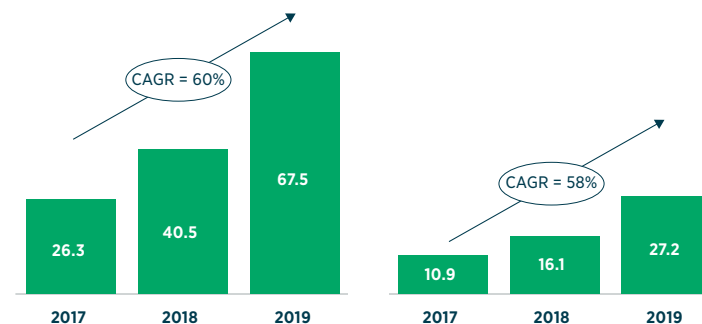
Listed on Nasdaq  
Stockholm (STO:BETCO)

**>50%**

Shares owned by founders  
and management

**Revenue**  
mEUR

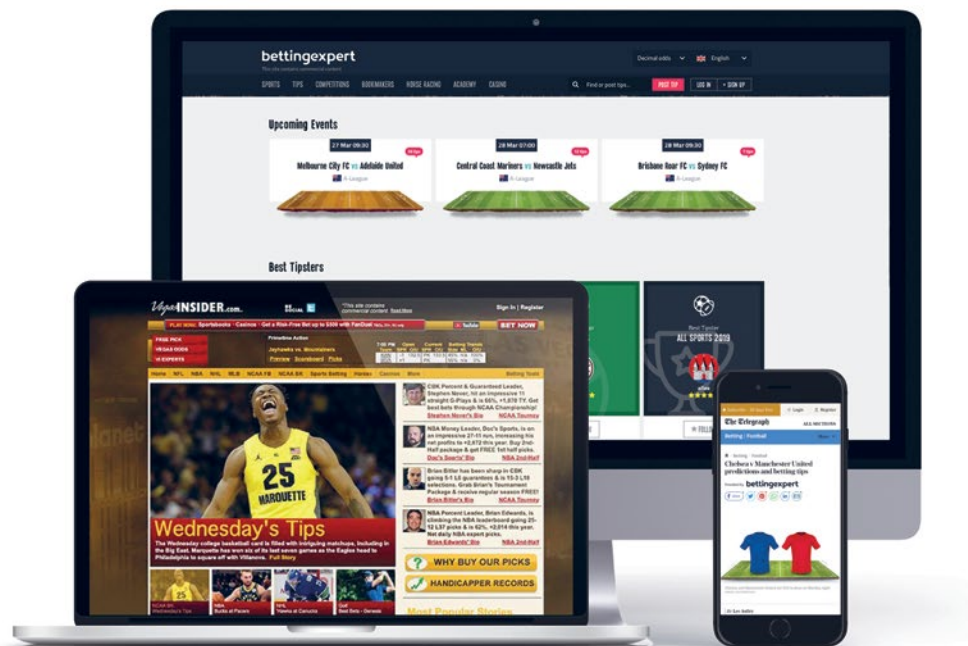
**EBITA before special items**  
mEUR





# OUR PRODUCTS

We operate several community-based digital platforms. On some of these, our users actively generate informational content. In addition, we operate a range of media, which provides our users with various information to improve their betting and gambling experience. Through our media partnerships we deliver the technology and content for online betting sections. This portfolio of websites and apps drive a monthly average of 50+ million visitors.



**bettingexpert.com** is the world's biggest social network of sports betting tipsters. Our global community of experts compete for prizes by sharing their strongest tips on upcoming matches across the most popular sports and games to help over 570,000 sports bettors place knowledge supported bets with the best odds available from a variety of bookmakers. <https://youtu.be/3y8klla72Uk>

Since 2016, dedicated sports enthusiasts have shared their tips on **Speltips.se**, covering all popular sports in Sweden. Moreover Speltips.se helps users to navigate in the regulated Swedish market to find the bookmakers fulfilling their needs and requirements. Speltips.se has a live-chat on the site and is connected to Sweden's biggest betting community on Facebook. <https://www.youtube.com/watch?v=o8GF7G-ZI88E>

**SpilXperten.dk** is Denmark's largest media platform for sports betting content and hosts a community of expert betting tipsters. Plus, with extensive previews and coverage on a diverse range of sports, as well as insight on upcoming matches from former professional athletes, followers stay up-to-date with the platform's content on both the site itself and its highly active social channels. <https://youtu.be/VFP-DN23h0I>



## Chairman letter

# A WORD TO OUR SHAREHOLDERS

## Keeping a high pace to accomplish the goals set at the IPO

---

Better Collective, a leading sport betting media group, has turned an entrepreneurial dream into a solid company listed on Nasdaq Stockholm, achieving and surpassing the goals set at the time of the IPO in 2018. Through acquisitions, we have invested significantly in growing our market share, our leading position, and the number of offices and employees.

### Established position on Nasdaq Stockholm

2018 was a real “game changer” for Better Collective as the company became public. 2019 also had its defining moments including getting our ‘feet on the ground’ in the emerging online sports betting market in the US and the entering of the two first media partnerships. Continuing the growth of Better Collective, in absolute terms as well as strategically, makes us an established player in the industry and on the Nasdaq Stockholm stock exchange.

### Growth ambitions

Better Collective has been on a continuous growth journey and the macro trends in the iGaming market support further growth in the coming years. Our strategy is clear, and our focus is to create double-digit organic growth, supplemented by acquisitions in current markets and new markets as they start regulating. The US market remains one of the future key drivers although regulation processes have shown to be a bit more time-consuming than expected at

first. Nevertheless, it is a market that may surpass Europe in five to ten years.

### Managing growth

Growing through acquisitions and adding new offices and employees at the pace that Better Collective has done in recent years requires a firm focus on integration and management development. The board remains focused on governance structures, ensuring that business processes and risk management measures continue to match our growth ambitions and fast increasing business volume. We have managed to share best practices across new entities as well as creating cross-regional teams, securing synergy effects and an inspirational environment for employees in the Better Collective group.

2020 may turn out to be a challenging year for the sports betting industry as COVID-19 is impacting societies, businesses and sports events. As we publish this report, our financial targets for 2020 remain intact. We have a strong balance sheet and financing position. However, we will continue to monitor the situation closely and adjust our activities accordingly.

I wish to thank all our shareholders for the continued support on our exciting journey, and founders, management and employees for their hard, dedicated, and highly appreciated work leading to a successful 2019.

### Jens Bager

Chairman of the board



## CEO letter

# CONTINUING OUR GROWTH JOURNEY

Delivering on our ambitions in 2019, we have strengthened our position as a leading sports betting media group.

---

For the full year 2019, we landed well in line with our financial targets, with an annual growth of 67%, of which 26% organic, along with a record high New Depositing Customers (NDC) growth of 66%. We even managed to absorb the newly acquired US businesses and still meet our earnings target of >40% EBITA-margin. All this combined makes me very satisfied with this year's performance.

### **Shaping a sustainable business**

Looking at the last three years revenue development, Better Collective has grown with an annual average of 60% (CAGR). We have managed to deliver high growth, maintained a similar growth in operational earnings, while also allowing room for investments in brands, products and new markets. In 2019, we continued our focus on developing and maturing our branded products with high-quality content and user experience. We want to bring value to our users and enhance the entertainment of betting, which is the driving factor for our product development and our strategy in general. We signed new media partnerships, hosted our first bookmaker award show and expanded our business in the newly opened US market. Through these initiatives, Better Collective has in 2019 moved towards becoming a more broad-based sports media group working on a variety of platforms.



For the iGaming industry to be sustainable, however, responsible gambling needs to be at the top of the agenda and embedded in our business models. While we believe our approach has been responsible throughout our growth journey from a small start-up to leading sports betting media group, we recognise that there is still more to be done. In 2019, we took significant steps to increase the collaboration around responsible gambling. We invested in Mindway AI, who specialises in innovative and advanced software solutions for the identification of at-risk gambling and problem gambling behaviour. Additionally, we co-founded “RAiG” - Responsible Affiliates in Gambling in the UK and we are happy to report that more affiliate companies have joined, helping us promote social responsibility and a safer gambling environment for users.

### **Full speed ahead for our M&A strategy**

We continue to deliver on our M&A strategy. Increased bank facilities of 40 mEUR and a capital increase of 30 mEUR in 2019 have secured the possibility to continue executing on our strong M&A-pipeline. On February 28, 2020, we established a strong position within the esports betting market through the acquisition of HLTV.org ApS. This acquisition includes the assets HLTV.org and dust2.dk, both leading Counter-Strike: Global Offensive (CS:GO) platforms for esports enthusiasts. The main business model of the platforms is to promote and advertise sports betting operators and we expect strong synergistic effects. Many of the betting operators we collaborate with today also offer bets on esports.

### **US remains a key driver for growth**

In 2019 we made substantial inroads to the newly opened US market by way of two significant acquisitions. By the end of the year, the US operations increased its profitability after implementing new business models following these acquisitions. While we are still dependent on the state-by-state regulation, we believe we have strong brands and a solid platform for US expansion as the

**“We strongly believe in the future of our branded products and will continue to invest in making these the “go-to” products for the global sports betting audience”**

**Jesper Søgaard**  
CEO

market grows. I am pleased to report quarter-on-quarter revenue growth of 45% from Q3 to Q4 2019, partly explained by Q4 being high season. Also, the implementation of new affiliate models has started to generate results as the implementation is proceeding according to plan. We expect all the US assets to be fully transformed in the second half of 2020. Thus, we expect revenue growth and improved operational earnings-margins in the US business, while still at a lower level than the rest of the group until the market matures.

### **Media partnership progress**

In 2019 we launched our media sites partnering with the Daily Telegraph in the UK in Q3, and with the leading online media nj.com in New Jersey from Q2. These media sites provide Better Collective with additional channels to market, operate, and manage customer contacts to the betting and casino operators. I am very proud of Better Collective as the chosen partner of such prominent media brands. The ambition is to enter more media partnerships moving forward. While still in the early stages, these partnerships may become an essential part of our business in the future. However, we still need to establish a proof-of-concept for this line of business.

### **We rely on our people**

Within recent years, we have grown quite significantly, opening new offices, and getting our footing in several new markets. I am satisfied to see that we are still able to effectively integrate new colleagues into our company while continuing to innovate and build outstanding products for our users – resulting in a humbling nine industry awards in 2019. Looking back on the year, I am proud of the transformation of Better Collective towards a broader-based sports media group focusing on strong branded digital products. With our network of products, our ambition remains to provide information, education and entertainment every day to sports bettors from around the world.


I want to thank all Better Collective employees for their hard work and dedicated efforts through a successful 2019. I am confident that with the extra effort put in by our employees in the extraordinary situation we find ourselves in, following the COVID-19 outbreak, we will come out strong when the situation is back to normal.

**Jesper Søgaard**  
CEO





# KEY EVENTS 2019

In 2019 we continued our focus on developing and maturing our branded websites with high-quality content and user experience, bringing value to our users and enhancing the entertainment of betting. We signed new media partnerships, hosted our first bookmaker award show and expanded our business in the newly opened US market.

## Q1 2019

-  Subsidiaries in the UK and Poland were established to organise increased local activities and employees.

## Q2 2019





-  Acquisition of 60% of the shares in Rical LLC (RotoGrinders Network) for 18 mEUR (21 mUSD). Better Collective will acquire the remaining 40% of shares in the period 2022-24
-  New media partnership division established and an agreement with NJ Advance Media LCC was signed for Better Collective to deliver its innovative technology and content for sports betting and casino on nj.com.
-  Credit facilities were expanded by 40 mEUR (300 mDKK)
-  The three iGaming actors Better Collective, Oddschecker and Racing Post launched the trade association, Responsible Affiliates in Gambling (RAIG). Together, we recognise the role affiliate marketing providers must play as part of broader industry initiatives in the UK to promote social responsibility and a safer gambling environment for consumers

-  Better Collective topped the EGR Power Affiliates 2019 list for the second consecutive year. We took home the award for best in-house SEO team at the SEMRush Nordic Search Awards and were awarded for Commitment to Compliance at the Global Regulatory Awards.


## Q3 2019

-  Media partnership agreement with The Daily Telegraph for the delivery of content for sports betting and casino.
-  Through the wholly-owned US subsidiary, Better Collective acquired the assets of Florida based Vegasinsider.com and Scoresandodds.com for a total transaction price of 18 mEUR (20 mUSD).
-  Better Collective completed the acquisition of all shares in the company owning and operating the site mybettingsites.co.uk for up to 2.4 mEUR.
-  At 0.5 mEUR, Better Collective acquired 19.99% of the shares in Mindway AI, which specialises in innovative and advanced software solutions, identifying at-risk gambling and problem gambling behaviour.
-  A new office facility was opened in Nis, Serbia with a capacity of hosting up to approximately 200 employees.
-  At the EGR Operator Awards we won the Affiliate of the Year award and was crowned Sports Affiliate of the Year.
-  Better Collective received the Gazelle Award for the 9th consecutive year, recognised for continuous growth and a doubled turnover over a four-year period.

## Q4 2019

-  Bank financing with Nordea has been re-structured and Better Collective now has committed 3-year credit facilities of >80 mEUR with an extension option for one additional year.
-  A directed new share issue of 4 million shares raised cash proceeds to the Company of 30 mEUR (312 mSEK) before transaction costs.
-  A new version of the flagship product bettingexpert.com was launched. The site is backed by Better Collective's innovative micro-service infrastructure that allows scaling the product across US states effectively.
-  We received the prize as Sports Book Affiliate of the Year at the Malta Gaming Awards and we were named Sports Affiliate of the Year at SBC Awards.

## Events after the period

-  Better Collective acquired the leading esports platform HLTV.org, focusing on the game "Counter-Strike: Global Offensive (CS:GO)", for a total price of up to 34.5 mEUR (257 mDKK).

*See page 20 for additional events after the period, including a trading update following the COVID-19 outbreak.*



# FINANCIAL HIGHLIGHTS AND KEY RATIOS

tEUR	2019	2018	2017	2016	2015
<b>Income statement</b>					
Revenue	67,449	40,483	26,257	17,407	11,373
Revenue Growth (%)	67%	54%	51%	53%	52%
Organic Revenue Growth (%)	26%	9%	28%	53%	52%
Operating profit before depreciation, amortisations, and special items (EBITDA before special items)	28,061	16,241	10,979	7,102	3,797
Depreciation	831	169	45	26	9
Operating profit before amortisations and special items (EBITA before special items)	27,231	16,072	10,934	7,076	3,788
Special items, net	-615	-4,080	-385	0	0
Operating profit before amortisations (EBITA)	26,616	11,992	10,549	7,076	3,788
Amortisations	5,413	2,924	677	3	3
Operating profit before special items (EBIT before special items)	21,817	13,148	10,257	7,072	3,784
Operating profit (EBIT)	21,202	9,068	9,873	7,072	3,784
Result of financial items	-2,448	-618	-87	-271	-73
Profit before tax	18,755	8,450	9,786	6,802	3,712
Profit after tax	13,944	5,446	7,446	5,237	2,853
Earnings per share (in EUR)*	0.32	0.16	0.27	0.19	0.11
Diluted earnings per share (in EUR)*	0.31	0.15	0.26	0.19	0.10
<b>Balance sheet</b>					
Balance Sheet Total	229,601	148,636	38,705	8,275	5,744
Equity	138,317	85,858	14,775	6,038	4,623
Current assets	36,035	24,942	6,860	7,084	3,763
Current liabilities	22,088	24,263	17,660	2,205	1,105
Net interest bearing debt	13,646	22,270	11,535	-5,490	-2,599

\*Historic numbers updated with share-split 1:54

tEUR	2019	2018	2017	2016	2015
<b>Cash flow</b>					
Cash flow from operations before special items	26,585	15,158	9,492	8,226	3,773
Cash flow from operations	25,481	11,078	9,107	8,226	3,773
Investments in tangible assets	-955	-657	16	-794	-32
Cash flow from investment activities	-49,509	-60,629	-18,519	600	-1,163
Cash flow from financing activities	36,365	67,895	6,932	-3,861	-1,036
<b>Financial ratios</b>					
Operating profit before amortisations and special items margin (%)	40%	40%	42%	41%	33%
Operating profit before amortisations margin (%)	39%	30%	40%	41%	33%
Operating profit margin (%)	31%	22%	38%	41%	33%
Net interest bearing debt / EBITDA before special items	0.49	1.37	1.05	-0.77	-0.68
Liquidity ratio	1.63	1.03	0.39	3.21	3.40
Equity to assets ratio (%)	60%	58%	38%	73%	80%
Cash conversion rate before special items (%)	91%	89%	87%	105%	99%
Average number of full-time employees	364	198	116	75	61

For definitions of financial ratios, see definitions section in the end of the report.

Comparative numbers have not been re-stated following the implementation of IFRS9 and IFRS15 in 2018, and IFRS16 in 2019.



# STRATEGY

---

13 Business model

13 Strategy

15 Market



## Strategy

# BUILDING FOR CONTINUED GROWTH

Better Collective has historically exhibited high growth, and 2019 was no different. In order to achieve continued growth, the initiatives in our strategy are all designed to strengthen our position as a leading sports betting media group.

### Position in the value chain

Better Collective is a leading sports betting media group rooted in affiliate marketing. We create communities that invite and incentivise expert tipsters to prove their betting knowledge by sharing tips with all our users. We create transparency by comparing odds across bookmakers, ensuring our users get the most value from their bets. We create in-depth, educational iGaming guides so that our users can gain insights and be confident that their betting is supported by knowledge.

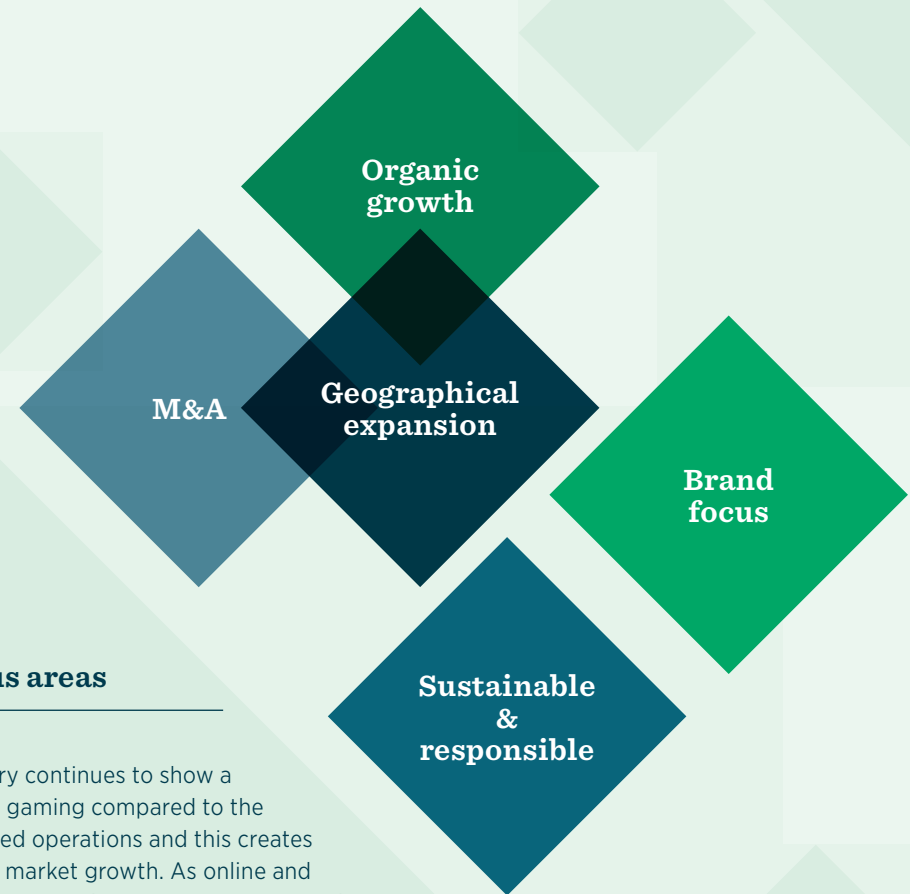
We operate several community-based digital platforms. On some of these, our users actively generate informational content, such as on [bettingexpert.com](#). In addition, we operate a range of products, which provide our users with various information to improve their betting experience. This portfolio of websites and apps drive a monthly average of 50M+ visitors.

### Strategic focus areas

The iGaming industry continues to show a shift towards online gaming compared to the traditional land-based operations and this creates a strong underlying market growth. As online and search engine advertising is becoming an increasingly important marketing tool, and iGaming operators are expected to increase their spend on online marketing, we believe the iGaming affiliate market will grow at least in line with the underlying iGaming market. Better Collective's strategic focus areas for the next couple of years are:

#### Organic growth

For organic growth, we build on our expertise to create the best products for sports betting. We attract users and continue to deliver quality leads to our operators, ensuring our status as the preferred partner.



## Acquisitions

In the last couple of years, we have proven our acquisition model. The IPO in 2018 provided the financial foundation to continue our M&A strategy. In 2019, we took in additional funds to fuel the M&A growth track. Our pipeline is strong and sure to offer attractive additions to the Better Collective family in 2020.

## Geographical expansion

In short to medium terms, Better Collective is focused on expanding to the US market, as 2018 saw the repeal of the PASPA Act. This expansion means that the legal status of online sports betting has become a matter of state legislation. Furthermore, the majority of states are expected to open for betting in the coming years. Gaining a foothold in the US market by means of two significant acquisitions in 2019, we expect to find new business from the organic approach as the states regulate, while not ruling out additional collaborations and acquisitions.

## Increased focus on brands

Most of our business is based on the affiliate marketing model. During 2019 and through M&A and partnerships we have started adding new revenue streams moving us in the direction of a broader-based media group. This transition signifies an increased focus on our branded products and ongoing changes in how we interact with our users.

## Sustainable and responsible approach

We have always strived to be a socially responsible company that also aspires to strengthen the standards of the industry to ultimately empower our users. Our headquarters have remained in Denmark, where we have our roots. Additionally, we are increasingly engaging in the local communities and societies, where we are active, paying our taxes and initiating local projects in partnership with local stakeholders.

**“Our vision is to empower online bettors by creating a transparent and safer online betting experience in a growing and increasingly complex entertainment industry”**

**Jesper Søgaard**  
CEO

## Proven acquisition model

Better Collective has completed 17 acquisitions since 2017, with a majority of targets focused on online sports betting. In this period, acquisitions of assets and business combinations surpassed a total value of 150 mEUR, including net working capital. Due to our strong technological platform and scale benefits, we believe that we can improve the offering of acquisition targets and add value through both revenue and cost synergies. Better Collective's APIs allow for seamless integration to the technological platform. Once a target has been integrated, we can utilise our broad range of relevant content and other technical features to accelerate the growth of the acquired target.

Better Collective has a strong reputation within the iGaming market, enabling a constructive dialogue with the business owners. We actively monitor the relevant acquisition opportunities. The current focus includes the following preferred characteristics:

- ◆ Strong market position
- ◆ Operation in regulated markets
- ◆ Sports betting as primary focus
- ◆ Brand value

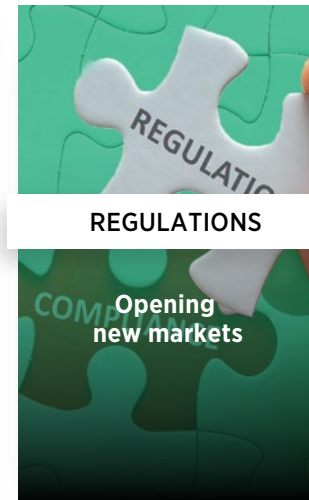
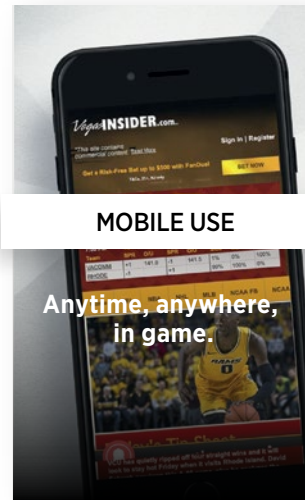
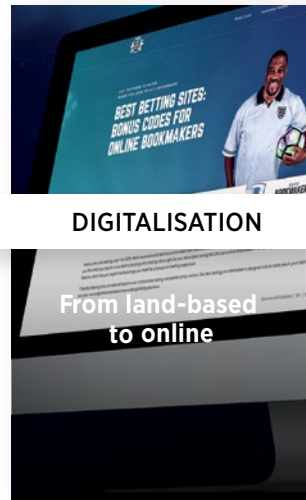
We provide performance-based marketing services to a range of iGaming operators through our products. Our users are referred to operators, who then convert them into players. In turn, we are remunerated on a revenue share basis, a cost per acquisition (CPA) model, or a hybrid of the two. In the US, we also offer subscription services, selling picks or tips from experts. In 2019, we entered into our first media partnerships where we deliver our innovative technology and content for sports betting and casino to educate and empower the medias' audience of online bettors, which helps them to navigate in a market of rapid growth. The commercial relationships, which are co-branded with Better Collective's flagship product bettingexpert.com, provides us with the additional marketing channels to operate, market, and manage customer contacts to the betting and casino operators.

As the majority of our revenue is generated through affiliate marketing, it allows us to provide most of our products for free, and thereby to enrich the online betting and casino experience for as many users as possible.



# MEGATRENDS DRIVE GROWTH

The iGaming market is a highly attractive growth market. Fundamentally, it has been supported by technological advances and regulation, as well as increased online and mobile penetration.



## Megatrends driving our growth

The developing technology and growing use of mobile devices has made iGaming accessible to a wider audience and has also resulted in increasing demand from users with regards to their iGaming experience. These trends have also entailed growth in market participants, both among operators as well as their affiliates partners.

As iGaming becomes increasingly more widespread, many countries are amending or implementing new iGaming laws and regulations, often referred to as re-regulation. The overall impact of regulation on the iGaming market is generally believed

to be positive as the awareness of and the demand for iGaming increases. We welcome regulation as it creates visibility and a level playing field. Adapting regulations to allow online betting also limits black economies, provides national tax revenue, and last but not least offers the best possible environment for sound betting behaviour.

## Changing dynamics globally

Globally, the highest penetration of online sports betting and casino is currently seen on the European market, which is also the stronghold of Better Collective, where more than half of the

activity is online. In line with increased digitalisation and new products becoming available for betting, the use of mobile devices means that users can bet anytime and anywhere, and this also drives the In-game betting which is currently on the rise.

### European sports betting market

The online sports betting market amounted to 10.6 bnEUR in 2019 and is expected to grow at a CAGR of 4.2 percent from 2018-2022 to reach 12.7 bnEUR in 2022. The mobile sports betting market amounted to 7.4 bnEUR in 2019 and is expected to grow at a CAGR of 12.8 percent from 2018-2022 to reach 9.7 bnEUR in 2022\*.

Recent and upcoming regulations within the European markets create new opportunities, including Sweden and The Netherlands. In Germany, the UK and Denmark the market dynamics are currently changing and the outcomes are yet to be seen.

### The US sports betting market

On May 19, 2018, the Supreme Court of the United States repealed the PASPA Act, making the legal status of sports betting a discretion of state legislation, and thereby removing the federal ban, which effectively opened the sports betting market in the US. Multiple states in favour of the act's repeal, including New Jersey, have already

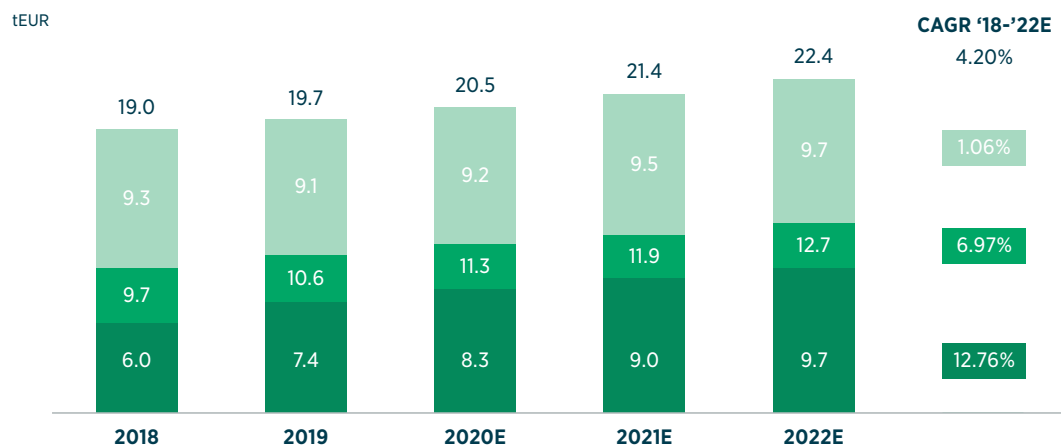
legalised sports betting within their state. While some states may abstain from legalising altogether, the majority of the states are expected to legalise sports betting over the coming years. Though it is still in its early days, market expectations are that the US online sports betting market could surpass the European market in terms of sports betting turnover in five to 10 years.

High player values characterise the US market. However, we expect that there needs to be a different and dedicated approach to unlock this significant potential. We view each state as an individual country, with different regulation, different operators and often, diverse views on individual sports. Some products can work for the entire US market, whereas others need to be tailored to a particular state.

### Roll-out state by state

Better Collective has been licensed as a vendor in New Jersey since 2014, and we keep growing our market presence. Pennsylvania and Indiana have recently launched sports betting online and Better Collective has started activities in these states. Better Collective is now able to operate on revenue share in all three states. Several states are currently subject to internal review and commercial analysis. As regulations, such as taxes, licensing processes, and player registration differ between the states, several factors are impacting how Better Collective prioritises its activities.

### European sports betting market development



\* Source: H2 Gambling Capital per December 19, 2019. 2019 numbers are estimates.

■ Land based ■ Online incl. mobile ■ Mobile



# FINANCIAL REVIEW

---

18 Financial review

21 Outlook



# FINANCIAL PERFORMANCE

## Revenue

Full year revenue amounted to 67,449 tEUR (FY 2018: 40,483 tEUR). The growth was 67% of which organic growth was 26%. Revenue share accounted for 68% of the revenue (76% of player-related revenue) with 16% coming from CPA, 6% from subscription revenue (US), and 10% from other income.

The number of NDCs was more than 431,000, with a growth of 66%. During 2019 there has been a significant increase in sports betting volume, whereas sports win margins have been lower than average. The lower sports win margins has impacted revenue and earnings negatively by estimated 3 mEUR for the full year, in particular in Q4.

## Cost

Cost for FY 2019 excluding special items and amortisations amounted to 40,218 tEUR (FY 2018: 24,411 tEUR). Amortisation and depreciation amounted to 6,244 tEUR (FY 2018: 3,092 tEUR). Excluding the growth in amortisation and depreciation the remaining cost base increased by 15,145 tEUR or 62%. The cost base increased with the acquisitive growth and investments in new markets and technologies as well as new initiatives such as the new media partnerships.

Direct cost relating to revenue increased to 6,602 tEUR (FY 2018: 4,350 tEUR), an increase of 52%. Direct cost

comprise hosting fees of websites, content generation, external programming, etc.

Personnel cost amounted to 21,102 tEUR (FY 2018: 12,990 tEUR), an increase of 62%. Excluding the cost of the 2019 warrant program, the year-over-year increase was 60%. The average number of employees increased to 364 (FY 2018: 198).

Other external cost increased by 4,779 tEUR or 69% to 11,683 tEUR (FY 2018: 6,903 tEUR).

Depreciation and amortisation amounted to 6,244 tEUR (FY 2018: 3,092 tEUR), mainly attributable to acquisitions and media partnerships.

## Earnings (EBITA)

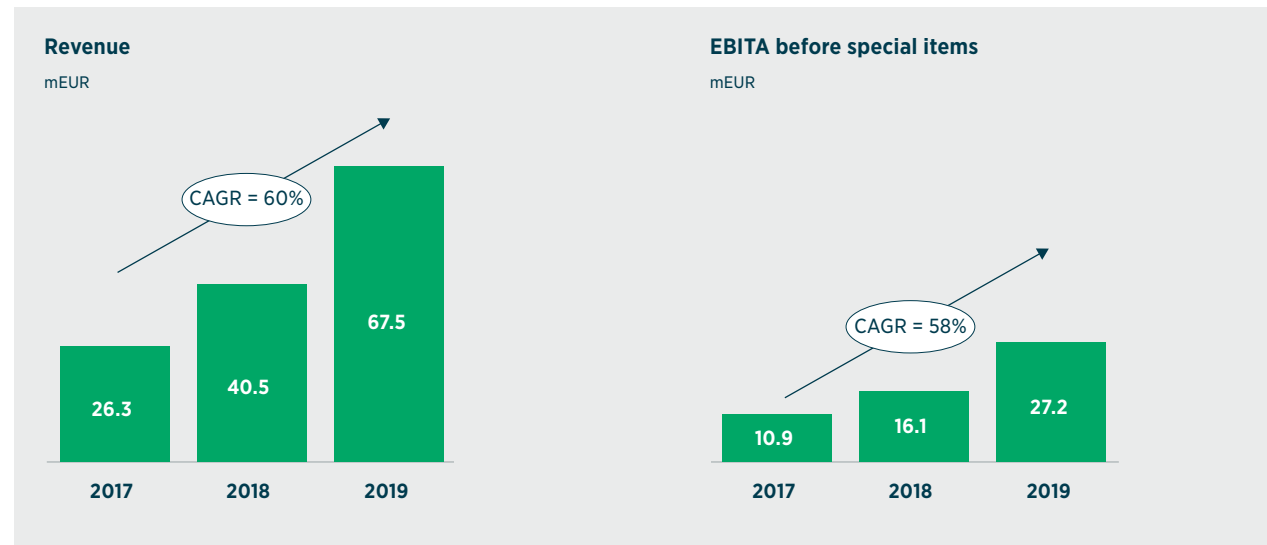
EBITA before special items in 2019 increased 69% to 27,231 tEUR (FY 2018: 16,072 tEUR). The EBITA-margin before special items was 40% (FY 2018: 40%). Excluding the newly acquired US-business the EBITA-margin was 43%.

Including special items of -615 tEUR (M&A related of -1,101 tEUR and Earn-out related of 486 tEUR), the reported EBITA was 26,616 tEUR. (FY 2018: 11,992 tEUR).

## Operating profit (EBIT)

EBIT before special items for 2019 increased 66% to 21,817 tEUR (FY 2018: 13,148 tEUR).

Including special items, the reported operating profit was 21,202 tEUR (FY 2018: 9,068 tEUR).



## Net financial items

Net financial items amounted to -2,448 tEUR (FY 2018: -618 tEUR) and included net interest, fees relating to committed bank credit lines, and exchange rate adjustments. Interest expenses amounted to 1.1 mEUR and include non-payable, calculated interest expenses on certain balance sheet items, whereas financial fees and net exchange rate loss amounted to 0.4 mEUR and 1.0 mEUR respectively.

## Income tax

Better Collective has a tax-presence in the places where the company is incorporated, which are Denmark (where the parent company is incorporated), Austria, France, Greece, Romania, UK, US, Poland, Serbia, and Sweden.

Income tax for 2019 amounted to 4,810 tEUR (FY 2018: 3,004 tEUR). The Effective Tax Rate (ETR) of 25.6% was impacted by non-deductible costs for M&A. Adjusted for the impact of non-taxable items, the tax rate was 24.0%.

## Net profit

Full Year 2019 Net profit after tax was 13,944 tEUR (FY 2018: 5,446 tEUR).

## Equity

The equity increased to 138,317 tEUR as per December 31, 2019 from 85,858 tEUR on December 31, 2018. The Full Year profit of 13,944 tEUR, the capital increase of 39,038 tEUR (net) and warrant related transactions of -1,266 tEUR impacted the equity.

## Balance sheet

Total assets amounted to 229,601 tEUR (FY 2018: 148,636 tEUR), with an equity of 138,317 tEUR (FY 2018: 85,858 tEUR). This corresponds to an Equity to assets ratio of 60% (FY 2018: 58%). The liquidity ratio was 1.63 resulting from current assets of 36,035 tEUR and current liabilities of 22,088 tEUR.

## Investments

On May 28, 2019, Better Collective completed the acquisition of 60% of the shares in RiCal LLC (the RotoGrinders Network) for 21 mUSD of which for 17.85 mUSD in cash and the remaining 3.15 mUSD was paid in shares, issued on June 13, 2019. In the period 2022-2024, Better Collective will acquire the remaining 40% of the shares of RotoGrinders at a valuation based upon an EBITDA-multiple between 5x and 10x. The valuation will be determined by the future growth and profitability of RotoGrinders and Better Collective's other business in the United States. RotoGrinders is fully (100%) consolidated into the Better Collective accounts as from June 1, 2019. The value of the assets and remaining committed tranche payments are included in the accounts at an estimated fair value. The remaining share purchase price has been estimated based upon a financial forecast for Rical LLC and a total debt of 26.7 mEUR is accounted for as Contingent Consideration under non-current liabilities. The contingent liability amount has been revised as per December 31, 2019 based on updated knowledge relating to the forecasted business performance, opening balance, and PPA.

On July 23, 2019, Better Collective, through a wholly owned US subsidiary, completed the acquisition of the

assets of Florida-based Vegasinsider.com and Scoresandodds.com for a total transaction price of 20 mUSD (18 mEUR) that was paid in cash. Vegasinsider.com and Scoresandodds.com are two of the leading sports betting websites in the United States (US). The brands have been market leading within sports betting information for more than 20 years and are expected to become market leading affiliate websites in those states where online sports betting will be available.

On September 2, 2019, Better Collective completed an acquisition of the shares of the company owning and operating the site mybettingsites.co.uk for up to 2.2 million GBP (2.4 million EUR). The purchase price was paid in cash, and shares issued on September 9, 2019. In addition, a deferred payment has been recorded.

On September 19, 2019 Better Collective entered an agreement with The Daily Telegraph for the delivery of our innovative technology and content for sports betting and casino. The fair value of the agreement has been recorded as intangible assets of 4.5 mGBP (5.3 mEUR) with a corresponding amount under other financial liabilities.

Investments in tangible assets were 960 tEUR for Full Year 2019, including investments in new and expanded office space in Serbia and Sweden.

## Cash flow and financing

Full Year Cash Flow from operations before special items was 26,585 tEUR (FY 2018: 15,158 tEUR). Cash conversion rate was 91% for the Full Year. The working capital was negatively affected by a strong December for revenue, as

well as a reclassification of vacation liability (351 tEUR) from working capital to non-current liabilities. Acquisitions and other investments reduced cash flow with 49,509 tEUR.

The ratio of net interest bearing debt / EBITDA before special items was 0.49 at the end of the quarter, based on net interest bearing debt at December 31, 2019 of 13,646 tEUR and last twelve months EBITDA before special items. The net debt excludes the contingent consideration of 26.7 mEUR recorded in relation to the future price of the remaining shares in Rical LLC.

Better Collective has bank credit facilities of total 84 mEUR, of which 17 mEUR was drawn up end of December 2019. As of December 31, 2019, net cash and unused credit facilities amounted to 90 mEUR.

## The parent company

Better Collective A/S, Denmark, is the parent company of the Group.

Full year revenue increased 5% to 24,952 tEUR (FY 2018: 23,715 tEUR).

Total cost in 2019 increased 36% to 26,659 tEUR (FY 2018: 19,637 tEUR).

Full year finance items include dividend income from Better Collective Sweden AB and Bola Webinformation GmbH of 12,578 tEUR.

Profit after tax was 15,336 tEUR (FY 2018: 1,551 tEUR).

Total Equity ended at 133,712 tEUR by December 31, 2019 (2018: 80,626 tEUR). The equity in the parent company was impacted by the capital increase of 39,038 tEUR, and warrant related transactions reduced the equity by 1,266 tEUR.

## Events after the period

Better Collective acquired leading esports platform HLTV.org, focusing on the game "Counter-Strike: Global Offensive (CS:GO)", for a total price of up to 34.5 mEUR (257 mDKK).

The nomination committee of Better Collective proposes that the 2020 Annual General Meeting elect Todd Dunlap, CEO of North America for Booking.com, as new board member.

January trading update: Revenue of approximately 7.2 mEUR (growth of 48%, of which organic growth 30% compared to January 2019). The sports win margin in January was significantly higher than historical average.

Extraordinary business update due to COVID-19 situation: February 2020 revenue ended in line with expectations with revenue of 6,9 mEUR corresponding to a growth of 27% (of which 13% was organic growth). The financial targets for 2020 remain unchanged until further, given the following assumptions:

- ♦ Reduced revenue in 2020 from EURO 2020, postponed to 2021, is estimated at 2-4 mEUR.
- ♦ Reduced revenue in 2020 from other postponed sports events is estimated at 4-6 mEUR.

- ♦ Esports (HLTV) and casino business continue to perform at regular levels.
- ♦ The estimated effect of reduced sports betting of a total 6-10 mEUR is based on the assumption that all major sports events, other than EURO 2020, will be back to a normal activity level in the second half of 2020.
- ♦ Costs are maintained at current levels and thus lower than budgeted for the full year, offsetting some of the reduced revenue.

Better Collective has a strong balance sheet and financing position. The net cash position was almost neutral at the end of February 2020, with a net bank debt (cash minus bank debt) of minus 13,9 mEUR after including upfront payment of approximately 24 mEUR in connection with the acquisition of HLTV.org ApS (esports) at the end of February. Cash and un-utilised committed bank credit facilities stood at 70 mEUR end of February 2020.

In past periods with low activity in the absence of major sports events, there is normally still betting activity, i.e. on lower profiled sports events, virtual games, esports, and casino.

Better Collective initiated a share buyback program for up to EUR 5,000,000, to be executed during the period from March 19, 2020 to June 30, 2020. The purpose of the buyback program is to cover debt related to prior acquisitions, where Better Collective have rights, and find it attractive, to partially make settlements in shares.



# OUTLOOK

## Financial targets and drivers for shareholder return

In connection with the IPO the Board of Directors decided upon the following Financial Targets for the short-medium term (average for the period 2018-2020). These targets remain unchanged:

- Revenue growth; annually between 30-50% p.a. including M&A and including double-digit organic growth.
- Operating margin (EBITA); >40% before special items.
- Capital Structure; Net Debt/EBITDA < 2.5.

Expectedly, revenue will fluctuate between quarters based on NDC-growth, specific events and sports outcomes. The above targets are to be seen over short-medium term rather than for each quarter.

## 2019 performance

In 2019, the revenue growth of 67% exceeded the 2018-2020 target. Organic growth was 26% and thereby well into double-digits. The operating margin and capital structure were both in line with the 2018-2020 target.

## 2020 outlook

As 2020 is the last year in the range of the current financial targets, which are average targets over the 3-year period, Better Collective provides additional information for 2020 isolated: For 2020, Better Collective expects double-digit (i.e. >10%) organic growth and total growth of >30%. The operating margin (EBITA) for 2020 is expected to be >40% and Net Interest Bearing Debt/EBITDA <2,5. See also assumptions on page 20 following the COVID-19 outbreak.

## Disclaimer

This report contains forward-looking statements which are based on the current expectations of the management of Better Collective. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

In order to achieve continued growth, we rely on our ability to attract users and deliver quality leads to further organic growth. For acquisitive growth, we rely on our pipeline to continue to offer attractive additions to Better Collective. Finally, for our geographical expansion, in particular the US market, the pace by which the individual states and markets open for online sports betting will affect our operations and growth derived from it. See also Key risk factors on page 31.

## Financial Targets for the short-medium term

	Target 2018-2020	Target 2020	Actual 2019	Actual 2018
Revenue growth p.a. (incl. M&A and organic)	30-50%	>30%	67%	54%
- of which organic growth	Double-digit	>10%	26%	9%
Operating margin (EBITA)*	>40%	>40%	40%	40%
Net Interest Bearing Debt/EBITDA*	< 2.5	< 2.5	0.49	1.37

\* Before special items.

# CORPORATE MATTERS

---

- 23 Corporate governance
- 32 Board of directors
- 33 Management
- 34 Shareholder information
- 36 Corporate responsibility
- 37 Better for Bettors

# CORPORATE GOVERNANCE REPORT

Better Collective A/S is a Danish public limited liability company and is governed by the provisions of the Danish Companies act. The registered office and headquarters is situated in Copenhagen, Denmark. Better Collective is listed on Nasdaq Stockholm since June 8, 2018, in the Mid Cap index.

## Framework for corporate governance in Better Collective

The purpose of corporate governance is to ensure that a company is run sustainably, responsibly and as efficiently as possible. In Better Collective, good corporate governance is about earning the confidence of shareholders, business partners, and legislators by creating transparency in decision-making and processes. A well-defined and structured distribution of roles and areas of responsibilities between shareholders, the board, and management secures efficiency at all levels. Most of all, it allows the management team to focus on business development and thereby the creation of shareholder value. The board of directors serves as a highly qualified dialogue partner for the management team supporting the outlined growth strategy, securing a tight risk management setup and optimal capital structure. The corporate governance is based on applicable Danish legislation and other external

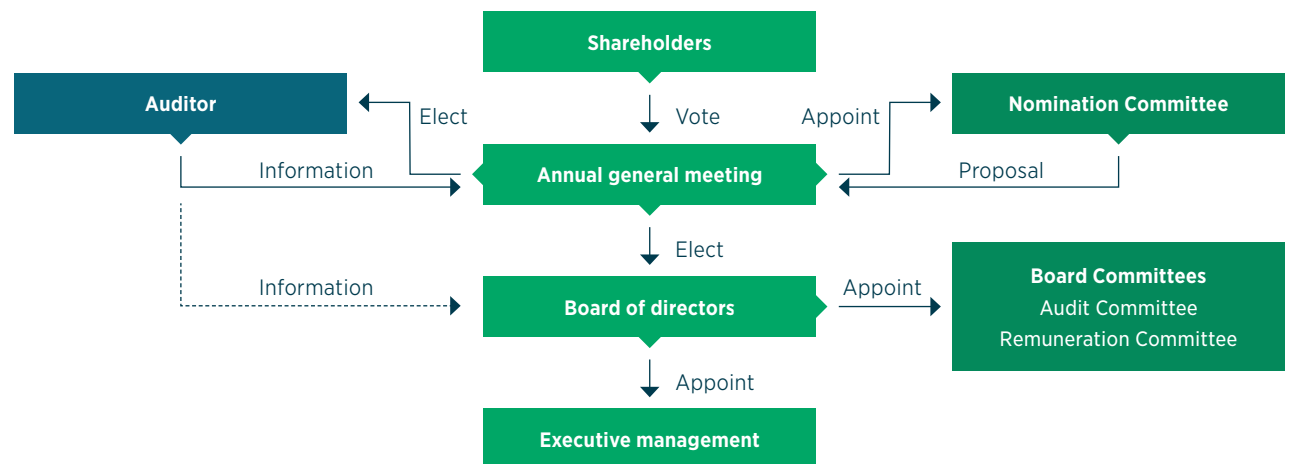
rules and instructions, including the Danish Companies Act, Nasdaq Stockholm's Rulebook, the Swedish Securities Council's good practices in the stock market, the Swedish Code of Corporate Governance and Better Collective guidelines such as the Articles of Association, policies, and guidelines. Better Collective has resolved that it will comply with the Swedish Code instead of the Danish recommendations on Corporate Governance, as is customary for companies listed on Nasdaq Stockholm. The main corporate laws and rules on governance relevant for shareholders in a Danish public limited liability company that is listed on Nasdaq Stockholm, and complying

with the Code, are to a large extent materially similar to the corresponding Swedish rules that would apply for a Swedish public limited liability company under the same circumstances.

## The share and shareholders

Better Collective A/S was listed on Nasdaq Stockholm in the Mid Cap segment on June 8, 2018. The number of shares outstanding on December 31, 2019 was 46,425,179. Each share entitles the holder to one vote. The number of shareholders on December 31, 2019 was 1,086 which is an increase from the 791 shareholders at December 31, 2018.

## Better Collective Corporate Governance Structure





The largest shareholders on December 31, 2019 were Chr. Dam Holding and J. Søgaard Holding (the co-founders of Better Collective) with each 12,171,179 shares and each representing 26% percent of the votes and share capital in the company. Further information on the Better Collective share and shareholders are available in the section Share and shareholders on page 34 as well as on the company's website.

## General meeting

Pursuant to the Danish Companies Act, the general meeting is the Company's superior decision-making body. The general meeting may resolve upon every issue for the Company which does not specifically fall within the scope of the exclusive powers of another corporate body, for example the power to appoint the executive management, which falls within the scope of the board of directors in limited liability companies that are managed by a board of directors.

At the general meeting, the shareholders exercise their voting rights in key issues, such as amendments of the Company's Articles of Association, approval of the annual report, appropriation of the Company's profit or loss (including distribution of any dividends), resolutions to discharge the members of the board of directors and the executive management from liability, the appointment and removal of members of the board of directors and auditors and remuneration for the board of directors and auditors. Other matters transacted at the meeting may include matters that, according to the articles of association or the Danish Companies Act, must be submitted to the general meeting.

## Time and place

The annual general meeting must be held at a date that allows sufficient time to send the Danish Business Authority a copy of the audited and adopted annual report within four months of the end of the financial year. In addition to the annual general meeting, extraordinary general meetings may be convened and held when required. According to the Company's articles of association, general meetings must be held in Greater Copenhagen, Gothenburg or Stockholm.

## Notice

According to the Company's Articles of Association, general meetings must be convened by the board of directors giving written notice no earlier than five weeks and no later than three weeks prior to the general meeting. Pursuant to the Danish Companies Act, notices convening general meetings shall be made public on the Company's website. If requested, shareholders shall receive written notices of the general meetings as the case may be.

Extraordinary general meetings must be held upon request from the board of directors or the auditor elected by the general meeting. In addition, shareholders that individually or collectively hold five percent or more of the share capital can make a written request to the board of directors that an extraordinary general meeting be held to resolve upon a specific matter. Such extraordinary general meetings must be convened within two weeks of the board of directors' receipt of a request to that effect.

The notice to convene a general meeting must be made in the form and substance for public limited liability com-

## Better Collective complies with the Swedish code of corporate governance with the following exceptions:

As stipulated in Better Collective's Articles of Association, the board of directors appoint the meeting chair for the AGM instead of letting the nomination committee propose a meeting chair. The Articles also stipulate that the meeting chair approves the AGM minutes instead of letting an AGM participant that is not member of the board or an employee of the company approve the minutes of the meeting.

The respective reports on corporate governance and sustainability do not include a part of the auditor's report covering the specific reports, as these subjects are not individually addressed in the auditor's report.

*These deviations are due to differences between Danish and Swedish laws and practices.*

panies admitted to trading on a regulated market as stipulated in the Danish Companies Act. The notice must also specify the time and place of the general meeting and contain the agenda of the business to be addressed at the general meeting. If an amendment of the Company's articles of association shall be resolved upon at a general meeting, the complete proposal must be included in the notice. For certain material amendments, the specific wording must be set out in the notice.

As regards the annual general meeting, the Company must announce the date for the meeting as well as the deadline for any shareholder proposals no later than eight weeks before the scheduled date for the annual general meeting.

## Right to attend general meetings

A shareholder's right to attend a general meeting and to vote on their shares is determined on the basis of the

shares held by the shareholder at the date of registration. The date of registration is one week before the general meeting is held. The holdings of each individual shareholder is based on the number of shares held by that shareholder as registered in the Company's share register maintained by Euroclear Sweden as well as any notifications of ownership received by the Company for the purpose of registration in the share register, but not yet registered.

To attend the general meeting, a shareholder must, in addition to the above-mentioned, also notify the Company of his or her attendance no later than three days prior to the date of the general meeting, as stipulated by the Company's articles of association. Shareholders may attend general meetings in person, through a proxy or by postal vote, and may be accompanied by an advisor. All attending shareholders are entitled to speak at general meetings.

### Voting rights and shareholders initiatives

Each share entitles the holder to one vote. All matters addressed at the general meeting must be decided by a simple majority vote, unless otherwise stipulated by the Danish Companies Act or the Company's articles of association. A resolution to amend the articles of association requires that no less than two thirds of the votes cast as well as the share capital represented at the general meeting vote in favour of the resolution, unless a larger majority is required by the Danish Companies Act (for example resolutions to reduce shareholder rights to receive dividends or to restrict the transferability of the shares) or the Company's articles of association. Shareholders who

## Attendance at board and committee meetings

Name	Board Meeting	Audit Committee	Remuneration Committee
Jens Bager (chairman)	◆◆◆◆◆◆◆◆	-	◆◆◆
Klaus Holse	◆◆◆◆◆◆◆◆	-	◆◆◆
Leif Nørgaard	◆◆◆◆◆◆◆◆	◆◆◆◆◆	-
Søren Jørgensen	◆◆◆◆◆◆◆◆	◆◆◆◆◆	-
Petra von Rohr	◆◆◆◆◆◆◆◆	◆◆◆◆◆	-

◆ Attendance ◆ Non-attendance

wish to have a specific matter brought before the general meeting must submit a written request to the Company's board of directors no later than six weeks prior to the general meeting. If the request is received less than six weeks before the date of the general meeting, the board of directors must decide whether the request has been made with enough time for the issues to be included on the agenda.

### General meetings in 2019

The Annual General Meeting 2019 was held on April 25, 2019 and approved the 2018 annual report, discharged the Board and Executive Management, and re-elected all the current board members and current auditor. The shareholders further approved the proposals from the board of directors to authorise the board of directors to increase the company's share capital without pre-emption rights for the existing shareholders, to authorise the board of directors to acquire treasury shares, and to amend terms of previously issued warrants. An extraordinary general meeting was held on June 24, 2020. The shareholders approved the proposals from the board of directors to implement a long terms incentive program and to authorise the board of directors to issue warrants to the company's

key employees and executive management; and authorise the board of directors to amend terms of previously issued warrants.

### Annual general meeting 2020

The annual general meeting 2020 will take place on April 22, 2019 at 10.00 a.m. at Better Collective, Toldbodgade 12 in Copenhagen, Denmark. For more information, see section on Annual general meeting on the company's website.

### Nomination committee

According to the Code, the Company shall have a nomination committee, the duties of which shall include the preparation and drafting of proposals regarding the election of members of the board of directors, the chairman of the board of directors, the chairman of the general meeting and auditors. In addition, the nomination committee shall propose fees for board members and the auditor. The Company's Articles of Association hold instructions and rules of procedure for the nomination committee according to which the nomination committee shall consist of four members representing the three largest shareholders per the end of August, together with

the chairman of the board of directors. The names of the members of the nomination committee must be published by the Company no later than six months prior to the annual general meeting.

On August 31, 2019, the three largest shareholders were Chr. Dam Holding, J. Søgaard Holding and Bumble Ventures which due to their interlinked ownership are grouped. In accordance with shareholders' decision, the nomination committee was appointed and is composed by four members in total:

- ♦ Daniel Nyvang Mariussen, representing Chr. Dam Holding and J. Søgaard Holding, and chairman of the nomination committee
- ♦ Martin Jonasson, representing Andra AP-Fonden and Tredje AP-Fonden
- ♦ Michael Knutsson, representing Knutsson Holdings
- ♦ Jens Bager, Chairman of the board of directors, Better Collective

In all, the nomination committee represented 65% of the total number of shares in Better Collective, based on ownership data as per August 31, 2019.

### **Independence of the nomination committee**

The Code requires the majority of the nomination committee's members to be independent in relation to the company and its management and that at least one of these shall also be independent in relation to the company's largest shareholder in terms of voting power. All members are independent in relation to the company and

the company's management and all members except for Daniel Nyvang Mariussen are independent in relation to major shareholders.

### **Meetings of the nomination committee**

Ahead of the AGM 2020, the nomination committee has held four meetings, all of which with full attendance. No fees have been paid for work on the committee.

### **Board of directors**

After the general meeting, the board of directors is the most superior decision-making body of the Company. The duties of the board of directors are set forth in the Danish Companies Act, the Company's articles of association, the Code and the written rules of procedure adopted by the board of directors, which are revised annually. The rules of procedure regulate, inter alia, the practice of the board of directors, tasks, decision-making within the Company, the board of directors' meeting agenda, the chairman's duties and allocation of responsibilities between the board of directors and the executive management. Rules of procedure for the executive management, including instruction for financial reporting to the board of directors, are also adopted by the board of directors.

The board of directors meets according to a pre-determined annual schedule. At least five ordinary board meetings shall be held between each annual general meeting. In addition to these meetings, extraordinary meetings can be convened for processing matters which cannot be referred to any of the ordinary meetings. In 2019, 8 meetings were held.

### **Composition of the board**

The members of the board of directors are elected annually at the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the board of directors shall consist of no less than three and no more than seven board members. Furthermore, the Code stipulates that no deputy members may be appointed. Currently, the board of directors is comprised of five ordinary board members elected by the general meeting: Jens Bager (Chairman), Klaus Holse, Søren Jørgensen, Leif Nørgaard, and Petra von Rohr. The board attended Nasdaq's stock market training course for board and management prior to the listing in 2018. For information about the board members see page 32.

### **Evaluation of board performance**

The board of directors regularly evaluates its work through a structured process. The chairman is responsible for carrying out the evaluation and presenting the results to the nomination committee. In 2019, an external management consultancy conducted an assessment of the board's work, including the collaboration with the executive management. The assessment was based on a questionnaire combined with personal interviews with each board and executive management member. The evaluation was presented to and discussed by the board and subsequently the nomination committee. In addition, the nomination committee conducted individual interviews with the board members leading up to the AGM. The overall conclusion was that the board's performance and efficiency is found to be satisfactory and that the



board has a well-balanced mix of competencies, however, with some room for deep industry knowledge.

### Diversity

Report on the underrepresented gender, cf. Section 99 b of the Danish Financial Statements Act.

#### Gender split in Board levels in 2019



The board composition must be set with appropriateness to the company's operations, phase of development, and must collectively exhibit diversity regarding gender, age, nationality, experience, professional background, and business expertise. Regarding gender diversity at the board of directors' level, the company has set a target for a board consisting of five to seven members to have a minimum of two members of the underrepresented gender elected by the general meeting. In 2019, no changes were made to the composition of the board. Currently, the board consists of four men and one woman, why the target figure was not reached in 2019. In the recruitment

of new board members, the company and its nomination committee will seek to realise the target over the coming years and by 2023 at the latest.

Better Collective aims to offer equal opportunities to men and women across our organisation, as well as promoting equal opportunities regardless of gender, ethnicity, race, religion, and sexual orientation. The executive management is made up of three men. For the other management levels in the company, the gender split in 2019 was 80% men and 20% women, which is an improvement from 2018 (86% men and 14% women). Recruitment and promotion of managers in 2019 was performed with an aim of increasing diversity, resulting in new managers of both genders. We will continually work to increase the share of the underrepresented gender at all management levels, on average, aiming for a target of 35% women over the coming years and by 2023 at the latest.

### Board committees

The board of directors has established two committees: the audit committee and the remuneration committee. The board of directors has adopted rules of procedure for both committees.

#### Audit committee

The audit committee is comprised of Leif Nørgaard (chairman), Søren Jørgensen, and Petra von Rohr. The audit committee's role is mainly to monitor the Company's financial position, to monitor the effectiveness of the Company's internal control and risk management, to be informed about the audit of the annual report and the consolidated financial statements, to review and monitor

the auditor's impartiality and independence and to monitor the Company's compliance with law and regulations related to financial matters. The audit committee has an annual work plan and has held five meetings in 2019.

### Remuneration committee

The remuneration committee is comprised of Jens Bager (chairman) and Klaus Hølse. The remuneration committee's role is primarily to prepare matters regarding remuneration and other terms of employment for the executive management and other key employees. The remuneration committee shall also monitor and evaluate ongoing and completed programs for variable remuneration to the Company's management and monitor and evaluate the implementation of the guidelines for remuneration to the Executive management which the annual general meeting has adopted. The remuneration committee has an annual work plan and has held three meetings in 2019.

### Executive management

According to the Danish Companies Act and the Company's articles of association, the board of directors appoints and removes the members of the executive management. The executive management is responsible for the day-to-day management of the Company. Currently, the executive management consists of Jesper Søgaard as CEO, Flemming Pedersen as CFO and Christian Kirk Rasmussen as COO. The members of the executive management are presented in further detail on page 33.

The duties and responsibilities of the executive management are governed by the Danish Companies Act, the Company's articles of association, the rules of procedures

for the executive management adopted by the board of directors, other instructions given by the board as well as other applicable laws and regulations. The executive management's duties and responsibilities include, inter alia, ensuring that the Company maintains adequate accounting records and procedures, that the board of directors' resolutions are implemented in the daily management of the Company, that the board of directors are up to date on all matters of importance to the Company and that the day-to-day management of the Company is carried out.

## **Remuneration to the board of directors and the executive management**

### **Remuneration to the board of directors**

Fees and other remuneration to board members elected by the general meeting are resolved by the annual general meeting. At the annual general meeting held on April 25, 2019, it was resolved that a fee of EUR 60,000 is to be paid to the chairman and that fees of EUR 20,000 is to be paid to each of the other board members. The work in a board committee is remunerated with EUR 10,000 for a chairmanship and EUR 5,000 for a regular member.

For the financial year 2019, the board of directors received remuneration as set out in note 5 on page 54.

### **Remuneration to the executive management**

Remuneration to the executive management consists of basic salary, variable remuneration, pension benefits, share related incentive programs and other benefits. For the financial year 2019, the executive management received remuneration as set out in note 5 on page 54.

### **Guidelines for incentive remuneration to the board of directors and the executive management**

At an extraordinary general meeting on May 18, 2018, it was resolved to adopt guidelines with the following main content. The overall purpose of the guidelines is to attract, motivate and retain qualified members of the board of directors and the executive management. At the Annual General Meeting 2020, the board will propose a Remuneration Policy to replace the current Guidelines for incentive remuneration to comply with the updated section 139 and 139a in the Danish Companies Act.

Members of the Company's board of directors and executive management receive a fixed annual remuneration. In addition, members of the board of directors and the executive management may receive incentive-based remuneration consisting of share-based rights. Finally, members of the executive management may receive incentive-based remuneration consisting of a cash bonus (including cash bonuses based on development in the share price), on both an ongoing, single-based and event-based basis.

Cash bonus schemes for executive management may consist of an annual bonus, which the individual member of the executive management can receive if specific targets for the relevant year are met. The maximum cash bonus shall be equivalent to 100 percent of the fixed base salary of each eligible participant of the executive management. Payment of bonus is only relevant when conditions and targets have been fully or partly met (as determined by the board of directors). If no targets are met, no bonus is

paid out. Targets for the executive management shall be agreed upon by the board of directors and the executive management. The general meeting will decide whether to establish a long-term incentive program (LTI program).

### **Internal controls**

The board of directors has the overall responsibility for the internal control of the Company. The main purpose of the internal control is to ensure that the Company's strategies and objectives can be implemented within the business, that there are effective systems for monitoring and control of the Company's business and the risks associated with the Company and its business, and to ensure that the financial reporting has been prepared in accordance with applicable laws, accounting standards and other requirements imposed on listed companies. The board of director's responsibility for the internal control and financial reporting is governed by the Danish Financial Statements Act, the Danish Companies Act and the Code. In addition, the board of directors has implemented an internal control framework based on the COSO standard, which focuses on the five areas control environment, risk assessment, control activities, information and communication and monitoring.

### **Control environment**

In order to create and maintain a functioning control environment, the board of directors has adopted a number of steering documents and policies, including rules of procedure for the board of directors, the board committees and the executive management with instruction for financial reporting to the board of directors. The policies include a tax policy, treasury policy, IT policy, information policy,

insider policy, instruction for insider lists and a code of conduct. The Company also has a group accounting manual which contains principles, guidelines and processes for accounting and financial reporting.

The division of roles and responsibilities within the rules of procedure for the board of directors and the executive management aim to facilitate an effective management of the Company's risks. The board of directors has also established an audit committee whose main task is to monitor the effectiveness of the Company's internal control, internal audit and risk management, to be informed about the audit of the annual report and consolidated financial statements, and to review and monitor the auditor's impartiality and independence. The board evaluates the need for an internal audit function annually. In 2019, given the size of the company, it was decided that an internal audit function is not currently needed.

The Company applies an internal "signing & approval" framework to ensure a clear and formalised distribution and limitation of power, and to define and govern guidelines for the delegation of authority to sign on behalf of the Company. The Company has furthermore established an IT governance structure to ensure that all major IT projects supports the Company's business goals and that existing IT systems and resources are used optimally. The Company has implemented a whistle-blower scheme providing employees with the ability to easily and anonymously report any observations of potentially destructive, unethical or illegal activities related to the Company.

### **Risk assessment**

Risk assessment includes identifying risks pertaining to the Company's business, assets and financial reporting as well as assessing the impact and probability of those risks, to ensure that actions to reduce or eliminate risks are analysed and implemented. Within the board of directors, the audit committee is responsible for continuously assessing the Company's risks

The executive management shall annually prepare an internal risk management assessment which is reported to the audit committee and subsequently to the board of directors. The risk management assessment shall include a follow-up on previous year's work and a review of any changes to procedures, control systems and risk-mitigating actions.

With regards to financial reporting, the CFO and the finance department annually prepares a report for the audit committee, including a review of items subject to special risks and significant accounting estimates and judgements, allowing the audit committee to monitor the financial reporting process. The audit committee also evaluates the need for an internal audit function annually and makes recommendation to the board of directors.

### **Control activities**

Control activities are performed for the purpose of preventing, detecting and correcting any errors and irregularities, including fraud. Control activities are implemented in the Company's systems and procedures, including financial reporting systems and procedures. Control

activities include, for example, physical and electronical preventive access controls concerning sensitive and confidential information, preventive IT based controls limiting access to systems, joint approval procedures for electronic bank transfers and detective controls. Financial control activities are performed in accordance with the group accounting manual and are carried out on a monthly basis and are documented.

### **Information and communication**

Internal communication to employees occurs, inter alia, through policies, instructions and blogposts, including a code of conduct that serves as an overall guiding principle for employees in all communication, an information policy that governs internal and external information as well as an insider policy to ensure appropriate handling of insider information that has not yet been disclosed to the public. The Group's CEO has the overall responsibility for the handling of matters regarding insider information.

The Company's Investor Relations function is led and supervised by the CFO and the Head of Investor Relations. The Investor Relations function's principal tasks are to support in matters in relation to the capital market as well as to assist in preparing financial reports, general meetings, capital market presentations and other regular reporting regarding Investor Relations activities.

### **Monitoring**

Compliance and effectiveness of internal controls are continuously monitored. The executive management ensures that the board of directors receives continuous reports on



the development of the Company's activities, including the Company's financial results and position, and information about important events, such as key contracts. The executive management also reports on such matters at each board meeting.

The board of directors and the audit committee examines the annual report and the interim reports and conducts financial evaluations based on established business plans. The audit committee reviews any changes in accounting policies to determine the appropriateness of the accounting policies and financial disclosure practices. The audit committee furthermore reviews the consistency of accounting policies across the Group on a yearly basis.

The efficiency of the key controls is evaluated at regular intervals and reported to the board of directors summarising the performed evaluations and accounting for

any deviations that must be managed. In 2018, a review of internal controls was performed with the purpose of reviewing compliance with processes and internal controls covering key areas and process flows according to the Company's group accounting manual. The report concluded that the Company's financial internal controls were deemed appropriate. The next evaluation will take place in 2020 following the implementation of a new ERP system in 2019 and updated processes as a result of this.

Furthermore, the Group's policies are subject to at least one annual review by the board of directors.

### External audit

The Company's auditor is appointed by the annual general meeting for the period until the end of the next annual general meeting. The auditor audits the financial statements prepared by the board of directors and the

executive management. Following each financial year, the auditor shall submit an audit report to the annual general meeting. The Company's auditor reports its observations from the audit and its assessment of the Company's internal control to the board of directors. At the annual general meeting held on April 25, 2019, Ernst & Young Godkendt Revisionspartnerselskab was re-elected as the Company's auditor with Jan C. Olsen as the lead auditor. It was also resolved that the fees to the auditor should be paid in accordance with normal charging standards and approved invoice. The total fee paid to the Company's auditor for the financial year 2019 amounted to 406 tEUR, of which 135 tEUR regarded the audit assignment, and 271 tEUR regarded other assignments.










## Shareholdings and warrants

Name	Jens Bager	Klaus Holse	Søren Jørgensen	Leif Nørgaard	Petra von Rohr	Jesper Søgaard	Christian Kirk Rasmussen	Flemming Pedersen
Position	Chairman of the board	Board member	Board member	Board member	Board member	CEO	COO	CFO
No. of shares*	1,169,626	215,622	286,794	478,781	21,600	12,171,179	12,171,179	137,322
No. of warrants	-	-	-	-	-	150,000	150,000	574,644

\* Shareholding in Better Collective, own and closely related, as per March 23, 2020

## Key risk factors

Key risk factors are described below. The risk factors are not listed in any order of priority. Also see financial risks in note 20 on page 68

	 MARKET REGULATION	 MARKETS AND CUSTOMERS	 PRODUCTS AND USERS	 M&A	 USA	 CORPORATE CULTURE	 LEGAL	 IT	 COVID-19
DESCRIPTION	Changes to applicable laws and regulations could lead to an increased burden of compliance, which could be costly and time-consuming to maintain efficiently. In addition, the uncertainty that characterises the legal framework for iGaming means that iGaming operators must devote significant time and resources to monitor the regulatory development.	Anticipating and responding to important trends in the market for iGaming is critical to Better Collective's ability to retain customers and win market share. Failing to spot these trends represents a risk.  Better Collective's revenue is affected by its customers, the iGaming operators, and user activity. Low activity could, therefore, affect revenues negatively.	Better Collective always strives to offer the best and most innovative products with high online rankings. Failure to be ahead of development in the industry poses a risk, as the competitive landscape encourages novelty and edge in products.	Better Collective actively participates in market consolidation to increase relevance to its customers and to reduce the exposure of single products and customers. M&A activity poses risk as targets need to be qualified, deals negotiated, and businesses integrated.	With the 2019 acquisitions in US, the overall risk profile of Better Collective has changed, and regulatory, compliance, as well as financial risk, has increased.	People remain the key drivers in everything that we do at Better Collective since our business is based on specialised expertise and innovation. Failure to attract, develop, and retain the most skilled employees and management talent constitutes a risk to the company.	Better Collective believes contractual risk as well as legal risk related to regulatory requirements are critical. Failure to meet or implement regulatory requirements, in a timely fashion concerning, for instance, data protection, confidentiality agreements, IPR, and fraud constitutes a risk.	As a digital software-based company with a core business based on modern information technology, Better Collective's failure to adequately protect itself against IT risk represents a distinct risk. Cybercrime including unauthorised access to Better Collective's network and data could endanger applications as well as the infrastructure and the technical environment stored on Better Collective's network.	The coronavirus outbreak, COVID-19, is having a growing impact on the global economy. If major sports events are cancelled or significantly postponed, it is likely to impact our revenue as we to a large extent rely on the operators' user activity. Additionally, the health and safety of our employees may be at risk.
RISK MANAGEMENT	Changes in regulation may involve imposing licence requirements, marketing restrictions and local taxation, although it can also imply a liberalisation of the market. iGaming regulation provides transparency to the legal framework, which in turn enhances predictability. Our legal department is continuously monitoring current and potential markets for any regulatory developments, and are reporting to management on their expected impact on our business.	Extensive market research and industry analysis allow Better Collective to anticipate and respond to market movements including new requirements.  Due to acquisitive growth in recent years, the customer base of iGaming operators has changed and Better Collective is less dependent on major customers, geographies and markets	Better Collective conducts a systematic prioritisation of user, customer, and market requirements. Updates include enhanced system functionality and improved technical infrastructure as well as search engine optimisation to remain competitive.	Better Collective has proven its acquisition model in recent years and continues to work diligently in the evaluation and building of its M&A pipeline. Integration of new assets and entities create valuable synergies due to Better Collective's APIs and processes.	Better Collective has mitigated the additional risks in the US in a number of ways: regulatory and compliance risk through the involvement of regulatory bodies in our licensing process for newly established entities, financial risk through a performance-based valuation of the acquired entity, and organisational risk through establishment of local governance, management, and Finance, HR, and Legal organisation dedicated to the US operations.	Better Collective's values and the notion of a work-life balance serve as strong tools for recruitment of talent. Naturally, we have found that talented people are happy to stay with a company that treats them with respect and gives them freedom.	Better Collective has established a central Legal function that, together with the commercial and business development operations, ensures a stage-gate approach when new contracts are made and when new regulations or compliance are being imposed.	Better Collective's IT department continuously monitors its global technical infrastructure, aiming to identify and minimise risk to the company's production and performance. Through well-established procedures and solutions, Better Collective can quickly restore critical business operations.	We continue to prepare for sports events up until the point that they may be cancelled. For internal purposes, we have set up a response team to ensure that we follow government guidelines as a minimum. Our first priority is to protect the health and safety of our employees. We have the technological setup to operate the business while our employees work remotely.

# BOARD OF DIRECTORS



## Jens Bager

Chairman of the Board,  
Chairman of the Remuneration Committee  
Born 1959  
Nationality DK  
Present position since 2017

**Education:** M.Sc in Economics and Business Administration from Copenhagen Business School.

**Professional background:** JB was the CEO of ALK-Abelló A/S for 16 years before joining BC, and prior to that he was an EVP of Chr. Hansen A/S. He is an Industrial Partner at Impilo AB and he has served on various boards in Denmark, Sweden, and France. He has extensive experience of general management of international and listed companies.

**Other assignments:** Member of the executive board of Bukkebalte Invest ApS, Jens Bager Advisory ApS and 56\* NORTH Equity Partners ApS.

**Previous assignments:** Board chairman of Ambu A/S, Heatex AB and Poul Due Jensens Fond. CEO of ALK-Abelló A/S.

### Independence in relation to:

- shareholders Yes  
- the company Yes



## Klaus Holse

Board Member,  
Member of the Remuneration Committee  
Born 1961  
Nationality DK  
Present position since 2017

**Education:** M.Sc. in Computer Science from the University of Copenhagen, Graduate Diploma in Business Administration (HD) from Copenhagen Business School.

**Professional background:** KH is currently the CEO of SimCorp and has previously been a Corporate VP at Microsoft, and Senior President at Oracle. At Microsoft, he was President of Western Europe, leading the largest area outside of the US. He has extensive experience from the IT and software industry.

**Other assignments:** Board chairman of Zenegy ApS and Delegate BE Holding ApS. Member of the board of director of The Scandinavian ApS. CEO of Simcorp A/S. Member of the executive board of Khaboom Aps.

**Previous assignments (past five years):** Board chairman of AX IV EG Holding III ApS, Danske Lønssystemer A/S, Lessor A/S, EG A/S, Ipayroll Holding ApS, Lessor Group ApS and Lessor Holding ApS.

### Independence in relation to:

- shareholders Yes  
- the company Yes



## Søren Jørgensen

Board Member  
Member of the Audit Committee  
Born 1970  
Nationality DK  
Present position since 2014

**Education:** LL.M. from the University of Aarhus and the University of London.

**Professional background:** SJ has practiced law for 20 years with the last 12 years as an M&A partner. He has served as a professional board member in Danish and foreign companies within various industries for +15 years.

**Other assignments:** Board chairman of Linkfire ApS, Easyinspect ApS, Rostra Kommunikation og Research A/S, Rostra Holding 2010 ApS, BHS Logistics A/S, Studsgaard Holding A/S, BHS Service Center A/S, Killer Kebab ApS and NCI Advisory A/S. Board member of MeetinVR ApS. Member of the executive board of Emmamo ApS, Eupry Invest ApS and MeetinVR Invest ApS.

**Previous assignments (past five years):** Board chairman of Welltec A/S, JH Holding, Allerød, ApS, Welltec Holding ApS, Welltec International ApS, Orlo ApS, ToTec Holdings ApS and Spektral Experience ApS. Board member of Totaltec Oilfield Services Ltd. and Nordic Seaweed ApS. Partner of Bruun & Hjejle I/S.

### Independence in relation to:

- shareholders Yes  
- the company Yes



## Leif Nørgaard

Board Member  
Chairman of the Audit Committee  
Born 1955  
Nationality DK  
Present position since 2014

**Education:** M.Sc in Economics and Business Administration from Aarhus Business School and State Authorised Public Accountant.

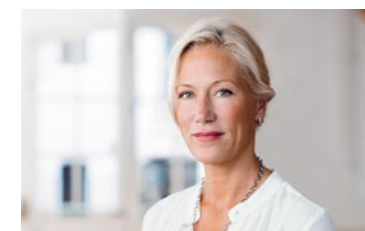
**Professional background:** LN has held senior positions in global companies, incl. CFO for Chr. Hansen Group, CFO for Dako Group, CFO for Teleca Group, and has served on boards in several countries. LN is a professional investor and part-time CFO in start-up companies. He has extensive experience in finance, start-ups and growth companies

**Other assignments:** Board chairman of Mute-Box ApS, K/S Sunset Boulevard, Esbjerg. Board member of Actimo LATAM Holdco ApS and DTU Science Park a/s. Member of the executive board of Nøller Invest ApS, 2XL2016 ApS, Komplementarsel. Landshut ApS and Sunset Boulevard, Esbjerg Komplementar ApS.

**Previous assignments (past five years):** Board member of Komplementarsel. Landshut ApS and Teklatech A/S. Chairman of the board of K/S SDR. Fasanvej, Frederiksberg. Partner of ApS Komplementarselskabet SDR. Fasanvej, Frederiksberg.

### Independence in relation to:

- shareholders Yes  
- the company Yes



## Petra von Rohr

Board Member  
Member of the Audit Committee  
Born 1972  
Nationality SE  
Present position since 2018

**Education:** M.Sc. in Economics from Stockholm School of Economics and McGill University in Montreal, Canada.

**Professional background:** PvR is currently the CEO of BioCool and she has experience from executive management positions both from the finance industry and the communications industry. Most recently, she was Head of Group Communications at Com Hem AB. Previous experience includes working as an equity analyst in London and Stockholm. She has extensive experience from working with corporate communication and investor relations

**Other assignments:** Board member of The Global Vector Control Standard and Webrock Ventures.

### Previous assignments (past five years):

Member of the Executive Management team of Com Hem AB, Partner of Kreab AB, Board member of Lauritz.com A/S, Lauritz.com Group A/S, Novare Human Capital Aktiefbolag and Takkei Trainingsystems AB.

### Independence in relation to:

- shareholders Yes  
- the company Yes



# EXECUTIVE MANAGEMENT



## Jesper Søgaard

CEO & Co-Founder  
Born 1983  
Nationality DK  
Present position since 2004

**Education:** M.Sc. in Political Science from the University of Copenhagen.

**Professional background:** JS founded Better Collective together with Christian Kirk Rasmussen in 2002 and has been working with and developing the Group's operations since the beginning.

**Other assignments:** Member of the board of directors of Bumble Ventures General Partners ApS, Bumble Ventures Management ApS, Bumble Ventures Invest ApS, Ejendoms-selskabet Algade 30-32 A/S, MM Properties and BetterNow Worldwide ApS. CEO of J. Søgaard Holding ApS. Member of the executive board of Better Holding 2012 A/S and Bumble ventures SPV ApS.

**Previous assignments (past five years):** Member of the board of directors of Symmetry Invest A/S, Shippers Danmark ApS, Scatter Web ApS, Ploomo ApS and VIGGA.us A/S.



## Christian Kirk Rasmussen

COO & Co-Founder  
Born 1983  
Nationality DK  
Present position since 2004

**Education:** Bachelor of Commerce from Copenhagen Business School.

**Professional background:** CKR founded Better Collective together with Jesper Søgaard in 2002 and has been working with and developing the Group's operations since the beginning.

**Other assignments:** Member of the board of directors of Bumble Ventures General Partners ApS, Bumble Ventures Management ApS, Bumble Ventures Invest ApS, Ejendoms-selskabet Algade 30-32 A/S, Omnigame ApS and MM Properties ApS. CEO of YellowSun-media ApS. Member of the executive board of Chr. Dam Holding ApS, Member of the executive board of Better Holding 2012 A/S and Bumble ventures SPV ApS.

**Previous assignments (past five years):** Member of the board of directors of Scatter Web ApS.



## Flemming Pedersen

CFO  
Born 1965  
Nationality DK  
Present position since 2018

**Education:** M.Sc. (cand. merc. aud.) and HD (Bachelor of Business Administration) from Copenhagen Business School.

**Professional background:** FP has more than 20 years of management experience, whereof more than 15 years in executive positions in public companies. He has served as CFO of ALK-Abelló A/S and was CEO and president of Neurosearch A/S. He has experience in General Management, Finance, Accounting, Tax matters, Risk Management and Capital Markets. In addition, he has experience from board positions in both public and private companies in Denmark as well as internationally.

**Other assignments:** Board member of Mindway AI ApS. Member of the executive board of Naapster ApS.

**Previous assignments (past five years):** Chairman of the board of directors of ALK-Abelló Nordic A/S and Good-stream ApS. Member of the board of directors of MB IT Consulting A/S and MBIT A/S. Member of the executive management of ALK-Abelló A/S.

## Shareholder information

# THE BETCO SHARE AND SHAREHOLDERS

Better Collective A/S has been listed since June 8, 2018 and is traded on the Nasdaq Stockholm Mid Cap index. The company's ticker is BETCO.

### Share price and trading

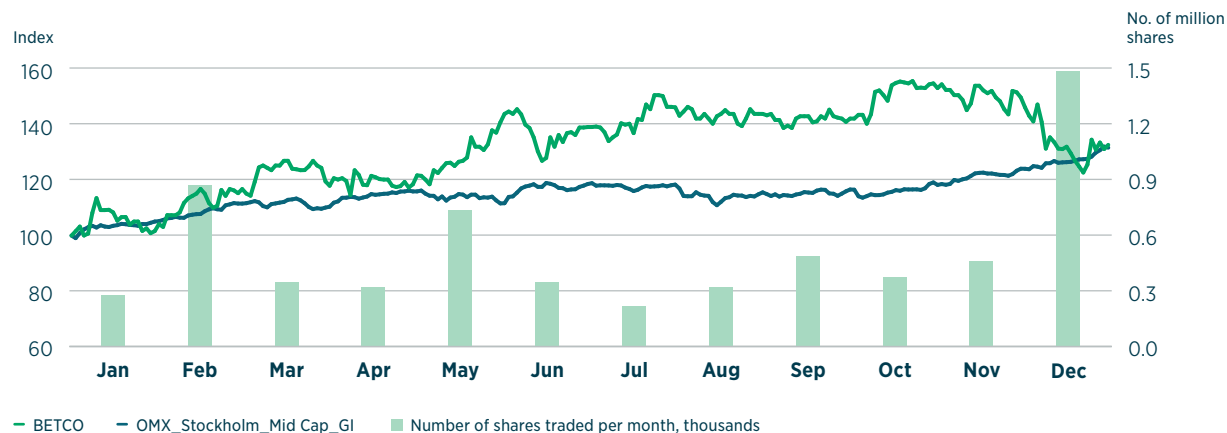
The closing price for the BETCO share on December 31, 2019 was 78.40 SEK, corresponding to a market cap of approximately 3,639 mSEK. During the period from January 1, 2019 to December 31, 2019, a total of 6,241,072

BETCO shares were traded on the Nasdaq Stockholm exchange at a total value of 483 mSEK, corresponding to approximately 8% percent of the total number of BETCO shares on the Nasdaq Stockholm exchange at the end of the period. The average number of shares traded per trading day was approximately 25,000, corresponding to a value of 2 mSEK. An average of 50 trades were completed per trading day. The highest price paid during the period January 1, 2019 to December 31, 2019 was 92 SEK on October 21 and the lowest price paid was 59.06 SEK on January 2. During the period from January 1, 2019 to December 31, 2019, Better Collective's share price increased 32.75%, while the OMX Mid Cap list increased by 31.72%.

### Share data

Marketplace	Nasdaq Stockholm
Date of listing	June 8, 2018
Segment	Mid Cap
Sector	Media
Ticker symbol	BETCO
ISIN code	DK0060952240
Currency	SEK
Standard trading unit	1 share
No. of shares outstanding	46,425,179 shares
Highest closing price paid in 2019	92.00 SEK (Oct 21)
Lowest closing price paid in 2019	59.06 (Jan 2)
Last price paid 2019	78.40 SEK
Share price development in 2019	+32.75%

### Share price performance



### Analysts

#### ABG Sundal Collier

Erik Moberg  
(erik.moberg@abgsc.se)

#### Nordea Markets

Christian Hellman  
(christian.hellman@nordea.com)

#### Redeye

Jonas Amnesten  
(jonas.amnesten@redeye.se)

#### SEB

Mathias Lundberg  
(mathias.lundberg@seb.se)

## Shareholders

On December 31, 2019, most of the share capital was owned by the company's founders and institutions predominantly in Sweden, Denmark, and the rest of Europe. On December 31, 2019, Better Collective had 1,086 shareholders, corresponding to a 37% increase from 791 shareholders on December 31, 2018. The ten largest shareholders accounted for 75% of the votes and share capital. The members of Better Collective's board of directors held a total of 2,061,792 BETCO shares. The executive management held a total of 24,479,680 BETCO shares. The holdings of the individual board members and members of the executive management can be found on page 32

### Top 10 largest shareholders as at December 31, 2019

Owner	Number of Shares	Capital and votes, %
Chr. Dam Holding	12,171,179	26.22
J.Søgaard Holding	12,171,179	26.22
Chr. Augustinus Fabrikker	2,200,000	4.74
Andra AP-Fonden	1,850,000	3.99
Tredje AP-Fonden	1,348,734	2.91
Jens Bager	1,109,626	2.39
Öhman Bank	1,101,741	2.37
Knutsson Holdings	1,100,000	2.37
KDI Danica Pension	950,000	2.05
SEB Investment Management	872,489	1.88
<b>Top 10 Largest Shareholders</b>	<b>34,874,948</b>	<b>75.14</b>
Other Shareholder	11,550,231	24.86
<b>Total Number Of Shares</b>	<b>46,425,179</b>	<b>100</b>

## Share capital and capital structure

On 31 December 2019, the share capital amounted to 464,251.79 EUR. The total number of shares amounted to 46,425,179. All shares in the market hold equal voting rights and equal rights to the company's earnings and capital.

## Dividend policy

Better Collective aims to pay dividends of more than 50 percent of its profit for the year. However, as equity capital was raised in 2018 to expand the acquisition strategy, the company expects no dividend before the year 2020, at the earliest. Thereafter the board of directors will revisit the capital structure of the Group and evaluate whether to pay dividends. The decision to pay dividends will be based on the company's financial position, investment needs, liquidity position as well as general economic and business conditions. If the board of directors finds it appropriate, dividend pay-out may be partially or wholly substituted by a share buy-back. Thus, the board has proposed that no dividend is paid out for the financial year of 2019.

## Individuals with an insider position

Listed companies are required to record a logbook of individuals who are employed or contracted by the company and have access to insider information relating to the company. These can include insiders, but also other individuals who have obtained inside information. Better Collective records a logbook for each financial report or regulatory release containing information that could affect the share price.

## Annual General Meeting 2020

The Annual General Meeting 2020 will take place on April 22, 2020 at 10.00 a.m. at Better Collective, Toldbodgade 12 in Copenhagen, Denmark. For more information, see the section on General Meetings on the company's website.

## Investor relations

Better Collective shall provide correct, relevant and clear information to all its shareholders, the capital market, the society, and the media, at the same time. Information that is deemed to be inside information shall be published so that it reaches the public in a quick, non-discriminatory manner. All important events, that could influence the val-

ue of Better Collective, shall be communicated as soon as possible, that is in direct connection with the decision being taken, the election taking place or the event becoming known to Better Collective. The Better Collective website, [www.bettercollective.com](http://www.bettercollective.com), contains relevant material for shareholders, including the current share price, press regulatory releases, and general information about the company. Better Collective maintains a quiet period of 30 days prior to the publication of interim financial reports. During this period, representatives of the Group do not meet with financial media, analysts or investors.

### Financial calendar

April 22, 2020	AGM
May 15, 2020	Interim Financial report Q1
August 25, 2020	Interim Financial report Q2
November 11, 2020	Interim Financial report Q3



### IR contact

Christina Bastius Thomsen,  
Head of Investor Relations & CSR  
Phone: +45 2363 8844  
e-mail: [investor@bettercollective.com](mailto:investor@bettercollective.com)



## Our approach

# SUSTAINABILITY STRATEGY

Responsibility and sustainability have been key value-drivers for Better Collective's business ever since the company was founded in 2004.

Our headquarters have remained in Denmark, where we have our roots. We proudly engage in the local communities and societies, where we are active, paying our taxes and initiating local projects partnering with local citizens and other local stakeholders. We have always strived to be a socially responsible company that also aspires to strengthen the standards of the industry to empower our users.

These values have formed our culture and drive our business forward. At Better Collective, we believe that we as a business have an increasingly important role to play in society in securing a world that is sustainable for the next generations. We also strongly believe that operating in a responsible way across all business verticals and adding value to society and the communities, in which we operate, positively affects our business and competitiveness. We call this shared value creation. Our sustainability strategy is therefore also a natural part of our overall business strategy and strategic goals.

With a vision to empower iGamers through transparency and technology, our sustainability strategy and goals are integral parts of our operations to support this vision and to realise our strategic goal to be the #1 sports betting

aggregator in the world. Our strategy and approach are deeply rooted in our core values, which – more than 15 years after Better Collective was founded – remain the same.

Our sustainability strategy and reporting are built around four strategic priorities core to our business; Responsible Gambling, People, Governance, Local Communities and Environment.



The UN Global Compact and UN Sustainable Development Goals (SDGs) constitute the overall framework for our sustainability strategy and reporting. This sustainability report constitutes the first report, where we include and report on the UN Global Compact principles and SDGs. Hence, it is the first year, where we structure the sustainability operations. The report should also be seen in this context, we are laying the foundation for the strategic sustainability work for years to come.

We are implementing the SDGs in a stepwise approach: our starting point has been to define the SDGs where we can make an impact, either through current activities or through new initiatives. In 2020, we will continue the work to single out the SDGs to focus on moving forward. Part of this work will be to define KPIs and set targets to implement in future reporting. Operationally, the strategy is rolled out through our overall sustainability programme “Better for Bettors” as well as the sub-programme “Better Community”.

The sustainability report forms part of the management report in compliance with the Danish Financial Statements Act, Section 99a and Section 99b. The full sustainability report is available on [http://bettercollective.com/wp-content/uploads/2020/03/BetterCollective\\_AR19\\_sustainability.pdf](http://bettercollective.com/wp-content/uploads/2020/03/BetterCollective_AR19_sustainability.pdf)



## Better for Bettors

# INVESTMENT IN MINDWAY AI

In September 2019, we acquired 19.99% of the shares in Mindway AI, who specialises in innovative and advanced software solutions for the identification of at-risk gambling and problem gambling behaviour.

Mindway AI's technology platform is based on neuroscience and artificial intelligence, and the company works with betting operators, platform providers, regulators, and governments to supply state-of-the-art early detection and intervention solutions for safer gambling.

Mindway's vision is to create safe customer journeys by bringing research to life and creating solutions that protect gamblers from developing a gambling disorder.

Through Better Collective's strong global industry network, we will support opening doors for Mindway AI to operators and thus scaling the technologies for the benefit of the players. In addition, we are looking into ways to utilise their technologies and products within the Better Collective Group and expect to roll out initiatives in 2020.

## Mindway AI solutions:



- ◆ **GameChanger** – a training tool that helps at-risk and problem gamblers take back control over their gambling by training to control their impulsivity



- ◆ **Gamalyze** – a self-test game, during which decision making is analysed, using validated neuroscientific principles. The analysis provides deep insight into gambling behaviour, thus identifying key characteristics associated with problem gambling.



- ◆ **Gamescanner** – an artificial intelligence solution harvesting the newest knowledge in neuroscience which identifies problem gambling behaviour with the same performance as expert psychologists.



*“We take our social responsibility very seriously. We see Mindway AI's innovative technology as a perfect addition to our Group and our aspirations to help protect online sports bettors, while at the same time engaging in a business where we foresee a sound future for growth and profitability.”*

**Jesper Søgaard,**  
CEO

*“In Better Collective, we have found a strong partner that shares our core values and vision to create a transparent and safe online betting experience. We see this partnership as a win-win opportunity where both parties can enhance the protection for online bettors, while also strengthening our positions in the market”.*

**Rasmus Kjærgaard,**  
CEO of Mindway



# CO-FOUNDING RESPONSIBLE AFFILIATES IN GAMBLING

In May 2019, we partnered with Racing Post and Oddschecker and co-founded a new trade association, Responsible Affiliates in Gambling (RAiG) that is established to promote the socially responsible marketing of gambling products and a safer gambling environment for consumers.

We strongly believe the long-term sustainability and growth of the iGaming industry is dependent on responsible operations by the businesses within the industry. This is not achieved by a single business, but rather by a collective effort. Therefore, we entered a partnership with our two affiliate peers. We recognise the role affiliate marketing providers must play as part of wider industry initiatives in the UK to promote social responsibility and a safer gambling environment for consumers.

As a condition of membership of RAiG, each member is subject to an annual social responsibility audit that is conducted by Gambling Integrity. This audit is designed to ensure compliance with a range of existing statutory and non-statutory regulation as well as any additional measures which might be adopted over time.

Clive Hawkswood, former Chief Executive of the Remote Gambling Association (RGA), has been appointed chairman of RAiG. The first additional members joined already in 2019 and the ambition is for more members to join the trade association during 2020.

In November, Better Collective passed the annual social responsibility audit made by Gambling Integrity.

*“For Better Collective, compliance and responsible gambling have always been core focus areas due to our commitment and vision to empower iGamers. I am therefore extremely proud that we become co-founders of RAiG which I believe can be a game-changer for compliance standards for affiliates and which will ensure a lift of the entire industry in terms of responsible behaviour for the benefit of the users”.*

**Jesper Søgaard,**  
CEO

**RAiG™**

*“The new audit process will be a key driver in achieving compliance and progress in these crucial areas by raising the standards of the affiliate marketing sector as a whole”*

**Clive Hawkswood,**  
Chairman of RAiG



# STATEMENTS

---

- 40 Statement by management
- 41 Independent auditor's report





# STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today discussed and approved the annual report of Better Collective A/S for 2019.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at December 31, 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year January 1 – December 31, 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, results of operations, cash flows and financial position as well as a description of material risks and uncertainties that the Group and the Parent Company face.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, March 26, 2020

## Executive Management

**Jesper Søgaard**  
CEO & Co-founder

**Christian Kirk Rasmussen**  
COO & Co-founder  
Executive Vice President

**Flemming Pedersen**  
CFO  
Executive Vice President

## Board of Directors

**Jens Bager**  
Chairman

**Klaus Holse**

**Søren Jørgensen**

**Leif Nørgaard**

**Petra von Rohr**

# INDEPENDENT AUDITORS' REPORT

## To the shareholders of Better Collective A/S

---

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Better Collective A/S for the financial year 1 January – 31 December 2019, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those

standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

### Appointment of auditor

On 8 June 2018, Better Collective A/S completed its Initial Public Offering and was admitted to trading and official listing on Nasdaq Stockholm. We were initially appointed as auditor of Better Collective A/S on 15 November 2016 for the financial year 2016. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 4 years up until and including the financial year 2019.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2019. These matters were addressed during our audit of

the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

### Valuation of goodwill, domains and websites

Goodwill as well as domains and websites with indefinite life are not subject to amortisation, but are reviewed annually for impairment, or more frequently if any indicators of impairment are identified. Valuation of goodwill, domains and websites is significant to our audit due to the carrying values as well as the management judgement involved in the assessment of the carrying values, assessment of indefinite life and judgements involved in impairment testing of the goodwill, domains and websites.

Management prepares and reviews impairment tests for the cash-generating unit as a whole and for the domains and websites related to each significant acquisition. Impairment testing is based on the estimated recoverable amounts of the assets, which for this purpose are determined based on the value in use. The value in use is based on a discounted cash flow (DCF) model and is calculated

for the cash-generating unit as a whole and for the domains and websites for each significant acquisition.

Refer to note 13 in the consolidated financial statements and to note 13 in the financial statements for the parent company.

### How our audit addressed the above key audit matters

Our audit procedures included:

- ◆ Assessment of the indefinite life assumption including examination of data provided by management and other sources as well as inquiries to management and comparison with industry practice and comparable companies.
- ◆ Evaluation of internal procedures relating to estimating future cash flows, preparation of budgets and forecasts.
- ◆ Examination of the value-in-use model prepared by Management, including consideration of the valuation methodology and the reasonableness of key assumptions and input based on our knowledge of the business and industry together with available supporting evidence such as available budgets and externally observable market data related to interest rates, etc.
- ◆ Assessment of the adequacy of disclosures about key assumptions in note 13 to the consolidated financial statements and in note 13 to the financial statements for the parent company.

### Accounting for acquisitions

The Group has in 2019 completed two business combinations. Management has determined the fair value of the identifiable assets and liabilities acquired. The total acquisition price for the two business combinations amounts to EUR 48 million.

Due to the significant level of management judgement involved in estimation of the conditional purchase amount

and estimating the fair value of especially the intangible assets, we considered the accounting for acquisitions of most significance in our audit.

For details on the acquisitions, reference is made to note 22 in the consolidated financial statements.

### How our audit addressed the above key audit matters

Our audit procedures included:

- ◆ Assessment of the assumptions and methodology applied by management to calculate the fair value of intangible assets compared to generally applied valuation methodologies. We have considered the approach taken by Management, assessed key assumptions and obtained corroborative evidence for the explanations provided by comparing key assumptions to market data, where available, underlying accounting records, past performance of the acquired businesses, our past experience of similar transactions and Management's forecasts supporting the acquisition.
- ◆ Assessment of the fair value of the conditional purchase amount including key assumptions applied by management to calculate the fair value.
- ◆ Assessment of the adequacy of the disclosures in note 22 related to the acquisitions, including the fair value of acquired intangible assets, compared to applicable accounting standards.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or

our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and

to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ◆ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- ◆ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit

matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, March 26 2020

### **ERNST & YOUNG**

Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Jan C. Olsen  
State Authorised  
Public Accountant  
MNE no. mne33717

Peter Andersen  
State Authorised  
Public Accountant  
MNE no. mne34313





# FINANCIAL STATEMENTS

---

- 45 Consolidated statement of profit and loss
- 45 Consolidated statement of comprehensive income
- 46 Consolidated balance sheet
- 47 Consolidated statement of changes in equity
- 48 Consolidated statement of cash flow
- 49 Notes to the consolidated financial statements
- 79 Parent company, financial statements 2019
- 84 Notes to the parent company financial statements

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Note	tEUR	2019	2018
4	<b>Revenue</b>	<b>67,449</b>	<b>40,483</b>
	Direct costs related to revenue	6,602	4,350
5, 6	Staff costs	21,102	12,990
14	Depreciation	831	169
7	Other external expenses	11,683	6,903
	<b>Operating profit before amortisations and special items</b>	<b>27,231</b>	<b>16,072</b>
12	Amortisation	5,413	2,924
	<b>Operating profit before special items</b>	<b>21,817</b>	<b>13,148</b>
8	Special items, net	-615	-4,080
	<b>Operating profit</b>	<b>21,202</b>	<b>9,068</b>
9	Financial income	1,129	39
10	Financial expenses	3,577	657
	<b>Profit before tax</b>	<b>18,755</b>	<b>8,450</b>
11	Tax on profit for the period	4,810	3,004
	<b>Profit for the period</b>	<b>13,944</b>	<b>5,446</b>
	<b>Earnings per share attributable to equity holders of the company</b>		
	Average number of shares*	43,456,145	34,018,470
	Average number of warrants – converted to number of shares	1,940,282	2,024,460
	Earnings per share (in EUR)	0.32	0.16
	Diluted earnings per share (in EUR)	0.31	0.15

\* Historic numbers updated with share-split 1:54

Comparative numbers have not been re-stated following the implementation of IFRS16.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	tEUR	2019	2018
	Profit for the period	13,944	5,446
	<b>Other comprehensive income</b>		
	<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
	Currency translation to presentation currency	884	79
11	Income tax	-142	0
	<b>Net other comprehensive income/loss</b>	<b>741</b>	<b>79</b>
	<b>Total other comprehensive income/(loss) for the period, net of tax</b>	<b>14,685</b>	<b>5,526</b>
	<b>Attributable to:</b>		
	Shareholders of the parent	14,685	5,526

# CONSOLIDATED BALANCE SHEET

Note	tEUR	2019	2018
<b>Assets</b>			
<b>Non-current assets</b>			
12,13	<b>Intangible assets</b>		
	Goodwill	41,968	23,960
	Domains and websites	132,848	86,844
	Accounts and other intangible assets	11,955	11,282
		<b>186,771</b>	<b>122,086</b>
14	<b>Property, plant and equipment</b>		
	Land and buildings	718	736
	Right of use assets	3,005	0
	Fixtures and fittings, other plant and equipment	1,408	657
		<b>5,131</b>	<b>1,393</b>
<b>Other non-current assets</b>			
20	Other non-current financial assets	1,126	0
	Deposits	260	214
11	Deferred tax asset	278	0
		<b>1,664</b>	<b>214</b>
	<b>Total non-current assets</b>	<b>193,566</b>	<b>123,694</b>
<b>Current assets</b>			
15	Trade and other receivables	11,579	7,705
11	Corporation tax receivable	457	624
	Prepayments	1,244	636
20	Cash	22,755	15,978
	<b>Total current assets</b>	<b>36,035</b>	<b>24,942</b>
	<b>TOTAL ASSETS</b>	<b>229,601</b>	<b>148,636</b>

Comparative numbers have not been re-stated following the implementation of IFRS16.

Note	tEUR	2019	2018
<b>Equity and liabilities</b>			
16	<b>Equity</b>		
	Share Capital	464	405
	Share Premium	106,295	67,316
	Currency Translation Reserve	825	84
	Retained Earnings	30,732	18,054
17	Proposed Dividends	0	0
	<b>Total equity</b>	<b>138,317</b>	<b>85,858</b>
<b>Non-current Liabilities</b>			
20	Debt to mortgage credit institutions	524	544
20	Debt to credit institutions	16,734	8,500
19	Lease liabilities	2,257	0
11	Deferred tax liabilities	20,638	20,534
20	Other long-term financial liabilities	4,531	8,937
20	Contingent Consideration	24,512	0
	<b>Total non-current liabilities</b>	<b>69,197</b>	<b>38,515</b>
<b>Current Liabilities</b>			
	Prepayments received from customers	373	478
18	Trade and other payables	3,422	2,564
11	Corporation tax payable	3,736	954
20	Other financial liabilities	11,489	20,248
20	Contingent Consideration	2,202	0
20	Debt to mortgage credit institutions	20	20
19	Lease liabilities	846	0
	<b>Total current liabilities</b>	<b>22,088</b>	<b>24,263</b>
	<b>Total liabilities</b>	<b>91,284</b>	<b>62,778</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>229,601</b>	<b>148,636</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed Dividend	Total equity
<b>As of January 1, 2019</b>	<b>405</b>	<b>67,316</b>	<b>84</b>	<b>0</b>	<b>18,054</b>	<b>0</b>	<b>85,858</b>
Result for the period	0	0	0	0	13,944	0	13,944
<b>Other comprehensive income</b>							
Currency translation to presentation currency	0	0	884	0	0	0	884
Tax on other comprehensive income	0	0	-142	0	0	0	-142
Total other comprehensive income	0	0	741	0	0	0	741
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>741</b>	<b>0</b>	<b>13,944</b>	<b>0</b>	<b>14,685</b>
<b>Transactions with owners</b>							
Capital Increase	59	39,693	0	0	0	0	39,752
Transaction Costs	0	-713	0	0	0	0	-713
Shared based payments	0	0	0	0	384	0	384
Cash settlement of warrants	0	0	0	0	-1,685	0	-1,685
Tax on settlement of warrants	0	0	0	0	36	0	36
<b>Total transactions with owners</b>	<b>59</b>	<b>38,979</b>	<b>0</b>	<b>0</b>	<b>-1,266</b>	<b>0</b>	<b>37,773</b>
<b>At December 31, 2019</b>	<b>464</b>	<b>106,295</b>	<b>825</b>	<b>0</b>	<b>30,732</b>	<b>0</b>	<b>138,317</b>

During the period no dividend was paid.

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed Dividend	Total equity
<b>As of January 1, 2018</b>	<b>69</b>	<b>381</b>	<b>4</b>	<b>0</b>	<b>14,322</b>	<b>0</b>	<b>14,775</b>
Result for the period	0	0	0	0	5,446	0	5,446
<b>Other comprehensive income</b>							
Currency translation to presentation currency	0	0	79	0	0	0	79
Tax on other comprehensive income	0	0	0	0	0	0	0
Total other comprehensive income	0	0	79	0	0	0	79
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>79</b>	<b>0</b>	<b>5,446</b>	<b>0</b>	<b>5,526</b>
<b>Transactions with owners</b>							
Capital Increase	336	68,410	0	0	-207	0	68,539
Transaction cost	0	-1,475	0	0	0	0	-1,475
Acquisition/disposal of treasury shares and warrants	0	0	0	0	22	0	22
Shared based payments	0	0	0	0	319	0	319
Cash settlement of warrants	0	0	0	0	-2,371	0	-2,371
Tax on settlement of warrants	0	0	0	0	522	0	522
<b>Total transactions with owners</b>	<b>336</b>	<b>66,935</b>	<b>0</b>	<b>0</b>	<b>-1,714</b>	<b>0</b>	<b>65,557</b>
<b>At December 31, 2018</b>	<b>405</b>	<b>67,316</b>	<b>84</b>	<b>0</b>	<b>18,054</b>	<b>0</b>	<b>85,858</b>

During the period no dividend was paid.



# CONSOLIDATED STATEMENT OF CASH FLOW

Note	tEUR	2019	2018
	Profit before tax	18,756	8,450
	Adjustment for finance items	2,445	618
	Adjustment for special items	614	4,080
	Operating Profit for the period before special items	21,814	13,148
	Depreciation and amortisation	6,244	3,092
	Other adjustments of non cash operating items	384	319
	Cash flow from operations before changes in working capital and special items	28,442	16,560
21	Change in working capital	-1,858	-1,402
	Cash flow from operations before special items	26,585	15,158
	Special items, cash flow	-1,103	-4,080
	Cash flow from operations	25,481	11,078
	Financial income, received	955	39
	Financial expenses, paid	-2,578	-657
	Cash flow from ordinary activities before tax	23,858	10,460
	Income tax paid	-3,793	-3,957
	<b>Cash flow from operating activities</b>	<b>20,065</b>	<b>6,503</b>
22	Acquisition of business combinations*	-25,613	-51,117
12	Acquisition of intangible assets*	-22,575	-8,853
14	Acquisition of property, plant and equipment	-960	-669
14	Sale of property, plant and equipment	5	13
	Change in non-current assets	-367	-2
	<b>Cash flow from investing activities</b>	<b>-49,509</b>	<b>-60,629</b>
20	Repayment of borrowings	-78,677	-18,401
20	Proceeds from borrowings	86,937	21,572
	Lease liabilities	-466	0
	Other non-current liabilities	350	0
	Capital increase	30,620	68,547
	Transaction cost	-713	-1,475
	Warrant settlement, sale of warrants	-1,686	-2,349
	<b>Cash flow from financing activities</b>	<b>36,365</b>	<b>67,895</b>

Note	tEUR	2019	2018
	Cash flows for the period	6,921	13,769
	Cash and cash equivalents at beginning	15,978	2,129
	Foreign currency translation of cash and cash equivalents	-144	80
	<b>Cash and cash equivalents period end</b>	<b>22,755</b>	<b>15,978</b>
	* Acquisition of business combinations:		
22	Net Cash outflow from business combinations at acquisition	-16,532	-43,114
	Business Combinations deferred payments from current period	0	-788
	Share capital issued for business combinations	0	0
	Deferred payments - business combinations from prior periods	-9,081	-7,216
	<b>Total cashflow from business combinations</b>	<b>-25,613</b>	<b>-51,117</b>
	* Acquisition of intangible assets:		
12	Acquisitions through asset transactions	-23,145	-12,084
	Deferred payments related to acquisition value	0	3,713
	Deferred payments - acquisitions from prior periods	-3,210	-482
	Intangible assets with no cash flow effect	5,063	0
	Other investments	-1,283	0
	<b>Total cashflow from intangible assets</b>	<b>-22,575</b>	<b>-8,853</b>

Comparative numbers have not been re-stated following the implementation of IFRS16.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>Note</b>	<b>Page</b>
1 Accounting policies	50
2 Significant accounting judgements, estimates and assumptions	52
3 Segment information	53
4 Revenue specification – affiliate model	53
5 Staff costs	54
6 Share-based payment plans	55
7 Fees paid to auditors appointed at the annual general meeting	56
8 Special items	57
9 Finance income	57
10 Finance costs	57
11 Income tax	58
12 Intangible assets	59
13 Goodwill and intangible assets with indefinite lives	61
14 Property, plant and equipment	63
15 Trade and other receivables	65
16 Issued capital and reserves	65
17 Distributions made and proposed	66
18 Trade and other payables	66
19 Leasing	66
20 Financial risk management objectives and policies	68
21 Change in working capital	70
22 Acquisition of subsidiaries	71
23 Related party disclosures	76
24 Group information	77
25 Other contingent liabilities	77
26 Events after the reporting date	78

# NOTES

## 1 Accounting policies

### General

The financial statements section of the annual report for the period January 1 - December 31, 2019 comprises both the consolidated financial statements of Better Collective A/S and its subsidiaries (the Group or the Better Collective Group) and the separate parent company financial statements (the Parent). The comparative figures cover the period January 1 - December 31, 2018.

The consolidated financial statements of Better Collective A/S have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish requirements for listed companies. Better Collective A/S is incorporated and domiciled in Denmark.

The Board of Directors and the Executive Board have discussed and approved the annual report for Better Collective A/S on March 25, 2020. The annual report will be presented to the shareholders of Better Collective A/S for adoption at the annual general meeting on April 22, 2020.

### New financial reporting standards

The annual report for 2019 is presented in conformity with the new and revised IFRS standards and new IFRIC interpretations endorsed by the EU, which apply to financial years beginning on January 1, 2019.

The accounting policies have been applied consistently during the financial year and for the comparative figures. For standards implemented prospectively the comparative figures are not restated.

### IFRS 16

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

In accordance with the modified retrospective approach the comparative information has not been restated. Comparative figures are presented according to IAS 17.

The impact on the financial position as at January 1, 2019:

Right of use assets at January 1, 2019 was 2.6 mEUR (Parent company: 1.4 mEUR) with a corresponding increase in liabilities of 2.6 mEUR (Parent Company: 1.4 mEUR).

The Group and parent company have applied the weighted average incremental borrowing rate of 4% as discount rate. The right-of-use assets are depreciated over the contractual lease period, up to 7 years from reporting date.

tEUR	Group	Parent
Operating lease commitments as at December 31, 2018	1,719	544
Weighted average incremental borrowing rate as at January 1, 2019	4%	4%
Discounted operating lease commitments at January 1, 2019	1,596	524
<i>Adjustments:</i>		
Less commitments relating to short-term leases	-65	0
Less commitments relating to leases of low-value assets	0	0
Add Payments in optional extension period not recognised as at December 31, 2018	1,091	907
<b>Lease liabilities as at January 1, 2019</b>	<b>2,622</b>	<b>1,431</b>

The cumulative effect of adopting IFRS 16 was recognised as an adjustment to the opening balances at January 1, 2019, with no restatement of comparative information. There is no impact on retained earnings. Reference is made to note 19 for details of IFRS 16.

### New financial reporting standards not yet adopted

The IASB has issued a number of new or amended standards and interpretations with effective date after December 31, 2019. None of the standards are expected to have a significant effect for Better Collective A/S.

### Basis for preparation

The annual report for the Group and the parent company has been prepared in accordance with IFRS as adopted by the EU and additional Danish requirements for listed companies.

### Presentation currency

The Group's consolidated financial statements and parent financial statements are presented in Euro (EUR), and the parent company's functional currency is Danish Kroner (DKK). In general, rounding will occur and cause variances in sums and percentages in the consolidated and parent company financial statements.

### Foreign currencies

For each of the reporting entities in the Group, including subsidiaries and foreign associates, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rate on the transaction date. Foreign exchange differences arising between the rate on the transaction date and the rate on the date of settlement are recognised in profit or loss as financial income or financial expenses.

# NOTES

## 1 Accounting policies (continued)

At the end of a reporting period, receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rate on the balance sheet date.

The difference between the exchange rates on the balance sheet date and on the date the receivable or payable was recognised in the latest reporting period is recognised in profit or loss as financial income or financial expenses.

In the consolidated financial statements, the statements of comprehensive income of Group entities with a functional currency other than EUR are translated at the exchange rate on the transaction date, and the balance sheet items are translated at closing rates. An average exchange rate for each month is used as the exchange rate at the transaction date in so far as this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation to the EUR presentation currency are recognised in other comprehensive income (OCI) in a separate translation reserve under equity. On disposal of a reporting entity, the component of other comprehensive income relating to that particular reporting entity is reclassified to profit or loss.

The Parent company has provided non-current intercompany loans in USD to fund acquisitions of assets and business combinations in US. Unrealised exchange rate gains/losses and related tax impact related to these loans are recognised in OCI.

### Basis for consolidation

The consolidated financial statements include the parent company Better Collective A/S and its subsidiaries.

Subsidiaries are entities over which the Better Collective Group has control. The Group has control over an entity when the Group is exposed to or has rights to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. Only potential voting rights considered to be substantive at the balance sheet date are included in the control assessment. The Group re-assesses if it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The consolidated financial statements are prepared by combining uniform items. On consolidation, intercompany income and expenses, shareholdings, intercompany accounts and dividend as well as realised and unrealised profit and loss on transactions between the consolidated companies are eliminated.

### ◆ Accounting principles:

#### Fair value measurement

The Group uses the fair value concept in connection with certain disclosure requirements and for recognition of financial instruments. Fair value is defined as the price that would

be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date ("exit price").

The fair value is a market-based and not an entity-specific measurement. The entity uses the assumptions that the market participants would use for the pricing of the asset or liability based on the current market conditions, including risk assumptions. The entity's purpose of holding the asset or settling the liability is thus not taken into account when the fair value is determined.

The fair value measurement is based on the principal market. If a principal market does not exist, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and transport costs.

All assets and liabilities measured at fair value, or in respect of which the fair value is disclosed, are categorised into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement, see below:

Level 1: Quoted priced in an active market for identical assets or liabilities

Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly

Level 3: Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data)

#### Cash flow statement

The Cash Flow Statement shows the cash flows of the Group for the year, distributed on operating activities, investing activities, and financing activities for the year, changes in cash and cash equivalents, and the cash and cash equivalents at the beginning and the end of the year, respectively.

The cash flow effect of acquisitions of businesses is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognised in the cash flow statement from the date of acquisition.

#### Cash flow from operating activities

Cash flows from operating activities are determined as profit for the year adjusted for non-cash operating items, the change in working capital and income tax paid.

#### Cash flow from investing activities

Cash flows from investing activities comprise payments in connection with the acquisition and sale of businesses, intangible assets, property, plant and machinery and financial assets.

#### Cash flow from financing activities

Cash flows from financing activities comprise change in the size or composition of the Group's share capital and related costs as well as borrowing, repayment of interest-bearing debt, re-payment of lease liabilities, and payment of dividends to shareholders. ◆



# NOTES

## 2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key accounting judgements, estimates, and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Management based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Business combinations

The Group is required to allocate the acquisition cost of entities and activities through business combinations on the basis of the fair value of the acquired assets and assumed liabilities. The Group uses external and internal valuations to determine the fair value. The valuations include management estimates and assumptions as to future cash flow projections from the acquired business and selection of models to compute the fair value of the acquired components and their depreciation period. Estimates made by Management influence the amounts of the acquired assets and assumed liabilities and the depreciation and amortisation of acquired assets in profit or loss. Reference is made to note 22 of the consolidated financial statements.

### Goodwill, intangible assets with indefinite useful life and impairment

Goodwill and domain names and websites are expected to have an indefinite useful life and are therefore not subject to amortisation. Management believes that as long as content is being updated continuously and based on existing technology there is no foreseeable limit to the period on which the assets can generate revenues and cash flow from the underlying business activities of the operators. Consequently, Management has assessed indefinite life of domain names and websites similar to its peers in the industry. Management reviews this assessment annually to determine whether the indefinite life continues to be supportable.

Management reviews goodwill and domain names and websites for impairment at least once a year. This requires Management to make an estimate of the projected future cash flows from the continuing use of the cash-generating unit to which the assets are allocated and also to choose a suitable discount rate for those cash flows. Management allocates all domain names and websites to one cash-generating unit, as it concludes that the performance and cash flows from the individual assets are dependent on each other. Reference is made to note 13 of the consolidated financial statements.

If the events and circumstances do not continue to support a useful life assessment and the projected future cash flows from the intangible assets is less than the assets' carrying value, an impairment loss will be recognised. In addition, Management will change the indefinite useful life assessment from indefinite to finite and this change will be accounted for prospectively as a change in accounting estimate.

### Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumption about them. The 2019 warrant programs include performance targets that adjust the number of warrants vested. The employee retention factor and performance factor are included in the expense calculation. Reference is made to note 6 of the consolidated financial statements.

### Contingent consideration

Contingent consideration resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting the performance target (see Note 22 (Group) for details).

# NOTES

## 3 Segment information

The Group's operations are reported on the basis of one single operating segment in accordance with the definition of an operating segment in IFRS 8, Operating Segments. Management has assessed that the Group has only one operating segment on the basis that internal reporting presented to and followed-up on by the Group's chief operating decision maker (CODM), which is the Executive Management Team, is presented for the Group as a whole. Revenue of the Group is generated through various marketing methods and the Executive Management Team monitors operating income for the entire Group and allocates resources on the basis of total Group operations.

## 4 Revenue specification – affiliate model

In accordance with IFRS 15 disclosure requirements, total revenue is split on Revenue Share, Cost per Acquisition (CPA), Subscription Revenue and Other, as follows:

tEUR	2019	2018
<b>Revenue</b>		
Revenue share	45,887	33,140
CPA	10,860	4,520
Subscription revenue	3,919	0
Other	6,783	2,823
<b>Total Revenue</b>	<b>67,449</b>	<b>40,483</b>

%-split	2019	2018
<b>Revenue</b>		
Revenue share	68	82
CPA	16	11
Subscription revenue	6	0
Other	10	7
<b>Total Revenue</b>	<b>100</b>	<b>100</b>

The Group has earned 22 mEUR in revenues from one major customer, which represents 33% of the Group's revenue (2018: 50%). The effect of consolidating new acquisitions on a full year basis will be a further decline of this percentage.

## 4 Revenue specification – affiliate model (continued)

### ◆ Accounting principles:

#### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

The Group's revenue is derived from affiliate marketing activities and subscription services, as follows:

**Revenue share:** In a revenue share model the Group receives a share of the revenues that a gaming operator has generated from a player betting or gambling on their IGaming website, the player initially having been referred from one of the Group's websites. Revenue is recognised at a point in time equal to the month that it is earned by the respective gaming operator.

**Cost per acquisition (CPA):** For CPA deals, the gaming operator pays a one-time fee for each referred player who deposits money on their IGaming website. Cost per acquisition consists of a pre-agreed rate with the gaming operator. Revenue is recognised at a point in time equal to the month in which the deposits are made.

**Subscription Revenue:** Subscription revenue is subscription fees received by players who subscribe to services provided by the Group's websites, primarily in the US market. Subscription revenue is recognised at the point in time equal to the month where the services under the subscription is delivered.

**Other Revenue** Other revenue primarily includes revenue from sales of banners and other marketing fees from customers related to the Group's websites and is recognised when the service is delivered.

**Other operating income:** Other operating income in the Parent Company consists of management fees for subsidiaries and is recognised at the time of delivery of the management services. ◆

# NOTES

## 5 Staff and other costs

tEUR	2019	2018
Wages and salaries	17,024	10,273
Pensions	1,888	1,295
Other social security costs	875	601
Share-based payments	384	319
Other staff costs	931	502
<b>Total staff costs</b>	<b>21,102</b>	<b>12,990</b>
Average number of full-time employees	364	198
<b>Remuneration to Executive Directors*</b>		
Wages and salaries	985	800
Pensions, defined contribution	102	104
Other social security costs	2	1
Share-based payments	176	91
<b>Total</b>	<b>1,265</b>	<b>996</b>
<b>Remuneration to Board of Directors*</b>		
Wages and salaries	160	105
Share-based payments	0	0
<b>Total</b>	<b>160</b>	<b>105</b>

\* Included in total staff costs.

tEUR	Jens Bager	Klaus Holse	Nørgaard	Søren Jørgensen	Petra von Rohr	Total
Board Fees 2019	64	23	28	23	23	160
Board Fees 2018	44	15	17	15	14	105

## 5 Staff and other costs (continued)

### Remuneration to Executive Directors

	Jesper Søgaard	Christian Kirk Rasmussen	Flemming Pedersen	Total
<b>2019</b>				
Wages and salaries	317	317	351	985
Pensions	27	27	49	102
Other social security costs	1	1	1	2
Share-based payments	40	40	96	176
<b>Total</b>	<b>384</b>	<b>384</b>	<b>496</b>	<b>1,265</b>
<b>2018</b>				
Wages and salaries	247	247	306	800
Pensions	27	27	49	104
Other social security costs	0	0	0	1
Share-based payments	0	0	91	91
<b>Total</b>	<b>275</b>	<b>275</b>	<b>447</b>	<b>996</b>

### ◆ Accounting principles:

#### Direct cost related to revenue

Direct cost related to revenue contains cost of running the websites and includes, content production, domain name registration, domain hosting, and external development cost.

#### Staff cost

Staff cost include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Costs related to long term employee benefits, e.g. share-based payments, are recognised in the period to which they relate.

#### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to sale, advertising, administration, premises, bad debts, etc. ◆

# NOTES

## 6 Share-based payment plans

### 2017 Warrant program:

During the year 2019 the company did not grant any warrants under this program.

The board of Directors has exercised warrants in June 2019 corresponding to 719,010 shares. One third of the warrants were settled in cash at a value of 7,150 tDKK (957 tEUR).

During the year 2019, employees have exercised warrants corresponding to 141,686 shares issued, of which 26,406 were settled in cash at a total value of 1,219 tDKK (163 tEUR).

### 2019 Warrant programs:

On September 13th, 2020 two new warrant programs with 3 and 4-year vesting periods were implemented. Both of the programs can be exercised from the last vesting date of the respective program and until September 2024, and are classified as equity-settled share-based payment transactions\*.

For warrant programs 2019, the carrying amount of liability at 31 December 2019 are recognisable for the periods from the grant date to the date of exercise (3 and 4 years respectively), adjusted on the prorata of expected retention (75%) and performance factor (83%), for the second, third and fourth vesting periods.

Expenses for the first vesting period are recognised based on expected retention (75%) and the performance factor, which is 100% for 2019.

The total share based compensation expense recognised for the full year 2019 is 384 tEUR (2018: 319 tEUR), of which the 2019 program is 268 tEUR.

	Board of Directors	Executive directors	Other key Management personnel	Total, numbers	Exercise price, weighted average EUR
<b>Share options outstanding at January 1, 2018**</b>	<b>686,610</b>	<b>0</b>	<b>1,530,090</b>	<b>2,216,700</b>	<b>1.69</b>
Granted	32,400	274,644	30,780	337,824	1.74
Forfeited/expired	0	0	226,314	226,314	1.74
Exercised	0	0	495,990	495,990	0.54
Transferred	0	0	0	0	0
<b>Share options outstanding at December 31, 2018**</b>	<b>719,010</b>	<b>274,644</b>	<b>838,566</b>	<b>1,832,220</b>	<b>1.74</b>
Of this exercisable at the end of the period	0	0	0	0	
<b>Share options outstanding at January 1, 2019</b>	<b>719,010</b>	<b>274,644</b>	<b>838,566</b>	<b>1,832,220</b>	<b>1.74</b>
Granted	0	600,000	499,500	1,099,500	8.67
Forfeited/expired	0	0	22,680	22,680	1.73
Exercised	719,010	0	141,686	860,696	1.73
Transferred	0	0	0	0	0
<b>Share options outstanding at December 31, 2019</b>	<b>0</b>	<b>851,964</b>	<b>1,173,700</b>	<b>2,048,344</b>	<b>5.40</b>
Of this exercisable at the end of the period	0	91,530	134,362	225,892	1.73

\* The Board of Directors keeps a right to change classification of the share-based programs, to a cash-settled.

\*\* Historical figures have been updated with 1:54 split



# NOTES

## 6 Share-based payment plans (continued)

The weighted average remaining contractual life of warrants to key employees outstanding as of December 31, 2019 and 2018 was 3.7 and 3.5 years respectively. The weighted exercise prices for outstanding warrants as of December 31, 2019 and 2018 was EUR 5.40 and EUR 1.73 (restated with an assumption 1 warrant= 1 share).

The tables below summarise the inputs to the Black-Scholes model used to value the warrants granted:

	Employees 2019	Employees 2018	Employees 2017
Dividend yield (%)	0%	6%	5%
Expected volatility (%)	35%	30%	30%
Risk free interest rate (%)	0%	1%	1%
Expected life of warrants (years)	5	5	5
Share price (EUR)	7.89	2.59 - 5.22	2.24
Exercise price (EUR)	8.68	1.74	1.74
Fair Value at grant date (EUR)	2.17	0.41 - 2.32	0.41

### ◆ Accounting principles:

#### Share-based payments

Employees (including senior executives) and directors of the Group receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments (equity-settled transactions).

The cost is recognised in staff costs, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

The non-employee directors that have been granted warrants are entitled to the total number of warrants immediately. Accordingly, these awards are considered to vest immediately and therefore the related compensation expense is recognised in full on the date the warrants are granted.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

The dilutive effect of outstanding warrants is reflected as additional share dilution in the computation of diluted earnings per share.

When warrants are exercised, the Company issues new shares. The proceeds received are credited to share capital for the par value of the shares and share premium for the remainder. ◆

## 7 Fees paid to auditors appointed at the annual general meeting

tEUR	Group	
	2019	2018
Fee related to statutory audit	135	79
Fees for tax advisory services	63	111
Assurance engagements	27	21
Other assistance	181	414
	<b>406</b>	<b>624</b>

Fee in relation to non-audit services from EY Denmark, 164 tEUR mainly consists of tax and financial due diligence, general accounting advice regarding new IFRS standards, and review of condensed consolidated interim financial statements..

# NOTES

## 8 Special items

Significant income and expenses, which Better Collective consider non-recurring are presented in the Income statement in a separate line item labelled 'Special items'. The impact of special items is specified as follows:

tEUR	2019	2018
Operating profit	21,202	9,068
Special items related to IPO	0	-3,379
Special items related to M&A	-1,101	-702
Special items related to Earn-out	486	0
<b>Operating profit before special items</b>	<b>21,817</b>	<b>13,148</b>
Amortisations	5,413	2,924
<b>Operating profit before amortisations and special items (EBITA before special items)</b>	<b>27,231</b>	<b>16,072</b>
Depreciation	831	169
<b>Operating profit before depreciation, amortisations, and special items (EBITDA before special items)</b>	<b>28,061</b>	<b>16,241</b>

### ◆ Accounting principles:

#### Special items

Significant income and expenses, which Better Collective consider non-recurring, are presented in the Income statement in a separate line item labelled 'Special items' in order to distinguish these items from other income statement items. The income statement and key figures include the subtotals 'Operating profit before depreciation, amortisations, and special items', 'Operating profit before amortisations and special items' and 'Operating profit before special items' as these are assessed to provide a more transparent and comparable view of Better Collective's ongoing performance. Better Collective considers cost related to IPO, expenses related to M&A, as well as adjustments to Earn-out payments, as special items.◆

## 9 Finance income

tEUR	2019	2018
Exchange gains	1,097	26
Interest Income	31	1
Other financial income	1	13
<b>Total finance income</b>	<b>1,129</b>	<b>39</b>

## 10 Finance costs

tEUR	2019	2018
Exchange losses	2,056	51
Interest expenses	1,026	494
Interest – lease liabilities	106	0
Other financial costs	390	112
<b>Total finance costs</b>	<b>3,577</b>	<b>657</b>

Comparative numbers have not been re-stated following the implementation of IFRS16.

### ◆ Accounting principles:

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amount that concerns the financial year. Net financials include interest income and expenses, interest expenses on lease liabilities, foreign exchange adjustments, fees related to credit facilities, gains and losses on the disposal of securities, as well as allowances and surcharges under the advance-payment-of-tax scheme, etc. ◆

# NOTES

## 11 Income tax

Total tax for the year is specified as follows:

tEUR	2019	2018
Tax for the period	4,810	3,004
Tax on other comprehensive income	-142	0
<b>Total</b>	<b>4,668</b>	<b>3,004</b>

Income tax on profit for the year is specified as follows:

tEUR	2019	2018
Deferred tax	-915	-98
Current tax	5,741	3,102
Adjustment from prior years	-16	0
<b>Total</b>	<b>4,810</b>	<b>3,004</b>

Tax on the profit for the year can be explained as follows:

tEUR	2019	2018
Profit for the year:		
Calculated 22% tax of the result before tax	4,126	1,859
Adjustment of the tax rates in foreign subsidiaries relative to the 22%	502	296
Tax effect of:		
Non-taxable income	-135	-61
Non-deductible costs	317	910
	<b>4,810</b>	<b>3,004</b>
<b>Effective tax rate</b>	<b>25.6%</b>	<b>35.5%</b>

tEUR	2019	2018
<b>Deferred tax</b>		
Deferred tax January 1	20,534	5,655
Additions from business acquisitions	741	14,978
Adjustments of deferred tax in profit and loss	-915	-98
<b>Deferred tax, net December 31</b>	<b>20,360</b>	<b>20,534</b>
Deferred tax is recognised in the balance sheet as:		
Deferred tax asset	278	0
Deferred tax liability	20,638	20,534
<b>Deferred tax, net December 31</b>	<b>20,360</b>	<b>20,534</b>
Deferred tax is related to:		
Intangible assets	20,686	20,555
Losses carried forward	-278	0
Property, plant and equipment	-48	-21
<b>Deferred tax December 31</b>	<b>20,360</b>	<b>20,534</b>
<b>Income tax payable, net</b>		
Income tax payable January 1	330	1,697
Exchange differences		
Current tax	5,741	3,102
Tax from prior year	-16	0
Additions from business acquisitions	1,017	13
Income tax paid during the year	-3,793	-3,957
Tax payable reduction from warrant settlement	-36	-526
<b>Income tax payable, net December 31</b>	<b>3,280</b>	<b>330</b>
Income tax is recognised in the balance sheet as:		
Corporation tax receivable	457	624
Corporation tax payable	3,736	954
<b>Income tax payable, net December 31</b>	<b>3,280</b>	<b>330</b>

# NOTES

## 11 Income tax (continued)

### ◆ Accounting principles:

The tax expense for the year, which comprises current tax and changes in deferred tax, is recognised in the income statement as regards the portion that relates to the profit/loss for the year, and directly in equity as regards the portion that relates to entries directly in equity. Tax expense relating to amounts recognised in other comprehensive income is recognised in other comprehensive income. Tax is provided on the basis of the tax rules and tax rates applicable in the individual countries where Better Collective has a tax presence.

### Current and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as tax computed on the year's taxable income adjusted for tax on the previous year's taxable income and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Deferred tax liabilities as well as deferred tax assets are recognised. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. ◆

## 12 Intangible assets

tEUR	Goodwill	Domains and websites	Accounts and other intangible assets	Total
<b>Cost or valuation</b>				
<b>As of January 1, 2019</b>	<b>23,960</b>	<b>86,844</b>	<b>14,891</b>	<b>125,695</b>
Additions	0	18,065	5,080	23,145
Acquisitions through business combinations	17,582	27,824	992	46,398
Currency Translation	426	115	0	541
<b>At December 31, 2019</b>	<b>41,968</b>	<b>132,848</b>	<b>20,963</b>	<b>195,779</b>
<b>Amortisation and impairment</b>				
<b>As of January 1, 2019</b>	<b>0</b>	<b>0</b>	<b>3,609</b>	<b>3,609</b>
Amortisation for the period	0	0	5,412	5,412
Currency translation	0	0	-13	-13
<b>At December 31, 2019</b>	<b>0</b>	<b>0</b>	<b>9,008</b>	<b>9,008</b>
<b>Net book value at December 31, 2019</b>	<b>41,968</b>	<b>132,848</b>	<b>11,955</b>	<b>186,771</b>



# NOTES

## 12 Intangible assets (continued)

tEUR	Goodwill	Domains and websites	Accounts and other intangible assets	Total
<b>Cost or valuation</b>				
<b>As of January 1, 2018</b>	<b>7,178</b>	<b>20,085</b>	<b>4,162</b>	<b>31,425</b>
Additions	0	10,569	1,516	12,084
Acquisitions through business combinations	16,783	56,219	9,200	82,202
Transfer		-16	16	0
Disposals	0	-1	0	-1
Currency Translation	0	-13	-3	-15
<b>At December 31, 2018</b>	<b>23,960</b>	<b>86,844</b>	<b>14,891</b>	<b>125,695</b>
<b>Amortisation and impairment</b>				
<b>As of January 1, 2018</b>	<b>0</b>	<b>0</b>	<b>686</b>	<b>686</b>
Amortisation for the period	0	0	2,923	2,923
Currency translation	0	0	0	0
<b>At December 31, 2018</b>	<b>0</b>	<b>0</b>	<b>3,609</b>	<b>3,609</b>
<b>Net book value at December 31, 2018</b>	<b>23,960</b>	<b>86,844</b>	<b>11,282</b>	<b>122,086</b>

### ◆ Accounting principles:

#### Goodwill and intangible assets

##### Goodwill

Goodwill is initially recognised at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised and impairment losses on goodwill are not reversed.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. Impairment is performed once a year as of December 31 or more frequently if events or changes in circumstances indicate that there is an impairment. An impairment loss is recognised if the recoverable amount of the cash-generating unit to which goodwill has been allocated is less than the carrying amount of the cash-generating unit. Identification of cash-generating units is based on the management structure and internal financial controls.

##### Intangible assets

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures relating to internally generated intangible assets are recognised in profit or loss when incurred.

Intangible assets with a finite useful life are amortised over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each year end.

Agreements related to media partnerships are measured at fair value of the fixed payments related to the agreement at the starting date. The value is amortised over the lifetime of the agreement.

Intangible assets with indefinite useful lives (domains and websites) are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Costs related to maintenance of intangible assets, are not capitalised on the balance sheet but recognised in Profit and Loss in the financial year they are incurred.

# NOTES

## 12 Intangible assets (continued)

### Amortisation

The item comprises amortisation of intangible asset, as well as any impairment losses recognised for these assets during the period.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight-line basis over the expected useful life. The expected useful lives of long-lived assets are as follows:

Goodwill	Indefinite
Domains and websites	Indefinite
Other intangible assets	3-5 years

## 13 Goodwill and intangible assets with indefinite life

The Group's goodwill and domain names and websites for 2019 primarily arise from the acquisitions of business combinations Rical LLC, and MOAR Performance Ltd, as described in note 22. Other asset acquisitions and business combinations from prior years are also included.

Goodwill and domain names and websites arising on business combinations are not subject to amortisation, but are reviewed annually for impairment, or more frequently if there are any indicators of impairment that are noted during the year.

### Cash-generating units

Goodwill from a business combination is allocated to cash-generating units in which synergies are expected to be generated from the acquisition. A cash-generating unit represents the smallest identifiable group of assets that together have cash inflows that are largely independent of the cash inflows from other assets. Management has concluded that the Group has only one cash-generating unit for impairment testing purposes, since cash flows to the Group are generated by the business as a whole and independent cash flows from other assets cannot be separately distinguished. Therefore, impairment testing has been done at the level of one cash-generating unit.

### Carrying amount of goodwill and Domains and Websites for the CGU:

tEUR	2019	2018
Goodwill	41,968	23,960
Domains and Websites	132,848	86,844

As at December 31, 2018 and December 31, 2019 the directors have evaluated goodwill, domains and websites for impairment. The directors are of the view that the carrying amount of domains and goodwill is recoverable on the basis that the cashflows generated from these assets are in line, or exceed, the estimated projections made prior to the acquisitions. The directors are satisfied that the judgements made are appropriate to the circumstances.

# NOTES

## 13 Goodwill and intangible assets with indefinite life (continued)

### Recoverable amount

When testing for impairment, the Group estimates a recoverable amount for goodwill and for domain names and websites. The recoverable amount is the higher of the asset or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is normally determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. As Management has concluded that the individual assets do not generate cash inflows on their own, the recoverable amount of domains and websites has been determined on the level of one cash-generating unit, as explained above.

The Group has performed an impairment test on goodwill and domain names and websites as of December 31, 2018 and December 31, 2019, on a value-in-use basis. Management has based the value in use by estimating the present value of future cash flows from a four-year forecast approved by the Board of Directors and corresponding to the Group's budget for 2020. Key parameters in the forecast are trends in revenue, cost development and growth expectations. Beyond this, Management has applied a terminal value rate of 2%. The cash flows assume a discount factor of 15% based on the Group's weighted average cost of capital (WACC) in all years 2020-2023, with an effective tax rate of 25% (discount rate before tax 19.1%). The Board of Directors have approved the inputs to the impairment testing and are satisfied that the judgements made are appropriate.

Further, acquired domains and websites with indefinite life have been individually evaluated for indicators of impairment. The evaluation is based on actual traffic on the websites, as well as actual and expected revenue and NDCs generated by the accounts with operators that are linked to the websites. As per December 31, 2019 the evaluation did not indicate any need for impairment.

In total, the results of the impairment tests for goodwill and domains and websites showed that the recoverable amount exceeded the carrying value and that there was no impairment loss to be recognised.

### ◆ Accounting principles:

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The acquisition date is the date when Better Collective A/S effectively obtains control over the acquired business. Any costs directly attributable to the acquisition are expensed as Incurred.

If a put and call option exists for an acquired business combination, the put and call option is taken into consideration when assessing the ownership of the business combination.

The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

The consideration paid for a business consists of the fair value of the agreed consideration in the form of the assets transferred, equity instruments issued, and liabilities assumed at the date of acquisition. If part of the consideration is contingent on future events, such consideration is recognised at fair value. Subsequent changes in the fair value of contingent consideration are recognised in the income statement as special items. A positive excess (goodwill) of the consideration transferred (including any previously held equity interests and any non-controlling interests in the acquired business) over the fair value of the identifiable net assets acquired is recorded as goodwill.

If uncertainties regarding identification or measurement of acquired assets, liabilities or contingent liabilities or determination of the consideration transferred exist at the acquisition date, initial recognition will be based on provisional values. Any adjustments in the provisional values, including goodwill, are adjusted retrospectively, until 12 months after the acquisition date, and comparative figures are restated.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, from the acquisition date, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired business combination are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative fair values of the disposed operation and the portion of the cash generating unit retained.

# NOTES

## 13 Goodwill and intangible assets with indefinite life (continued)

### Impairment

The carrying amounts of goodwill, intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis. Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Furthermore, goodwill and intangible assets with indefinite useful lives are tested on an annual basis as at December 31. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use.

The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Impairment losses are recognised in the income statement under depreciation and amortisation. Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed. ♦

## 14 Property, plant and equipment

tEUR	Land and buildings	Right of use assets	Fixtures and fittings, other plant and equipment	Total
<b>Cost or valuation</b>				
<b>At December 31, 2018</b>	<b>787</b>	<b>0</b>	<b>752</b>	<b>1,539</b>
Change in accounting principles	0	2,622	0	2,622
Additions	0	948	936	1,884
Acquisitions through business combinations	0	0	43	43
Disposals	0	0	-1	-1
Currency Translation	0	0	164	164
<b>At December 31, 2019</b>	<b>787</b>	<b>3,569</b>	<b>1,894</b>	<b>6,250</b>
<b>Depreciation and impairment</b>				
<b>At December 31, 2018</b>	<b>51</b>	<b>0</b>	<b>95</b>	<b>146</b>
Depreciation for the period	17	565	256	838
Depreciation on disposed assets	0	0	-1	-1
Currency translation	0	0	137	137
<b>At December 31, 2019</b>	<b>68</b>	<b>565</b>	<b>487</b>	<b>1,119</b>
<b>Net book value at December 31, 2019</b>	<b>718</b>	<b>3,005</b>	<b>1,408</b>	<b>5,131</b>



# NOTES

## 14 Property, plant and equipment (continued)

tEUR	Land and buildings	Right of use assets	Fixtures and fittings, other plant and equipment	Total
<b>Cost or valuation</b>				
<b>At December 31, 2017</b>	<b>789</b>	<b>0</b>	<b>244</b>	<b>1,034</b>
Additions	0	0	669	669
Acquisitions through business combinations	0	0	11	11
Disposals	0	0	-172	-172
Currency Translation	-2	0	0	-2
<b>At December 31, 2018</b>	<b>787</b>	<b>0</b>	<b>752</b>	<b>1,539</b>
<b>Depreciation and impairment</b>				
<b>At December 31, 2017</b>	<b>34</b>	<b>0</b>	<b>103</b>	<b>137</b>
Depreciation for the period	17	0	142	160
Depreciation on disposed assets	0	0	-151	-151
Currency translation	0	0	0	0
<b>At December 31, 2018</b>	<b>51</b>	<b>0</b>	<b>95</b>	<b>146</b>
<b>Net book value at December 31, 2018</b>				
	<b>736</b>	<b>0</b>	<b>657</b>	<b>1,393</b>

### ◆ Accounting principles:

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as depreciation. Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

#### Depreciation

The item comprises depreciation of property, plant and equipment, and right of use assets, as well as any impairment losses recognised for these assets during the period.

The basis of depreciation, which is calculated as cost less any residual value, is amortised on a straight-line basis over the expected useful life. The expected useful lives of long-lived assets are as follows:

Land	Not depreciated
Buildings	10-50 years
Right of use assets and leasehold improvements	Up to 7 years
Fixtures and fittings, other plant and equipment	3-5 years

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. The basis of depreciation is calculated considering the residual value at the end of the expected useful life and less any impairment. The depreciation period and residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. ◆

# NOTES

## 15 Trade and other receivables

tEUR	2019	2018
Trade receivables	10,035	7,358
Other receivables	1,544	347
<b>Total receivables</b>	<b>11,579</b>	<b>7,705</b>

### ◆ Accounting principles:

#### Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Write-downs on trade receivables are based on the simplified expected credit loss model. Credit loss allowances on individual receivables are provided for when objective indications of credit losses occur such as customer bankruptcy and uncertainty about the customers' ability and/or willingness to pay, etc. In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach. Reference is made to note 20 of the consolidated financial statements regarding credit risk.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years. ◆

## 16 Issued capital and reserves

tEUR	2019	2018	2017	2016	2015
Share capital:					
Opening balance	404.9	68.5	68.4	67.9	67.2
Capital increase	59.4	336.4	0.1	0.6	0.7
<b>Total</b>	<b>464.3</b>	<b>404.9</b>	<b>68.5</b>	<b>68.4</b>	<b>67.9</b>

The share capital consists of 46.425.179 shares of nominal EUR 0.01 each.

No treasury shares have been sold nor purchased in 2019. No treasury shares as of December 31, 2019 and December 31, 2018.

### ◆ Accounting principles:

#### Equity Treasury shares

Treasury shares are own equity instruments that are reacquired. They are recognised at cost as a deduction from equity in the reserve for treasury shares. The difference between par value and the acquisition price and consideration (net of directly attributable transaction costs) and dividends on treasury shares are recognised directly in equity in retained earnings.

#### Share premium

Share premium can be used for dividend.

#### Currency translation reserve

Foreign exchange differences arising on translation of Group entities and parent company to the EUR presentation currency are recognised in other comprehensive income (OCI) in a separate currency translation reserve under equity. On disposal of a reporting entity, the component of other comprehensive income relating to that particular reporting entity is reclassified to profit or loss. ◆

# NOTES

## 17 Distributions made and proposed

tEUR	2019	2018
Declared and paid during the year on ordinary shares	0	0
Proposed dividend on ordinary shares	0	0

### ◆ Accounting principles:

#### Proposed dividends

Dividends proposed for the year are recognised as a liability when the distribution is authorised by the shareholders at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate line item under "Equity".

Proposed dividends on ordinary shares are subject to approval at the Annual General Meeting. ◆

## 18 Trade and other payables

tEUR	2019	2018
Trade payables	761	499
Other payables	2,661	2,065
<b>Total payables</b>	<b>3,422</b>	<b>2,564</b>

### ◆ Accounting principles:

Prepayments consist of payments received from customers relating to income in subsequent periods. Prepayments are mainly classified as current, as the related revenue is recognised within one year.

Trade payables are obligations to pay for goods or services acquired in the normal course of business. Trade payables are initially reported at fair value and, subsequently, at amortised cost using the effective interest method.

Other payables comprise amounts owed to staff, including wages, salaries and holiday pay; amounts owed to the public authorities, including taxes payable, VAT, excise duties, interest expenses etc.

Other financial liabilities comprise amounts payable to sellers as a result of business combinations and asset acquisitions. ◆

## 19 Leasing

### Right-of-use assets

tEUR	January 1, 2019	Additions	Depreciation	Net book value
Buildings	2,622	924	564	2,982
Cars	0	24	1	23
<b>Total</b>	<b>2,622</b>	<b>948</b>	<b>565</b>	<b>3,005</b>

### Lease liabilities

tEUR	2019
<b>Maturity analysis – contractual undiscounted cash flows</b>	
Less than one year	846
One to five years	2,344
More than five years	202
<b>Total undiscounted cash flows</b>	<b>3,393</b>
<b>Total lease liabilities</b>	<b>3,103</b>
Current	846
Non-current	2,257

The total cash outflow for leases during 2019 was 674 tEUR

### Amounts recognised in the consolidated income statement

tEUR	2019
Interest on lease liabilities	106
Expenses relating to short-term lease	106
Expenses relating to lease of low value assets	0

# NOTES

## 19 Leasing (continued)

### ◆ Accounting principles - Implemented as per January 1, 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities (due to indexation of lease payments or extension of leases). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

#### Lease liabilities - As of January 1, 2019

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate of 4%, at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to extend the term of lease.

### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Operating leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.◆

### ◆ Accounting principles - Before January 1, 2019:

#### Operating leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.◆



# NOTES

## 20 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and interest rate risk), credit risk, and liquidity risk. The Group has established principles for overall risk management, which seek to minimise potential adverse effects on the Group's performance.

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For the Group, market risk comprises foreign currency risk and interest rate risk.

### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's international operating activities. The Group's revenues are mainly denominated in DKK and EUR, with limited revenues in GBP, USD, SEK and PLN. The majority of the Group's expenses are employee costs, which are denominated in the parent company's functional currency, DKK. Expenses have a pattern which is in line with the revenue. The expenses are mainly in DKK, EUR and limited GBP, USD, SEK, RON and PLN. The DKK exchange rate is fixed to the EUR. Since revenues in other foreign currencies than DKK and EUR (GBP, USD, SEK, and PLN) are limited and expenses in GBP, USD, SEK, RON and PLN reduces the exposure, the Group is not overly exposed to foreign currency risk.

Historically, exposure to currency fluctuations has not had a material impact on the Group's financial condition or results of operations and accordingly Management deems that a sensitivity analysis showing how profit or pre-tax equity would have been impacted by changes in these foreign exchange rates is not necessary.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from the revolving credit facility and deposits held by the Group. These are short-term and not material amounts. Management expects to re-pay the credit facility in the short term, as the Group is generating positive cash flows. Therefore, exposure to interest rate risk is considered minimal.

The Group regularly monitors its interest rate risk and considers it to be insignificant, therefore an interest rate sensitivity analysis is not deemed necessary.

### Credit risk

As per January 1, 2018 the Group implemented IFRS 9 using the simplified expected credit loss model. The model implies that the expected loss over the lifetime of the asset is recognised in the profit and loss immediately and is monitored on an ongoing basis until realisation. The Group has limited overdue trade receivables and historically there has been minimal losses on trade receivables. The inputs to the expected credit loss model reflects this.

As per December 31, 2019 the Group's impairment for expected loss is included in the trade receivables (ref note 15).

Expected credit loss on receivables from trade receivables can be specified as follows:

tEUR	Expected Loss Rate	Gross receivable	Expected loss	Net receivable
<b>2019</b>				
Not Due	0.1%	6,636	6	6,630
Less than 30 days	1.0%	1,639	16	1,623
Between 31 and 60 days	9.0%	854	77	776
Between 61 and 90 days	18.0%	180	32	147
More than 91 days	24.0%	1,130	271	859
<b>Total</b>	<b>3.9%</b>	<b>10,439</b>	<b>403</b>	<b>10,035</b>
<b>2018</b>				
Not Due	0.3%	5,512	18	5,494
Less than 30 days	3.0%	810	24	786
Between 31 and 60 days	15.0%	607	91	516
More than 61 days	25.0%	750	188	563
<b>Total</b>	<b>4.2%</b>	<b>7,679</b>	<b>321</b>	<b>7,358</b>

### Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which mainly include trade payables, other payables, earn-outs and deferred M&A payments, contingent consideration, and the credit facility. The group ensures adequate liquidity through the management of cash flow forecasts and close monitoring of cash inflows and outflows.

# NOTES

## 20 Financial risk management objectives and policies (continued)

The following table summarises the maturities of the Group's financial obligations. The Group had no derivative financial instruments.

### Contractual cash flows:

	Carrying amount	Fair Value	Total	< 1 year	2-5 years	> 5 years
<b>2019</b>						
<b>Non-derivative financial instruments:</b>						
<i>Financial liabilities measured at fair value</i>						
Earn-Out consideration	9,432	9,432	9,494	9,494	0	0
Contingent consideration	26,714	26,714	28,390	2,202	26,188	0
Other financial liabilities measured at fair value	5,610	5,610	5,844	1,086	4,758	0
<i>Financial liabilities measured at amortised costs</i>						
Trade and other payables	2,564	2,564	2,564	2,564	0	0
Deferred payment on acquisitions	977	977	977	977	0	0
Debt to mortgage credit institutions	544	544	626	26	101	500
Debt to credit institutions	16,734	16,734	17,694	318	17,376	0
<b>Total non-derivative financial instruments</b>	<b>62,575</b>	<b>62,575</b>	<b>65,589</b>	<b>16,666</b>	<b>48,423</b>	<b>500</b>
<b>Assets:</b>						
<i>Financial assets measured at amortised costs</i>						
Non-current financial assets	590	590	615	24	590	0
Trade and other receivables	11,579	11,579	11,579	11,579	0	0
Cash	22,755	22,755	22,755	22,755	0	0
<b>Total financial assets</b>	<b>34,925</b>	<b>34,925</b>	<b>34,949</b>	<b>34,359</b>	<b>590</b>	<b>0</b>
<b>Net</b>	<b>27,651</b>	<b>27,651</b>	<b>30,640</b>	<b>-17,693</b>	<b>47,833</b>	<b>500</b>

## 20 Financial risk management objectives and policies (continued)

The following table summarises the maturities of the Group's financial obligations. The Group had no derivative financial instruments.

### Contractual cash flows:

	Carrying amount	Fair Value	Total	< 1 year	2-5 years	> 5 years
<b>2018</b>						
<b>Non-derivative financial instruments:</b>						
Trade and other payables	2,564	2,564	2,564	2,564	0	0
Earn-Out consideration	3,806	3,806	13,018	3,843	9,175	0
Deferred payment on acquisitions	16,442	16,442	16,442	16,442	0	0
Vendor loan on acquisitions	564	564	633	24	96	512
Debt to mortgage credit institutions	8,500	8,500	8,988	162	8,826	0
<b>Total non-derivative financial instruments</b>	<b>31,875</b>	<b>31,875</b>	<b>41,643</b>	<b>23,034</b>	<b>18,097</b>	<b>512</b>
<b>Assets:</b>						
Trade and other receivables	7,705	7,705	7,705	7,705	0	0
Cash	15,978	15,978	15,978	15,978	0	0
<b>Total financial assets</b>	<b>23,683</b>	<b>23,683</b>	<b>23,683</b>	<b>23,683</b>	<b>0</b>	<b>0</b>
<b>Net</b>	<b>8,193</b>	<b>8,193</b>	<b>17,961</b>	<b>-649</b>	<b>18,097</b>	<b>512</b>

### Fair value of Earn-out consideration, contingent consideration, and other financial liabilities

Fair Value is measured based on level 3 - Valuation techniques, for which the lowest level input that is significant to the fair value measurement is unobservable. Fair Value of Earn-Out consideration, Contingent consideration, and Other financial liabilities is measured based on weighted probabilities of assessed possible payments discounted to present value.

### Fair value

In all material aspects the financial liabilities are current/short termed. Non-current loans and overdraft facility are subject to a variable interest rate. Intercompany and other external loans are fair valued at the end of the reporting period. Thus, the fair value of the financial assets and liabilities is considered equal to the booked value.

# NOTES

## 20 Financial risk management objectives and policies (continued)

### Capital Management

For the purpose of the Group's capital management, capital includes issued capital, share premium, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value and to maintain an optimal capital structure. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or return capital to shareholders.

### Credit facilities

Better Collective has non-current bank credit facilities of total 84 mEUR, of which 17 mEUR was drawn up end of December 2019. As of December 31, 2019 cash and unused credit facilities, amounted to approximately 90 mEUR.

Net debt includes current and non-current debt to financial institutions and other financial liabilities, less cash and cash equivalents.

### Change in liabilities arising from financing activity

tEUR	2017	Cash flows Net	Non cash flow changes	2018	Cash flows Net	Non cash flow changes	2019
Non-current financing liabilities	566	8,494	-15	9,044	8,260	-45	17,259
Leasing and other non-current liabilities	0	0	0	0	-466	3,919	3,453
Current financing liabilities	5,343	-5,323	0	20	0	0	20
<b>Total liabilities from financing activities</b>	<b>5,909</b>	<b>3,171</b>	<b>-15</b>	<b>9,064</b>	<b>7,794</b>	<b>3,874</b>	<b>20,732</b>

## 20 Financial risk management objectives and policies (continued)

### ◆ Accounting principles:

#### Cash

Cash comprise cash at bank and on hand.

#### Liabilities

The Group's liabilities include prepayments from customers, trade payables and overdraft facility. Liabilities are classified as current if they fall due for payment within one year or earlier. If this condition is not met, they are classified as non-current liabilities.

Earn-out amounts are measured at fair value.

Debt to credit institutions are at initial recognition measured at fair value less transaction cost and subsequently measured at amortised cost.

Other financial liabilities and contingent consideration comprise amounts payable to sellers as a result of business combinations and asset acquisitions. ◆

## 21 Change in working capital

tEUR	2019	2018
Change in receivables	-919	-3,633
Prepaid expenses	-497	-311
Prepayment from customers	-108	-558
Change in trades payable, other debt	-334	3,100
<b>Change in working capital, total</b>	<b>-1,858</b>	<b>-1,402</b>

# NOTES

## 22 Business combinations

### Acquisition of Ribacka Group.

The acquisition of Ribacka Group was included in the balance sheet as per December 31, 2018 based on estimates. The opening balance was amended as per December 31, 2018 and a revised PPA is therefore included in this report. The change is considered immaterial and no correction has therefore been made to comparative figures.

On December 21, 2018, Better Collective acquired all shares in Ribacka Group AB, which owns a strong network of leading Swedish sports betting and casino marketing platforms, including www.speltips.se. Ribacka Group is incorporated and headquartered in Sweden.

The transferred consideration is paid with cash, a deferred payment, and an estimated conditional purchase amount.

tEUR	Fair value determined at acquisition
<b>Acquired net assets at the time of the acquisition</b>	
Domains and websites	31,235
Accounts & other intangible assets	2,200
Deposits	2
Trade and other receivables	2,335
Cash and cash equivalents	4,699
Deferred tax liabilities	-7,225
Corporate tax payables	-1,045
Trade and other payables	-564
<b>Identified net assets</b>	<b>31,637</b>
Goodwill	2,609
<b>Total consideration</b>	<b>34,246</b>

A goodwill of 2,609 tEUR emerged from the acquisition of Ribacka as an effect of the difference between the transferred consideration and the fair value of acquired net assets. Goodwill is primarily connected to the future growth expectations given the strong brands acquired, the regulation of the Swedish market, and leveraging Better Collective's existing operator agreements. The goodwill is not tax deductible.

Transaction costs related to the acquisition of Ribacka AB amounts to 113 tEUR in 2018 and 43 tEUR in 2019. Transaction costs are accounted for in the income statements under "special items".

The fair value of the trade receivables amounts to 2,234 tEUR. The gross amount of trade receivables is 2,434 tEUR and an impairment of 200 tEUR has been recorded.

tEUR	
Purchase amount	34,246
<i>Regards to:</i>	
Cash and cash equivalents	3,903
Deferred payment	10,451
Estimated conditional purchase amount (at fair value)	8,766
Net cash outflow	11,125

An additional conditional consideration depends on the development of the results in the acquired company. At the date of the acquisition, the debt assigned to the conditional consideration amounted to 9 mEUR (fair value of 8,766 tEUR). The maximum amount of the conditional payment is 9 mEUR.

### Acquisition of Rical LLC

On May 28, 2019 Better Collective acquired 60% of shares in Rical LLC ("RotoGrinders") which operates rotogrinders.com, pocketfives.com, sportshandle.com, usbets.com, and pennbets.com) for 21 mUSD of which 17.85 mUSD was paid in cash and the remaining 3.15 mUSD was paid in shares, issued on June 13, 2019. The agreement regarding the acquisition of RotoGrinders contains a put- and call option related to acquisition of the remaining 40% of the shares, therefore it is management assessment that RotoGrinders should be fully (100%) consolidated into the Better Collective consolidated results as from May 28, 2019. Due to the put and call option Better Collective will acquire the remaining 40% of the shares of RotoGrinders during the period 2022-2024 at a valuation based upon an EBITDA-multiple between 5x and 10x. The valuation will be determined by the future growth and profitability of RotoGrinders and Better Collective's other business in the United States.

Up to 35% of the future payments may be paid in the form of shares in Better Collective, at the discretion of Better Collective. RotoGrinders is fully (100%) consolidated into the Better Collective accounts as from May 28, 2019. The value of the assets, dividend payments to existing owners during 2021-2023, and remaining committed tranche payments are included in the accounts at an estimated fair value.

# NOTES

## 22 Business combinations (continued)

tEUR	Fair value determined at acquisition
<b>Acquired net assets at the time of the acquisition</b>	
Domains and websites	25,788
Accounts & other intangible assets	300
Office machinery & Other assets	42
Trade and other receivables	963
Cash and cash equivalents	261
Deferred tax liabilities	21
Corporate tax payables	0
Trade and other payables	-636
<b>Identified net assets</b>	<b>26,739</b>
Goodwill	17,790
<b>Total consideration</b>	<b>44,529</b>
A goodwill of 17,790 tEUR emerged from the acquisition of RiCal LLC as an effect of the difference between the transferred consideration and the fair value of acquired net assets. Goodwill is primarily connected to the future growth expectations given the strong brands acquired, the regulation of the US market, the contingent consideration, and leveraging Better Collective's existing operator relationships. The goodwill is tax deductible when paid.	
Transaction costs related to the acquisition of RiCal amounts to 739 tEUR in 2019. Transaction costs are accounted for in the income statement under "special items".	
The fair value of the trade receivables amounts to 854 tEUR. The gross amount of trade receivables is 954 tEUR and an impairment of 100 tEUR has been recorded.	
<b>Effect on cash flow regarding acquisition of RiCal LLC</b>	
Purchase amount	44,529
<i>Regards to:</i>	
Cash and cash equivalents	261
Estimated conditional purchase amount (at fair value)	26,521
Share Capital issued	2,803
Net cash outflow	14,944

An additional conditional consideration depends on the development of the results in the acquired company. At the date of the acquisition, the debt assigned to the conditional consideration amounted to 26.5 mEUR, to be paid in USD.

The acquisition was completed on May 28, 2019. If the acquisition would have taken place on January 1, 2019 the Group's revenue YTD would have amounted to 70,597 tEUR and result after tax YTD would have amounted to 14,130 tEUR.

The purchase price allocation is provisional due to uncertainties regarding measurement of acquired intangible assets and the contingent consideration.

### Acquisition of MOAR Performance Ltd (mybettingsites.co.uk)

On September 1, 2019, Better Collective acquired 100% of shares in MOAR Performance Ltd. which owns mybettingsites.co.uk.

The transferred consideration was paid with cash, a deferred payment, and an estimated conditional purchase amount.

tEUR	Fair value determined at acquisition
<b>Acquired net assets at the time of the acquisition</b>	
Domains and websites	1,562
Accounts & other intangible assets	700
Office machinery & Other assets	1
Trade and other receivables	86
Cash and cash equivalents	921
Deferred tax liabilities	-430
Corporate tax payables	-151
Trade and other payables	0
<b>Identified net assets</b>	<b>2,689</b>
Goodwill	592
<b>Total consideration</b>	<b>3,280</b>

A goodwill of "A goodwill of 592 tEUR emerged from the acquisition of MOAR Performance Ltd. as an effect of the difference between the transferred consideration and the fair value of acquired net assets. Goodwill is primarily connected to the future growth expectations given the strong brand acquired and leveraging Better Collective's existing operator relationships. The goodwill is not tax deductible.



# NOTES

## 22 Business combinations (continued)

Transaction costs related to the acquisition of MOAR Performance amounts to 72 tEUR in 2019. Transaction costs are accounted for in the income statement under "special items".

The fair value of the trade receivables amounts to 83 tEUR. The gross amount of trade receivables is 83 tEUR and no impairment has been recorded.

tEUR

### Effect on cash flow regarding acquisition of MOAR Performance Ltd.

Purchase amount	3,280
<i>Regards to:</i>	
Cash and cash equivalents	921
Deferred payment	165
Estimated conditional purchase amount (at fair value)	216
Share Capital issued	390
Net cash outflow	1,588

An additional conditional consideration depends on the development of the results in the acquired company. At the date of the acquisition, the debt assigned to the conditional consideration amounted to 0.2 mEUR.

The acquisition was completed on September 1, 2019. If the acquisition would have taken place on January 1, 2019 the Group's revenue YTD would have amounted to 68,059 tEUR and result after tax YTD would have amounted to 14,199 tEUR.

The purchase price allocation is provisional due to uncertainties regarding measurement of acquired intangible assets.

## Business combinations 2018

### Acquisition of Bola Webinformation GmbH

On June 29, 2018 Better Collective A/S acquired 100% of the shares and votes in Bola Webinformation GmbH (referred to as Bola). Bola is an Austria based affiliate marketing company with a strong presence in the German speaking markets. The company has an attractive strategic fit with solid financial performance and it is expected that Better Collective can drive performance further on the strong foundation.

The transferred consideration is paid with cash and a deferred payment.

tEUR	Bola Fair value determined at acquisition
Acquired net assets at the time of the acquisition	
Domains and websites	22,019
Accounts & other intangible assets	6,600
Tangible assets	11
Corporate tax receivables	134
Trade and other receivables	1,084
Cash and cash equivalents	2,265
Deferred tax liabilities	-7,150
Trade and other payables	-314
<b>Identified net assets</b>	<b>24,649</b>
Goodwill	11,639
<b>Total consideration</b>	<b>36,288</b>

# NOTES

## 22 Business combinations (continued)

A goodwill of 11,639 tEUR emerged from the acquisition of Bola as an effect of the difference between the transferred consideration and the fair value of acquired net assets. Goodwill is primarily connected to synergy effects that are expected to arise from the integration efficiencies and leveraging Better Collective's existing operator agreements. The goodwill is not tax deductible.

Transaction costs related to the acquisition of Bola amounts to 467 tEUR. Transaction costs are accounted for in the income statements under "special items".

The fair value of the trade receivables amounts to tEUR 863. The gross amount of trade receivables is tEUR 863. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

EURt	Bola
Effect on cash flow regarding acquisition of Bola	
Purchase amount	36,288
Regards to:	
Cash and cash equivalents	2,265
Deferred payment	5,443
<b>Net cash outflow</b>	<b>28,580</b>

The acquisition was completed on June 29, 2018. If the acquisition would have taken place on January 1, 2018 the Group's revenue YTD would have amounted to 45,008 tEUR and result after tax YTD would have amounted to 6,909 tEUR.

The purchase price allocation is provisional due to uncertainties regarding measurement of acquired intangible assets.

### Acquisition of WBS I.K.E. Online Marketing Services Ltd. and KAPA Ltd.

On July 31, 2018, the leading Greek sports betting affiliate was taken over through acquisition of the two companies, WBS I.K.E. Online Marketing Services Ltd. and KAPA Ltd. The company operates from an office in Thessaloniki, Greece and runs Betarades.gr, a leading sports betting site in Greece.

The transferred consideration is paid with cash, a deferred payment, and an estimated conditional purchase amount.

tEUR	WBS / KAPA Fair value determined at acquisition
Acquired net assets at the time of the acquisition	
Domains and websites	3,000
Accounts & other intangible assets	400
Tangible assets	0
Trade and other receivables	382
Cash and cash equivalents	78
Deferred tax liabilities	-936
Corporate tax payables	-147
Trade and other payables	-13
<b>Identified net assets</b>	<b>2,764</b>
Goodwill	1,858
<b>Total consideration</b>	<b>4,621</b>

# NOTES

## 22 Business combinations (continued)

A goodwill of 1.858 tEUR emerged from the acquisition of WBS and KAPA as an effect of the difference between the transferred consideration and the fair value of acquired net assets. Goodwill is primarily connected to synergy effects that are expected to arise from the integration efficiencies and leveraging Better Collective's existing operator agreements. The goodwill is not tax deductible.

Transaction costs related to the acquisition of WBS and KAPA amounts to 117 tEUR. Transaction costs are accounted for in the income statements under "special items".

The fair value of the trade receivables amounts to tEUR 180. The gross amount of trade receivables is tEUR 180. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

EURt	WBS / KAPA
Effect on cash flow regarding acquisition of WBS / KAPA	
Purchase amount	4,621
<i>Regards to:</i>	
Cash and cash equivalents	78
Deferred payment	845
Estimated conditional purchase amount (at fair value)	290
<b>Net cash outflow</b>	<b>3,409</b>

An additional conditional consideration depends on the development of the results in the acquired company. At the date of the acquisition, the debt assigned to the conditional consideration amounted to 295 tEUR (fair value of 290 tEUR). The maximum amount of the conditional payment is 400 tEUR.

The acquisition was completed on July 31, 2018. If the acquisition would have taken place on January 1, 2018 the Group's revenue YTD would have amounted to 41,150 tEUR and result after tax YTD would have amounted to 5,594 tEUR.

The purchase price allocation is provisional due to uncertainties regarding measurement of acquired intangible assets.

### Acquisition of Ribacka Group.

On December 21, 2018, Better Collective acquired all shares in Ribacka Group AB, which owns a strong network of leading Swedish sports betting and casino marketing platforms, including www.speltips.se. Ribacka Group is incorporated and headquartered in Sweden.

The transferred consideration is paid with cash, a deferred payment, and an estimated conditional purchase amount.

tEUR	Ribacka Group Fair value determined at acquisition
Acquired net assets at the time of the acquisition	
Domains and websites	31,200
Accounts & other intangible assets	2,200
Tangible assets	0
Trade and other receivables	1,000
Cash and cash equivalents	3,903
Deferred tax liabilities	-6,892
Corporate tax payables	0
Trade and other payables	0
<b>Identified net assets</b>	<b>31,411</b>
Goodwill	3,286
<b>Total consideration</b>	<b>34,698</b>

A goodwill of 3.286 tEUR emerged from the acquisition of Ribacka as an effect of the difference between the transferred consideration and the fair value of acquired net assets. Goodwill is primarily connected to the future growth expectations and leveraging Better Collective's existing operator agreements. The goodwill is not tax deductible.

Transaction costs related to the acquisition of Ribacka AB amounts to 113 tEUR. Transaction costs are accounted for in the income statements under "special items".

The fair value of the trade receivables amounts to tEUR 1,000. The gross amount of trade receivables is tEUR 1,200. Impaired trade receivables amount to 200 tEUR.

# NOTES

## 22 Business combinations (continued)

EURt	Ribacka Group
Effect on cash flow regarding acquisition of Ribacka	
Purchase amount	34,698
<i>Regards to:</i>	
Cash and cash equivalents	3,903
Deferred payment	10,903
Estimated conditional purchase amount (at fair value)	8,766
<b>Net cash outflow</b>	<b>11,125</b>

An additional conditional consideration depends on the development of the results in the acquired company. At the date of the acquisition, the debt assigned to the conditional consideration amounted to 9 mEUR (fair value of 8,766 tEUR). The maximum amount of the conditional payment is 9 mEUR.

The acquisition was completed on December 21, 2018. If the acquisition would have taken place on January 1, 2018 the Group's revenue YTD would have amounted to 46,483 tEUR and result after tax YTD would have amounted to 8,601 tEUR.

The purchase price allocation is provisional due to uncertainties regarding measurement of acquired intangible assets.

EURt	Total of 2018
Effect on cash flow regarding acquisition of business combinations	
Purchase amount	75,607
<i>Regards to:</i>	
Cash and cash equivalents	6,246
Deferred payment	17,192
Estimated conditional purchase amount (at fair value)	9,056
<b>Net cash outflow</b>	<b>43,114</b>

### ◆ Accounting principles:

Please refer to note 13. ◆

## 23 Related party disclosures

The Group has registered the following shareholders with 5% or more equity interest:

- J Søgaard Holding ApS, 26.2 %, Toldbodgade 12, 1253 Copenhagen, Denmark
- Chr. Dam Holding ApS, 26.2 %, Toldbodgade 12, 1253 Copenhagen, Denmark

Christian Kirk Rasmussen and Jesper Søgaard each hold 26.2% of the shares in Better Collective A/S, either through respective holding companies or indirect through Better Partners ApS. The remaining shares are held by other shareholders.

### Leading employees

The Group's related parties with significant influence include the Group's Board of Directors, Executive Directors and Key Management in the parent company and close family members of these persons. Related parties also include companies in which this circle of persons has significant interests.

Management remuneration and share option programs are disclosed in note 5 and 6.

Transactions with related parties have been as follows:

tEUR	2019	2018
Capital increase - gross	832	0
Sale of warrants	0	22
Warrants settled, net of tax	-1,522	0
Other transactions with related parties	0	5

# NOTES

## 24 Group information

### Information about subsidiaries

The consolidated financial statements of the Group include the following subsidiaries:

December 31, 2019

Name	Ownership	Country	City	Currency	Capital	
						Local currency
Better Collective GmbH*	100%	Austria	Vienna	tEUR		36
Hebiva Beteiligungen GmbH	100%	Austria	Vienna	tEUR		40
Better Collective SAS	100%	France	Paris	tEUR		100
Better Collective D.o.o.	100%	Serbia	Niš	tRSD		620
Bola Webinformation GmbH	100%	Austria	Vienna	tEUR		35
Better Collective Greece P.C.	100%	Greece	Thessaloniki	tEUR		10
Kapa Media Services Ltd.	100%	Malta	Naxxar	EUR		1,200
Better Collective Sweden AB	100%	Sweden	Stockholm	tSEK		50
Better Collective UK Ltd	100%	United Kingdom	Stoke on Trent	GBP		1
Better Collective Poland SP Z o o	100%	Poland	Krakow	tPLN		5
Moar Performance Ltd	100%	United Kingdom	London	GBP		1
Better Collective Romania SRL	100%	Romania	Bucharest	tRON		50
Better Collective USA Inc	100%	USA	New York	USD		1
Better Collective Florida LLC**	100%	USA	Nashville	USD		1
Better Collective Tennessee LLC***	60%	USA	Tennessee	tUSD		2,239

\* Better Collective GmbH is 100% owned by Hebiva Beteiligungen GmbH

\*\* Better Collective Florida LLC is 100% owned by Better Colective USA Inc.

\*\*\* Better Collective Tennessee LLC is 60% owned by Better Collective USA Inc.

## 24 Group information (continued)

### Information about subsidiaries

The consolidated financial statements of the Group include the following subsidiaries:

December 31, 2018

Name	Ownership	Country	City	Currency	Capital	
						Local currency
Better Collective GmbH*	100%	Austria	Vienna	tEUR		36
Hebiva Beteiligungen GmbH	100%	Austria	Vienna	tEUR		40
Better Collective SAS	100%	France	Paris	tEUR		100
Better Collective D.o.o.	100%	Serbia	Niš	tRSD		620
Bola Webinformation GmbH	100%	Austria	Vienna	tEUR		35
Better Collective Greece P.C.	100%	Greece	Thessaloniki	tEUR		10
Kapa Media Services Ltd.	100%	Malta	Naxxar	EUR		1,200
Better Collective Sweden AB	100%	Sweden	Stockholm	tSEK		50

\* Better Collective GmbH is 100% owned by Hebiva Beteiligungen GmbH.

### Other investments

Mindway AI Aps	19.99%	Denmark	Aarhus
----------------	--------	---------	--------

## 25 Other contingent liabilities

### Other contingent liabilities

Better Collective A/S has taken a mortgage loan from Realkredit Danmark totalling 586 tEUR and the property on HC. Andersens Boulevard is placed as collateral. The book value of the property as of December 31, 2019 is 718 tEUR.



# NOTES

## 26 Events after the reporting date

### Acquisition of HLTV.

On February 28, 2020 Better Collective acquired 100% of the shares in HLTV ApS, a Danish company owning and running the Esport websites HLTV.org and Dust2.dk. HLTV ApS is incorporated in Denmark

The purchase price was up to 34.5 mEUR (257 mDKK) on a cash and debt free basis. Out of the total purchase price, 26.4 mEUR (197 mDKK) was paid upfront, of which 23.7 mEUR (177 mDKK) in cash and shares of Better Collective A/S with an approx. market value of 2.7 mEUR (20 mDKK)

The remaining up to 8.1 mEUR (60 mDKK) is structured as three separate earn out payments to be paid out in the coming three years subject to HLTV.org ApS reaching certain financial performance criterias. At the sole discretion of Better Collective, up to half of the earn out payments can be paid in Better Collective shares. The new shares to be issued as part of the initial payment as well as any shares paid as part of the future payments will be subject to lock-up periods.

As per the date of publication of the Annual Report it has not been possible to obtain sufficient financial data to fulfill reporting requirements according to IFRS3. Therefore the opening balance, the acquired net assets at the time of the acquisition, and goodwill is not included in these financial statements.

### Extraordinary business update due to the COVID-19 situation.

February 2020 revenue ended in line with expectations with revenue of 6,9 mEUR corresponding to a growth of 27% (of which 13% was organic growth). The financial targets for 2020 remain unchanged until further, given the following assumptions:

- Reduced revenue in 2020 from EURO 2020, postponed to 2021, is estimated at 2-4 mEUR.
- Reduced revenue in 2020 from other postponed sports events is estimated at 4-6 mEUR.
- Esports (HLTV) and casino business continue to perform at regular levels.
- The estimated effect of reduced sports betting of a total 6-10 mEUR is based on the assumption that all major sports events, other than EURO 2020, will be back to a normal activity level in the second half of 2020.
- Costs are maintained at current levels and thus lower than budgeted for the full year, offsetting some of the reduced revenue.

Better Collective has a strong balance sheet and financing position. The net cash position was almost neutral at the end of February 2020, with a net bank debt (cash minus bank debt) of minus 13,9 mEUR after including upfront payment of approximately 24 mEUR in connection with the acquisition of HLTV.org ApS (esports) at the end of February. Cash and un-utilised committed bank credit facilities stood at 70 mEUR end of February 2020.

In past periods with low activity in the absence of major sports events, there is normally still betting activity, i.e. on lower profiled sports events, virtual games, esports, casino.

### Share buyback program.

Better Collective initiated a share buyback program for up to EUR 5,000,000, to be executed during the period from March 19, 2020 to June 30, 2020. The purpose of the buyback program is to cover debt related to prior acquisitions, where Better Collective have rights, and find it attractive, to partially make settlements in shares.

The buyback program is being initiated pursuant to the authorization granted by the shareholders at the annual general meeting held on April 25, 2019 to repurchase up to 4,048,711 shares of EUR 0,01 each of the Company's share capital in the period until the annual general meeting in 2020.

# PARENT COMPANY FINANCIAL STATEMENTS

---

## STATEMENT OF PROFIT AND LOSS

Note	tEUR	2019	2018
	<b>Revenue</b>	<b>24,952</b>	<b>23,715</b>
2	Other operating income	6,183	2,944
	Direct costs related to revenue	2,576	2,731
3, 4	Staff costs	11,290	9,284
12, 14	Amortisation/depreciation and impairment	1,597	805
5	Other external expenses	11,197	6,817
	<b>Operating profit before special items</b>	<b>4,475</b>	<b>7,022</b>
6	Special items, net	375	-3,382
	<b>Operating profit</b>	<b>4,851</b>	<b>3,639</b>
9	Financial income	15,358	26
10	Financial expenses	4,084	710
	<b>Profit before tax</b>	<b>16,125</b>	<b>2,956</b>
11	Tax on profit for the period	789	1,405
	<b>Profit for the period</b>	<b>15,336</b>	<b>1,551</b>

Comparative numbers have not been re-stated following the implementation of IFRS16.

## STATEMENT OF COMPREHENSIVE INCOME

Note	tEUR	2019	2018
	<b>Profit for the period</b>	<b>15,336</b>	<b>1,551</b>
	<b>Other comprehensive income</b>		
	<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
	Currency translation to presentation currency	-23	-90
11	Income tax	0	0
	<b>Net other comprehensive income/loss</b>	<b>-23</b>	<b>-90</b>
	<b>Total other comprehensive income/(loss) for the period, net of tax</b>	<b>15,313</b>	<b>1,461</b>

# BALANCE SHEET

Note	tEUR	2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>12, 13 Intangible assets</b>			
	Goodwill	0	0
	Domains and websites	14,319	14,325
	Accounts and other intangible assets	5,560	1,622
		<b>19,879</b>	<b>15,947</b>
<b>14 Property, plant and equipment</b>			
	Land and building	718	736
	Right of use assets	1,196	0
	Fixtures and fittings, other plant and equipment	401	400
		<b>2,316</b>	<b>1,136</b>
<b>Financial assets</b>			
7	Investments in subsidiaries	103,024	100,088
8	Receivables from subsidiaries	36,714	0
8	Other non-current financial assets	1,175	0
	Deposits	156	153
		<b>141,069</b>	<b>100,241</b>
	<b>Total non-current assets</b>	<b>163,264</b>	<b>117,324</b>
<b>Current assets</b>			
16	Trade and other receivables	4,471	3,026
19	Receivables from subsidiaries	3,095	3,086
	Prepayments	771	449
19	Cash	9,704	2,162
	<b>Total current assets</b>	<b>18,041</b>	<b>8,723</b>
	<b>TOTAL ASSETS</b>	<b>181,304</b>	<b>126,046</b>

Comparative numbers have not been re-stated following the implementation of IFRS16.

Note	tEUR	2019	2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
15	Share Capital	464	404
	Share Premium	106,295	67,316
	Currency Translation Reserve	-107	-84
	Treasury shares	0	0
	Retained Earnings	27,060	12,989
	Proposed Dividends	0	0
	<b>Total equity</b>	<b>133,712</b>	<b>80,626</b>
<b>Non-current Liabilities</b>			
19	Debt to mortgage credit institutions	524	544
19	Debt to credit institutions	16,734	8,500
18	Lease liabilities	909	0
11	Deferred tax liabilities	884	451
19	Other non-current financial liabilities	4,531	8,937
	<b>Total non-current liabilities</b>	<b>23,583</b>	<b>18,432</b>
<b>Current Liabilities</b>			
	Prepayments received from customers	0	417
17	Trade and other payables	1,954	1,962
19	Payables to subsidiaries	9,991	4,209
11	Corporation tax payable	233	133
19	Other current financial liabilities	11,489	20,248
19	Debt to mortgage credit institutions	20	20
18	Lease liabilities	323	0
	<b>Total current liabilities</b>	<b>24,009</b>	<b>26,989</b>
	<b>Total liabilities</b>	<b>47,592</b>	<b>45,421</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>181,304</b>	<b>126,046</b>

# STATEMENT OF CHANGES IN EQUITY

tEUR	Share Capital	Currency Share Translation Premium Reserve	Treasury Shares	Retained Earnings	Proposed Dividend	Total Equity	
<b>As of January 1, 2018</b>	<b>69</b>	<b>381</b>	<b>6</b>	<b>0</b>	<b>13,066</b>	<b>0</b>	<b>13,521</b>
Result for the period	0	0	0	1,551	0	1,551	
<b>Other comprehensive income</b>							
Currency translation to presentation currency	0	0	-90	0	0	0	-90
Tax on other comprehensive income	0	0	0	0	0	0	0
Total other comprehensive income	0	0	-90	0	0	0	-90
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>-90</b>	<b>0</b>	<b>1,551</b>	<b>0</b>	<b>1,461</b>
<b>Transactions with owners</b>							
Capital Increase	336	68,410	0	0	-207	0	68,539
Transaction cost	0	-1,475	0	0	0	0	-1,475
Acquisition/disposal of treasury shares and warrants	0	0	0	0	22	0	22
Share based payments	0	0	0	0	319	0	319
Cash settlement of warrants	0	0	0	0	-2,371	0	-2,371
Tax on settlement of warrants	0	0	0	0	522	0	522
Merger - Subsidiaries*	0	0	0	0	87	0	87
<b>Total transactions with owners</b>	<b>336</b>	<b>66,935</b>	<b>0</b>	<b>0</b>	<b>-1,627</b>	<b>0</b>	<b>65,643</b>
<b>At December 31, 2018</b>	<b>404</b>	<b>67,316</b>	<b>-84</b>	<b>0</b>	<b>12,989</b>	<b>0</b>	<b>80,626</b>

\* Liquidation of dormant subsidiaries Ploomo ApS and Scatterweb ApS

tEUR	Share capital	Currency Share translation premium reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity	
<b>As of January 1, 2019</b>	<b>404</b>	<b>67,316</b>	<b>-84</b>	<b>0</b>	<b>12,989</b>	<b>0</b>	<b>80,626</b>
Result for the period	0	0	0	15,336	0	15,336	
<b>Other comprehensive income</b>							
Currency translation to presentation currency	0	0	-23	0	0	0	-23
Tax on other comprehensive income	0	0	0	0	0	0	0
Total other comprehensive income	0	0	-23	0	0	0	-23
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>-23</b>	<b>0</b>	<b>15,336</b>	<b>0</b>	<b>15,313</b>
<b>Transactions with owners</b>							
Capital Increase	60	39,692	0	0	0	0	39,752
Transaction Costs	0	-713	0	0	0	0	-713
Shared based payments	0	0	0	0	384	0	384
Settlement of warrants	0	0	0	0	-1,685	0	-1,685
Tax on settlement of warrants	0	0	0	0	36	0	36
<b>Total transactions with owners</b>	<b>60</b>	<b>38,979</b>	<b>0</b>	<b>0</b>	<b>-1,266</b>	<b>0</b>	<b>37,773</b>
<b>At December 31, 2019</b>	<b>464</b>	<b>106,295</b>	<b>-107</b>	<b>0</b>	<b>27,060</b>	<b>0</b>	<b>133,712</b>



# STATEMENT OF CASH FLOWS PARENT

Note	tEUR	2019	2018
	Profit before tax	16,125	2,956
	Adjustment for finance items	-11,274	683
	Adjustment for special items	-375	3,382
	Operating Profit for the period before special items	4,475	7,022
	Depreciation and amortisation	1,597	805
	Other adjustments of non cash operating items	384	319
	Cash flow from operations before changes in working capital and special items	6,457	8,146
20	Change in working capital	-5	-3,088
	Cash flow from operations before special items	6,451	5,058
	Special items, cash flow	-111	-3,382
	Cash flow from operations	6,340	1,675
	Dividend received from subsidiaries	12,578	0
	Financial income, received	965	26
	Financial expenses, paid	-2,309	-710
	Cash flow from ordinary activities before tax	17,574	992
	Income tax paid	-220	-1,707
	<b>Cash flow from operating activities</b>	<b>17,354</b>	<b>-715</b>

Comparative numbers have not been re-stated following the implementation of IFRS16.

Note	tEUR	2019	2018
7	Acquisition of subsidiaries	-11,845	-58,115
12	Acquisition of intangible assets*	-4,273	-8,853
14	Acquisition of property, plant and equipment	-140	-375
14	Sale of property, plant and equipment	0	0
8	Non-current loans to subsidiaries	-33,961	0
	Change in rental deposits	-326	-3
	<b>Cash flow from investing activities</b>	<b>-50,544</b>	<b>-67,346</b>
	Repayment of borrowings	-78,677	-18,401
	Proceeds from borrowings	86,937	21,572
	Group financial borrowings	4,166	700
	Lease liabilities	-263	0
	Other non-current liabilities	350	0
	Capital increase	30,620	68,547
	Transaction cost	-713	-1,475
	Warrant settlement, sale of warrants	-1,686	-2,349
	<b>Cash flow from financing activities</b>	<b>40,734</b>	<b>68,595</b>
	Cash flows for the period	7,544	534
	Cash and cash equivalents at beginning	2,162	1,547
	Foreign currency translation of cash and cash equivalents	-1	81
	<b>Cash and cash equivalents period end</b>	<b>9,704</b>	<b>2,162</b>

# NOTES TO THE PARENT FINANCIAL STATEMENT

<b>Note</b>		<b>Page</b>
1	Accounting policies	85
2	Revenue specification	85
3	Staff costs	85
4	Share-based payments	85
5	Fees paid to auditors appointed at the annual general meeting	86
6	Special items	86
7	Investments in subsidiaries	87
8	Non-current financial liabilities	88
9	Finance income	88
10	Finance costs	88
11	Income tax	89
12	Intangible assets	90
13	Intangible assets with indefinite life	90
14	Property, plant and equipment	91
15	Issued capital and reserves	92
16	Trade and other receivables (current)	92
17	Trade and other payables	92
18	Leasing	92
19	Financial risk management objectives and policies	93
20	Change in working capital	96
21	Other contingent liabilities	96
22	Related party disclosures	96

# NOTES

## 1 Accounting policies

Reference is made to notes to the consolidated financial statements. For the treatment of subsidiaries reference is made to note 7.

## 2 Revenue specification – affiliate model

In accordance with IFRS 15 disclosure requirements, total revenue is split on Revenue Share, Cost per Acquisition (CPA), Subscription Revenue and Other, as follows:

tEUR	2019	2018
<b>Revenue</b>		
Revenue share	21,178	21,154
CPA	1,970	1,536
Other	1,804	1,025
<b>Total Revenue</b>	<b>24,952</b>	<b>23,715</b>
<b>%-split</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Revenue share	85	89
CPA	8	6
Subscription Revenue	0	0
Other	7	4
<b>Total Revenue</b>	<b>100</b>	<b>100</b>

The parent company has earned 16 mEUR in revenues from one major customer, which represents 64% of the parent company's revenue (2018: 64%).

## 3 Staff costs

tEUR	2019	2018
Wages and salaries	9,655	7,743
Pensions	916	771
Other social security costs	143	98
Share-based payments	384	319
Other staff costs	191	352
<b>Total staff costs</b>	<b>11,290</b>	<b>9,284</b>
Average number of full-time employees	124	112

For remuneration of Key Management personnel, Executive Directors and the Board of Directors, reference is made to the disclosures in note 5 of the consolidated financial statements.

## 4 Share-based payments

Reference is made to the disclosures in note 6 of the consolidated financial statements.

# NOTES

## 5 Fees paid to auditors appointed at the annual general meeting

tEUR	2019	2018
Fee related to statutory audit	58	47
Fees for tax advisory services	13	111
Assurance engagements	27	18
Other assistance	124	414
	<b>222</b>	<b>589</b>

Fee in relation to non-audit services from EY Denmark, 164 tEUR mainly consists of tax and financial due diligence, general accounting advice regarding new IFRS standards, and review of condensed consolidated interim financial statements.

## 6 Special items

Significant income and expenses, which Better Collective consider non-recurring are presented in the Income statement in a separate line item labelled 'Special items'. The impact of special items is specified as follows:

tEUR	2019	2018
Operating profit	4,851	3,639
Special items related to IPO	0	-3,379
Special items related to M&A	-199	-4
Special items related to Earn-out	574	0
<b>Operating profit before special items</b>	<b>4,475</b>	<b>7,022</b>
Amortisations	1,142	702
<b>Operating profit before amortisations and special items (EBITA before special items)</b>	<b>5,618</b>	<b>7,723</b>
Depreciation	455	103
<b>Operating profit before depreciation, amortisations, and special items (EBITDA before special items)</b>	<b>6,073</b>	<b>7,827</b>

# NOTES

## 7 Investments in subsidiaries

Subsidiaries			2019		2018	
Name	Domicile	Interest %	Equity tEUR	Profit/loss tEUR	Equity tEUR	Profit/loss tEUR
<b>Subsidiaries</b>						
Better Collective D.o.o.	Serbia	100%	1,042	817	222	184
Better Collective SAS	France	100%	6,544	3,178	3,366	1,199
Hebiva Beteiligungen GmbH	Austria	100%	7,283	7,235	48,232	-6,639
Better Collective GmbH*	Austria	100%	34	2,423	4,852	2,397
Bola Webinformation GmbH	Austria	100%	4,644	4,609	5,441	2,241
Better Collective Greece P.C.	Greece	100%	913	483	431	145
Kapa Media Services Ltd.	Malta	100%	181	105	76	62
Better Collective Sweden AB	Sweden	100%	1,487	3,473	4,903	0
Better Collective UK Ltd	United Kingdom	100%	20	20		
Better Collective Poland SP Z o o	Poland	100%	51	50		
Moar Performance Ltd	United Kingdom	100%	1,056	141		
Better Collective Romania SRL	Romania	100%	14	4		
Better Collective USA Inc	USA	100%	-2,242	-1,511		
Better Collective Florida LLC**	USA	100%	-611	-617		
Better Collective Tennessee LLC***	USA	60%	2,872	2,152		

\* Better Collective GmbH is 100% owned by Hebiva Beteiligungen GmbH

\*\* Better Collective Florida LLC is 100% owned by Better Collective USA Inc .

\*\*\*Better Collective Tennessee LLC is 60% owned by Better Collective USA Inc.



# NOTES

## 7 Investments in subsidiaries (continued)

tEUR	2019	2018
<b>Subsidiaries</b>		
<b>Cost at January 1</b>	<b>100,088</b>	<b>24,057</b>
Additions*	3,017	76,305
Disposal through liquidation		-30
Exchange rate to reporting currency	-81	-244
<b>Cost at December 31</b>	<b>103,024</b>	<b>100,088</b>
<b>Value adjustment at January 1</b>	<b>0</b>	<b>-75</b>
Reversal of impairment	0	75
<b>Value adjustment at December 31</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at December 31</b>	<b>103,024</b>	<b>100,088</b>

\* Cash flow impact in 2019: 11,841 tEUR (2018: 58,115 tEUR)

Investments in subsidiaries have been assessed for impairment in 2018 and 2019. The assessment did not lead to any impairment in neither 2018 nor 2019.

### ◆ Accounting principles:

#### Investments in subsidiaries

Investments in subsidiaries and other investments are measured at cost. If the cost exceeds the recoverable amount, the carrying amount is reduced to such lower value. Reference is made to note 13 of the consolidated financial statements ◆

## 8 Non-current financial liabilities

tEUR	Receivables from Subsidiaries	Other non-current financial assets	Total
Cost at January 1, 2019	0	0	0
Additions	36,714	1,175	37,889
<b>Cost at December 31, 2019</b>	<b>36,714</b>	<b>1,175</b>	<b>37,889</b>
<b>Value adjustment at 1 January, 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>
Impairment	0	0	0
<b>Value adjustment at 31 December, 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at 31 December, 2019</b>	<b>36,714</b>	<b>1,175</b>	<b>37,889</b>

## 9 Finance income

tEUR	2019	2018
Exchange gains	2,384	13
Interest income	30	0
Interest expenses, group entities	366	0
Dividend income	12,578	0
Other financial income	0	13
<b>Total finance income</b>	<b>15,358</b>	<b>26</b>

## 10 Finance costs

tEUR	2019	2018
Exchange losses	2,653	34
Interest expenses	804	494
Interest – lease liabilities	54	0
Interest expenses, group entities	223	77
Other financial costs	349	105
<b>Total finance costs</b>	<b>4,084</b>	<b>710</b>

# NOTES

## 11 Income tax

Total tax for the year is specified as follows:

tEUR	2019	2018
Tax for the year	789	1,405
Tax on other comprehensive income	0	0
<b>Total</b>	<b>789</b>	<b>1,405</b>

Income tax of profit from the year is specified as follows:

tEUR	2019	2018
Deferred tax	433	377
Current tax	372	1,020
Adjustment from prior years	-16	7
<b>Total</b>	<b>789</b>	<b>1,405</b>

Tax on the profit for the year can be explained as follows:

tEUR	2019	2018
Profit for the year:		
Calculated 22% tax of the result before tax	3,548	650
Tax effect of:		
Non-taxable income	-2,771	-3
Non-deductible costs	13	757
	<b>789</b>	<b>1,405</b>
<b>Effective tax rate</b>	<b>4.9%</b>	<b>47.5%</b>

tEUR	2019	2018
<b>Deferred tax</b>		
<b>Deferred tax January 1</b>	<b>451</b>	<b>67</b>
Adjustments of deferred tax in profit and loss	433	385
<b>Deferred tax December 31</b>	<b>884</b>	<b>451</b>
Deferred tax is recognised in the balance sheet as:		
Deferred tax asset	0	0
Deferred tax liability	884	451
<b>Deferred tax December 31</b>	<b>884</b>	<b>451</b>
Deferred tax is related to:		
Intangible assets	932	472
Property, plant and equipment	-48	-21
<b>Deferred tax December 31</b>	<b>884</b>	<b>451</b>
<b>Income tax payable</b>		
<b>Income tax payable January 1</b>	<b>133</b>	<b>1,345</b>
Current tax	372	1,020
Income tax paid during the year	-220	-1,707
Adjustment prior year	-16	0
Tax payable reduction from warrant settlement	-36	-526
<b>Income tax payable December 31</b>	<b>233</b>	<b>133</b>

# NOTES

## 12 Intangible assets

tEUR	Domains and websites	Accounts and other intangible assets	Total
<b>Cost or valuation</b>			
<b>At January 1, 2019</b>	<b>14,325</b>	<b>2,462</b>	<b>16,787</b>
Additions*	-2	5,080	5,079
Disposals	0	0	0
Currency Translation	-5	-1	-5
<b>At December 31, 2019</b>	<b>14,319</b>	<b>7,542</b>	<b>21,861</b>
<b>Amortisation and impairment</b>			
<b>At January 1, 2019</b>	<b>0</b>	<b>840</b>	<b>840</b>
Amortisation for the period	0	1,142	1,142
Amortisation on disposed assets	0	0	0
Currency translation	0	0	0
<b>At December 31, 2019</b>	<b>0</b>	<b>1,982</b>	<b>1,982</b>
<b>Net book value at December 31, 2019</b>	<b>14,319</b>	<b>5,560</b>	<b>19,879</b>
<b>Cost or valuation</b>			
<b>At January 1, 2018</b>	<b>3,769</b>	<b>932</b>	<b>4,702</b>
Additions*	10,569	1,532	12,101
Disposals	0	0	0
Currency Translation	-13	-3	-15
<b>At December 31, 2018</b>	<b>14,325</b>	<b>2,462</b>	<b>16,787</b>
<b>Amortisation and impairment</b>			
<b>At January 1, 2018</b>	<b>0</b>	<b>140</b>	<b>140</b>
Amortisation for the period	0	700	700
Amortisation on disposed assets	0	0	0
Currency translation	0	0	0
<b>At December 31, 2018</b>	<b>0</b>	<b>840</b>	<b>840</b>
<b>Net book value at December 31, 2018</b>	<b>14,325</b>	<b>1,622</b>	<b>15,947</b>

\*Cash flow impact in 2019: 4,273 tEUR (2018: 8,853 tEUR)

## 13 Intangible assets with indefinite life

The parent company's domain names and websites arise from asset acquisitions.

Domain names and websites are not subject to amortisation, but are reviewed annually for impairment, or more frequently if there are any indicators of impairment that are noted during the year.

### Cash-generating units

A cash-generating unit represents the smallest identifiable group of assets that together have cash inflows that are largely independent of the cash inflows from other assets. Management has concluded that the Group has only one cash-generating unit for impairment testing purposes, since cash flows to the Group are generated by the business as a whole and independent cash flows from other assets cannot be separately distinguished. Therefore, impairment testing has been done at the level of one cash-generating unit.

Carrying amount of Domains and Websites for the CGU:

tEUR	2019	2018
Domains and Websites	14,319	14,325

As at December 31, 2018 and December 31, 2019, the directors have evaluated domains and websites for impairment. The directors are of the view that the carrying amount of domains and sites is recoverable on the basis that the cashflows generated from these assets are in line, or exceed, the estimated projections made prior to the acquisitions. The directors are satisfied that the judgements made are appropriate to the circumstances.

# NOTES

## 13 Intangible assets with indefinite life (continued)

### Recoverable amount

When testing for impairment, the parent company estimates a recoverable amount for and for domains and websites. The recoverable amount is the higher of the asset or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is normally determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. As Management has concluded that the individual assets do not generate cash inflows on their own, the recoverable amount of domains and websites has been determined on the level of one cash-generating unit, as explained above.

The parent company has performed an impairment test on domains and websites as of December 31, 2018 and December 31, 2019, on a value-in-use basis. Management has based the value in use by estimating the present value of future cash flows from a four-year forecast approved by the Board of Directors. Key parameters in the short-term budget and mid-term forecast are trends in revenue, margin development and growth expectations. Beyond this, Management has applied a terminal value rate of 2% per year. The cash flows assume a discount factor of 15% after tax based on the Group's weighted average cost of capital (WACC) in all years 2020-2023, with an effective tax rate of 22%-23% (pre-tax discount rate 18.5%). The Board of Directors have approved the inputs to the impairment testing and are satisfied that the judgements made are appropriate.

Further, acquired domains and websites with indefinite life have been individually evaluated for indicators of impairment. The evaluation is based on actual traffic on the websites, as well as actual and expected revenue and NDCs generated by the accounts with operators that are linked to the websites. As per December 31, 2019 the evaluation did not indicate any need for impairment.

The results of the impairment tests for domains and websites showed that the recoverable amount exceeded the carrying value and that there was no impairment loss to be recognised.

## 14 Property, plant and equipment

tEUR	Land and buildings	Right of use assets	Fixtures and fittings, other plant and equipment	Total
<b>Cost or valuation</b>				
<b>At December 31, 2018</b>	<b>787</b>	<b>1,431</b>	<b>574</b>	<b>2,792</b>
Additions	0	64	139	204
Currency Translation	0	0	0	0
<b>At December 31, 2019</b>	<b>787</b>	<b>1,495</b>	<b>713</b>	<b>2,995</b>
<b>Depreciation and impairment</b>				
<b>At December 31, 2018</b>	<b>51</b>	<b>0</b>	<b>174</b>	<b>225</b>
Depreciation for the period	17	299	138	455
Currency translation	0	0	0	0
<b>At December 31, 2019</b>	<b>68</b>	<b>299</b>	<b>312</b>	<b>680</b>
<b>Net book value at December 31, 2019</b>	<b>718</b>	<b>1,196</b>	<b>401</b>	<b>2,316</b>
<b>Cost or valuation</b>				
<b>At December 31, 2017</b>	<b>789</b>	<b>0</b>	<b>203</b>	<b>992</b>
Additions	0	0	374	374
Disposals	0	0	-2	-2
Currency Translation	-2	0	-1	-3
<b>At December 31, 2018</b>	<b>787</b>	<b>0</b>	<b>574</b>	<b>1,361</b>
<b>Depreciation and impairment</b>				
<b>At December 31, 2017</b>	<b>34</b>	<b>0</b>	<b>91</b>	<b>125</b>
Depreciation for the period	17	0	86	103
Depreciation on disposed assets	0	0	-2	-2
Currency translation	0	0	0	0
<b>At December 31, 2018</b>	<b>51</b>	<b>0</b>	<b>174</b>	<b>225</b>
<b>Net book value at December 31, 2018</b>	<b>736</b>	<b>0</b>	<b>400</b>	<b>1,136</b>

# NOTES

## 15 Issued capital and reserves

Reference is made to the disclosures in note 16 of the consolidated financial statements.

## 16 Trade and other receivables

tEUR	2019	2018
Trade receivables	4,362	2,898
Other receivables	109	128
<b>Total receivables</b>	<b>4,471</b>	<b>3,026</b>

## 17 Trade and other payables

tEUR	2019	2018
Trade payables	121	296
Other payables	1,833	1,666
<b>Total payables</b>	<b>1,954</b>	<b>1,962</b>

## 18 Leasing

Right-of-use assets	January 1, 2019	Additions	Depreciation	Net book value
tEUR				
Buildings	1,431	64	299	1,196
<b>Total</b>	<b>1,431</b>	<b>64</b>	<b>299</b>	<b>1,196</b>

### Lease liabilities

tEUR	2019	*
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year		323
One to five years		1,010
More than five years		0
<b>Total undiscounted cash flows</b>		<b>1,333</b>
<b>Total lease liabilities</b>		<b>1,232</b>
Current		323
Non-current		909

The total cash outflow for leases during 2019 was 316 tEUR.

### Amounts recognised in the consolidated income statement

tEUR	2019
Interest on lease liabilities	54
Expenses relating to short-term lease	0
Expenses relating to lease of low value assets	0

# NOTES

## 19 Financial risk management objectives and policies

The parent company's activities expose it to a variety of financial risks:

market risk (including foreign currency exchange risk and interest rate risk), credit risk, and liquidity risk. The parent company has established principles for overall risk management, which seek to minimise potential adverse effects on the parent company's performance.

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For the parent company, market risk comprises foreign currency risk and interest rate risk.

### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The parent company's exposure to the risk of changes in foreign exchange rates relates primarily to the parent company's international operating activities. The parent company's revenues are mainly denominated in DKK and EUR, with limited revenues in GBP, USD, and PLN. The majority of the parent company's expenses are employee costs, which are denominated in the Group entities' functional currency, DKK together with expenses. Expenses have a pattern there is in line with the revenue. The expenses are mainly in DKK, EUR and limited GBP, USD, and PLN. The DKK rate is fixed to the EUR. Since revenues in other foreign currencies than DKK and EUR (GBP, USD, and PLN) are limited and expenses in GBP, USD, and PLN reduces the exposure, the parent company is not overly exposed to foreign currency risk for the ongoing operations.

The parent company has provided long-term intercompany loans in USD to Better Collective US, Inc. and Better Collective Florida LLC of 21 mUSD and 20 mUSD respectively, to fund the acquisitions in US. The un-realized exchange rate gains/losses are recorded in the profit and loss in the parent company. As strengthening of the USD vs. EUR will have a positive impact on the parent company of 0.4 mEUR, whereas a weakening of the USD vs. EUR of 10% will have a negative impact of 0.4 mEUR on the parent company. In connection with the agreement for media sites, the parent company has recorded a liability in GBP, covering the fixed payments to Telegraph. A strengthening of GBP vs. EUR of 10% will have a negative impact of 0.1 mEUR, whereas a weakening of GBP vs. EUR will have a positive impact of 0.1 mEUR on the parent company.

Beyond the impact due to loans and liabilities mentioned above, the historic exposure to currency fluctuations has not had a material impact on the parent company's financial condition or results of operations. Accordingly, Management deems that a further sensitivity analysis showing how profit or pre-tax equity would have been impacted by changes in these foreign exchange rates is not necessary.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The parent company's exposure to interest rate risk arises mainly from the revolving credit facility and deposits held by the parent company. These are short-term and not material amounts. Management expects to re-pay the credit facility in the short term, as the parent company is generating positive cash flows. Therefore, exposure to interest rate risk is considered minimal.

The parent company regularly monitors its interest rate risk and considers it to be insignificant, therefore an interest rate sensitivity analysis is not deemed necessary.

### Credit risk

As per January 1, 2018 the parent company implemented IFRS 9 using the simplified expected credit loss model. The model implies that the expected loss over the lifetime of the asset is recognised in the profit and loss immediately and is monitored on an ongoing basis until realisation. The parent company has very limited overdue trade receivables and historically there has been minimal losses on trade receivables and the subsidiaries have a high liquidity ratio. The inputs to the expected credit loss model reflects this.

As per December 31, 2019 the parent company's impairment for expected loss is included in the trade receivables (ref note 15).



# NOTES

## 19 Financial risk management objectives and policies (continued)

Expected credit loss on receivables from trade receivables and subsidiaries can be specified as follows:

tEUR	Exp. loss rate	Gross receivable	Expected loss	Net receivable
<b>2019</b>				
Not Due	0.1%	3,330	1	3,329
Less than 30 days	0.2%	390	1	389
Between 31 and 60 days	2.0%	383	8	374
More than 61 days	6.0%	71	4	67
More than 90 days	9.0%	222	20	202
<b>Total</b>	<b>0.8%</b>	<b>4,396</b>	<b>34</b>	<b>4,362</b>
<b>Receivables from subsidiaries</b>	<b>0.0%</b>	<b>39,809</b>	<b>0</b>	<b>39,809</b>

As no losses were recognised during 2019, expected loss rate has been reduced compared to 2018

tEUR	Exp. loss rate	Gross receivable	Expected loss	Net receivable
<b>2018</b>				
Not Due	0.1%	2,549	4	2,545
Less than 30 days	0.5%	0	0	0
Between 31 and 60 days	5.0%	153	8	145
More than 61 days	10.0%	230	23	207
<b>Total</b>	<b>1.2%</b>	<b>2,932</b>	<b>34</b>	<b>2,898</b>
<b>Receivables from subsidiaries</b>	<b>0.0%</b>	<b>3,086</b>	<b>0</b>	<b>3,086</b>

### Liquidity risk

The parent company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which mainly include trade payables, other payables and the credit facility. The parent company ensures adequate liquidity through the management of cash flow forecasts and close monitoring of cash inflows and outflows. The following table summarises the maturities of the parent company's financial obligations. The parent company had no derivative financial instruments.

Contractual cash flows:	Carrying amount	Fair Value	Total	< 1 year	2-5 years	> 5 years
<b>2019</b>						
<b>Non-derivative financial instruments:</b>						
<i>Financial liabilities measured at fair value</i>						
Earn-Out consideration	9,432	9,432	9,493	9,493	0	0
Other financial liabilities measured at fair value	5,610	5,610	5,844	1,086	4,758	0
<i>Financial liabilities measured at amortised costs</i>						
Trade and other payables	1,954	1,954	1,954	1,954	0	0
Deferred payment on acquisitions	977	977	977	977	0	0
Payables to subsidiaries	748	748	748	748	0	0
Loans from subsidiaries	9,243	9,243	9,428	9,428	0	0
Debt to mortgage credit institutions	544	544	626	26	101	500
Debt to credit institutions	16,734	16,734	17,694	318	17,376	0
<b>Total non-derivative financial instruments</b>	<b>45,243</b>	<b>45,243</b>	<b>46,764</b>	<b>24,029</b>	<b>22,235</b>	<b>500</b>
<b>Assets:</b>						
Non-current subsidiaries	36,714	36,714	38,186	734	37,452	0
Non-current financial assets	590	590	615	24	590	0
Trade and other receivables	4,471	4,471	4,471	4,471	0	0
Receivables from subsidiaries	3,095	3,095	3,095	3,095	0	0
Cash	9,704	9,704	9,704	9,704	0	0
<b>Total financial assets</b>	<b>54,574</b>	<b>54,574</b>	<b>56,070</b>	<b>18,028</b>	<b>38,042</b>	<b>0</b>
<b>Net</b>	<b>-9,331</b>	<b>-9,331</b>	<b>-9,306</b>	<b>6,002</b>	<b>-15,807</b>	<b>500</b>

# NOTES

## 19 Financial risk management objectives and policies (continued)

	Carrying amount	Fair Value	Total	< 1 year	2-5 years	> 5 years
<b>2018</b>						
<b>Non-derivative financial instruments:</b>						
<i>Financial liabilities measured at fair value</i>						
Earn-Out consideration	12,743	12,743	13,018	3,843	9,175	0
<i>Financial liabilities measured at amortised costs</i>						
Trade and other payables	1,962	1,962	1,962	1,962	0	0
Deferred payment on acquisitions	16,442	16,442	16,442	16,442	0	0
Payables to subsidiaries	209	209	209	209	0	0
Loans from subsidiaries	4,000	4,000	4,080	4,080	0	0
Debt to mortgage credit institutions	564	564	633	24	96	512
Debt to credit institutions	8,500	8,500	78,988	162	8,826	0
<b>Total non-derivative financial instruments</b>	<b>44,420</b>	<b>44,420</b>	<b>45,331</b>	<b>26,722</b>	<b>18,097</b>	<b>512</b>
<b>Assets:</b>						
Trade and other receivables	3,026	3,026	3,026	3,026	0	0
Receivables from subsidiaries	3,086	3,086	3,086	3,086	0	0
Cash	2,162	2,162	2,162	2,162	0	0
<b>Total financial assets</b>	<b>8,274</b>	<b>8,274</b>	<b>8,274</b>	<b>8,274</b>	<b>0</b>	<b>0</b>
<b>Net</b>	<b>36,146</b>	<b>36,146</b>	<b>37,057</b>	<b>18,448</b>	<b>18,097</b>	<b>512</b>

### Fair value of Earn-out consideration, contingent consideration, and other financial liabilities

Fair Value is measured based on level 3 - Valuation techniques, for which the lowest level input that is significant to the fair value measurement is unobservable. Fair Value of Earn-Out consideration and Other financial liabilities is measured based on weighted probabilities of assessed possible payments discounted to present value.

### Fair value

In all material aspects the financial liabilities are current/short termed. Non-current loans, overdraft facility and intercompany loans are subject to a variable interest rate. Thus, the fair value of the financial assets and liabilities is considered equal to the booked value.

### Capital Management

For the purpose of the parent company's capital management, capital includes issued capital, share premium, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the parent company's capital management is to maximise shareholder value and to maintain an optimal capital structure. The parent company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the parent company may adjust the dividend payment to shareholders, issue new shares or return capital to shareholders.

### Credit facilities

Better Collective has non-current bank credit facilities of total 84 mEUR, of which 17 mEUR was drawn up end of December 2019. As of December 31, 2019 cash and unused credit facilities, amounted to approximately 90 mEUR.

Net debt includes current and non-current debt to financial institutions, and other financial liabilities, less cash and cash equivalents.

### Change in liabilities arising from financing activity

tEUR	2017	Cash flows Net	Non cash flow changes	2018	Cash flows Net	Non cash flow changes	2019
Non-current financing liabilities	566	8,495	-16	9,044	8,259	-45	17,259
Leasing and other non-current liabilities	0	0	0	0	-263	1,846	1,583
<i>Current financing liabilities:</i>							
Payables to subsidiaries	3,449	700	61	4,209	5,781	0	9,991
Debt to credit institutions	5,343	-5,323	0	20	0	0	20
<b>Total liabilities from financing activities</b>	<b>9,357</b>	<b>3,871</b>	<b>45</b>	<b>13,273</b>	<b>13,778</b>	<b>1,801</b>	<b>28,852</b>

# NOTES

## 20 Change in working capital

tEUR	2019	2018
Change in receivables	-1,233	-122
Changes in Intercompany balances	1,974	-2,785
Prepaid expenses	-322	-175
Prepayment – from Customers	-417	-499
Change in trades payable, other debt	-7	492
<b>Change in working capital, total</b>	<b>-5</b>	<b>-3,088</b>

## 21 Other contingent liabilities

### Other contingent liabilities

Better Collective A/S has taken a mortgage loan from Realkredit Danmark totalling 586 tEUR and the property on HC. Andersens Boulevard is placed as collateral. The book value of the property as of December 31, 2019 is 718 tEUR.

## 22 Related party disclosures

In addition to the disclosures in note 23 of the consolidated financial statements, the parent company's related parties include subsidiaries, cf. note 24 to the consolidated financial statements and note 5 to the parent company's financial statements.

Transactions with related parties have been as follows:

tEUR	2019	2018
<b>Income Statement</b>		
Other Operating income	6,183	2,944
Intercompany revenue	-1,806	-730
Purchases	4,611	1,362
Interest expense	223	77
Interest income	366	0
Dividend income	12,578	0
<b>Balance Sheet</b>		
Long-term financial assets	36,714	0
Receivables from subsidiaries	3,095	3,086
Short term loans and payables to subsidiaries	9,991	4,209

Management remuneration and share option programs are disclosed in note 2 and note 3 to the parent company financial statements.

There have not been other transactions with the Board of Directors, the Executive Directors, major shareholders or other related parties during the year.





# OTHER

---

- 98 Definitions
- 98 Calculations
- 99 Our values

# DEFINITIONS

**Affiliate** A company providing a performance based marketing service for its customers, in this context the customers are operators.

**Application** Programming Interface (API) A set of rules and specifications that enables software programs to communicate with each other.

**Board** The Board of Directors of the company

**Business intelligence** A collection of techniques, methods and strategies used for presenting business information and analysing data in order to support business decisions, for example user insights and behavioural analytics which enables site managers to efficiently value the relevance of content for distribution.

**Company** Better Collective A/S, a company registered under the laws of Denmark

**Compounded average growth rate (CAGR)** The annual growth rate over a specified time period.

**Content site** A website containing information primarily generated by journalists, writers and other professional contributors. Content sites present in-depth information on specific iGaming areas.

**Cost per acquisition (CPA)** A one-off payment for every referred user that creates a new profile and makes a deposit with the iGaming operator.

**Equity/assets ratio** Equity at the end of period in relation to total assets at the end of period

**Executive management** Executives that are registered with the Danish Company register

**Group / Better Collective** The company and its subsidiaries

**iGaming** Online sports betting and online casino.

**iGaming affiliates** Affiliates on the iGaming market.

**iGaming operator** Online sports betting and online casino operators.

**Mobile (-sports betting/casino)** Means iGaming activities on mobile devices, such as smartphones and tablets.

**New depositing customer (NDC)** A user that creates an account and makes a deposit with the iGaming operator.

**Operating profit before amortisations (EBITA)** Operating profit plus amortisations

**Organic growth** Revenue growth compared to same period previous year. Organic growth from acquired companies or assets are calculated from the date of acquisition measured against historical baseline performance

**Organic traffic** is the opposite of paid traffic, which defines the visits generated by paid advertisement such as Pay-per-click (PPC).

**Pay-per-click (PPC)** An internet advertising model used to direct traffic to websites whereby advertisers pay to appear in the search engine results for certain search queries.

**Revenue share** A revenue share model is remuneration model based on the percentage of the net revenue generated by an NDC with the iGaming operator.

**Search engine optimisation (SEO)** The methods and techniques used to optimise the online visibility of a website through improved rankings in a web search engine's results.

**Special items** Cost related to IPO and acquisitions

**Sports win margin** The difference between the amount of money players wager minus the amount that they win

# CALCULATIONS

$$\text{Earnings per share (EPS)} = \frac{\text{Profit for the period}}{\text{Average number of shares}}$$

$$\text{Diluted earnings per share} = \frac{\text{Profit for the period}}{(\text{Average number of shares} + \text{Average number of warrants converted to number of shares})}$$

$$\text{Operating profit before amortisations and special items margin (\%)} = \frac{\text{Operating profit before amortisations and special items}}{\text{Revenue}}$$

$$\text{Operating profit before amortisations margin (\%)} = \frac{\text{Operating profit before amortisations}}{\text{Revenue}}$$

$$\text{Operating profit margin (\%)} = \frac{\text{Operating profit margin}}{\text{Revenue}}$$

$$\text{Net Debt / EBITDA before special items} = \frac{(\text{Interest bearing debt, including earn-outs from acquisitions, excl. contingent consideration, minus cash and cash equivalents})}{\text{EBITDA before special items on rolling twelve months basis}}$$

$$\text{Liquidity ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$\text{Equity to assets ratio} = \frac{\text{Equity}}{\text{Total assets}}$$

$$\text{Cash conversion rate before special items} = \frac{(\text{Cash flow from operations before special items} + \text{Cash from CAPEX})}{\text{EBITDA before special items}}$$

$$\text{Liquidity ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$



# OUR VALUES

Our culture is driven by an urge to accomplish, create and grow. To accomplish our vision and mission, we share a firm belief in cross-functional collaboration, short decision-cycles and a firm focus on execution

---



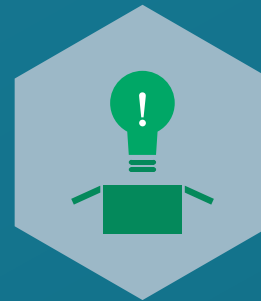
## TALENT

Talented employees are key to our success.



## RESPECT

We respect each other, our users and our partners.



## INNOVATION

We innovate products and processes that make a difference



## DEDICATION

We are dedicated to enrich our users' iGaming experience



# BETTER COLLECTIVE



## Better Collective A/S

### Headquarters

Toldbodgade 12  
1253 Copenhagen K  
Denmark

[copenhagenoffice@bettercollective.com](mailto:copenhagenoffice@bettercollective.com)  
+45 2991 9965

CVR no. 27 65 29 13

 Facebook

 Instagram

 Twitter

 LinkedIn

## Better Collective Kraków

Zygmunta Augusta 5/18  
31-505 Krakow  
Poland

[polandoffice@bettercollective.com](mailto:polandoffice@bettercollective.com)

## Better Collective Paris

75 Rue d'Amsterdam  
Paris-8E-Arrondissement  
France

[parisoffice@bettercollective.com](mailto:parisoffice@bettercollective.com)  
+33 (0)7 7606 0227

## Better Collective Vienna

Marxergasse 4C, 4th floor  
1030 Vienna 3rd District  
Austria

[viennaoffice@bettercollective.com](mailto:viennaoffice@bettercollective.com)

## Better Collective Nashville

209 10th Ave Suite 507  
Nashville , TN 37203  
USA

[nashvilleoffice@bettercollective.com](mailto:nashvilleoffice@bettercollective.com)

## Better Collective Łódź

ul. Sienkiewicza Henryka 72  
90-318 Łódź  
Poland

[polandoffice@bettercollective.com](mailto:polandoffice@bettercollective.com)

## Better Collective Stockholm

Holländargatan 27  
113 59 Stockholm  
Sweden

[swedenoffice@bettercollective.com](mailto:swedenoffice@bettercollective.com)

## Better Collective Stoke-on-Trent

Innovation Centre 6 (IC6)  
Smart Innovation Hub, Keele University  
ST5 5AA  
United Kingdom

[stokeoffice@bettercollective.com](mailto:stokeoffice@bettercollective.com)

## Better Collective London

1 St Katharine's Way  
London, E1W 1YL  
United Kingdom

[londonoffice@bettercollective.com](mailto:londonoffice@bettercollective.com)

## Better Collective Niš

Trg Kralja Milana 2  
18000 Niš  
Serbia

[nisoffice@bettercollective.com](mailto:nisoffice@bettercollective.com)  
+381 66 246 444

## Better Collective Thessaloniki

Georgiou Papandreou 5, 4th floor  
Thessaloniki 54645  
Greece

[thessalonikioffice@bettercollective.com](mailto:thessalonikioffice@bettercollective.com)  
+30 231 022 0554

## Better Collective New York

368 9th Ave, Office no. 108  
New York, NY 10001  
USA

[newyorkoffice@bettercollective.com](mailto:newyorkoffice@bettercollective.com)

## Better Collective Fort Lauderdale

101 NE 3rd Ave, Suite 600  
Fort Lauderdale, FL 33301  
USA

[fortlauderdaleoffice@bettercollective.com](mailto:fortlauderdaleoffice@bettercollective.com)