BETTER COLLECTIVE

Q1 2020

January 1 – March 31

Interim report

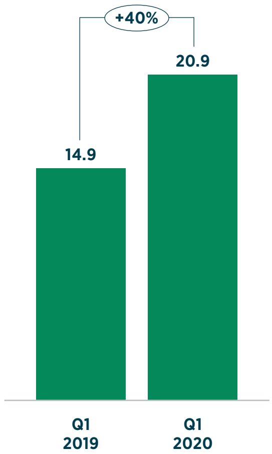
Highlights Q1 2020

- Revenue growth of 40%, organic growth of 21%
- Earnings; EBITA-margin (before special items) 41%
- NDCs 116.000, same level as last year
- Acquisition of leading esports platform HLTV.org
- Financial targets reiterated despite COVID-19

Interim report Q1 2020

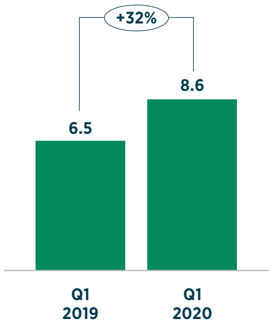
Revenue

mEUR



EBITA before special items

mEUR



Highlights first quarter 2020

- Q1 Revenue grew by 40% to 20,921 tEUR (Q1 2019: 14,905 tEUR). Organic revenue growth was 21%. The growth was supported by strong sports win margins and high activity up until the COVID-19 crisis started impacting societies and sports events from mid-March.
- Q1 EBITA before special items increased 32% to 8,626 tEUR (Q1 2019: 6,521 tEUR). The EBITA-margin before special items was 41%.
- Cash Flow from operations before special items was 9,451 tEUR (Q1 2019: 7,559 tEUR), an increase of 25%. The cash conversion was 103%. End of Q1, capital reserves stood at 70.4 mEUR including cash of 18.9 mEUR and unused bank credit facilities of 51.5 mEUR.
- New Depositing Customers (NDCs) was 116.000 in the quarter (same as last year), delivering flat growth due to a significant drop from mid-March.
- Better Collective has established a strong position within the esports betting market through the acquisition of HLTV.org ApS. The purchase price was agreed at 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 a market value of 2.7 mEUR (20 mDKK).
- 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. As per May 8 the amount of the buyback program executed was 3.2 mEUR. The purpose of the buyback program is to cover debt related to prior acquisitions.
- Better Collective was named Affiliate of the Year at EGR Nordics Awards 2020.

Contents

Conference call

A conference call for investors, analysts and media will be held today, May 15, 2020, at 10:00 a.m. CET and can be joined online at www.bettercollective.com. Presentation material for the call will be available on the website one hour before the call.

To participate, please dial:
Confirmation code: 9638546
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Financial calendar

August 25, 2020
Interim financial report Q2, 2020

November 11, 2020
Interim financial report Q3, 2020

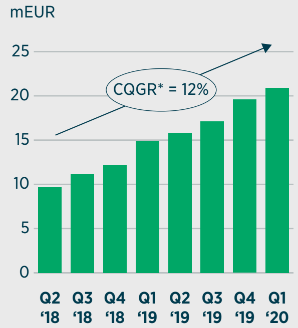
Significant events after the closure of the period

- Second quarter trading update:
  - From mid-March to date the business has been negatively impacted by the COVID-19 crisis, as all major sports events have been cancelled or postponed.
  - The business has to date performed in line with the trading update issued on March 17, 2020, where sports betting revenue has been reduced, whereas esports and casino have seen stronger performance.
  - April revenue was approximately 4.6 mEUR (negative growth of 17%, of
  - which negative organic growth 41% compared to April 2019) affected by the COVID-19 crisis.
  - As a consequence of the reduced activity level, management has decided upon a cost saving program that was initiated with effect from April 1, 2020. The total cost base in Q2 2020 will expectedly be reduced by approx. 2 mEUR compared to Q1 2020. For now, the program is planned to run throughout the second quarter.
  - The German Bundesliga was the first to confirm starting on May 16, 2020. This is in line with current market expectations for some of the major European sports leagues to resume without physical spectators in Q2 2020, with the intention of finalising national leagues during the summer. Other major sports events have been postponed until after the summer.
  - The full year financial targets are reiterated, based on the past and current performance and the expectation that some major sports leagues and events will be resumed during Q2 2020. Based on these assumtions, financial performance in Q2 2020, isolated, is expected to show flat to negative revenue growth. The operational earnings are expected to be positive, however, at lower earning margins than normal.

- After the end of Q1, Better Collective topped EGR Power Affiliates 2020 list for the third consecutive year.

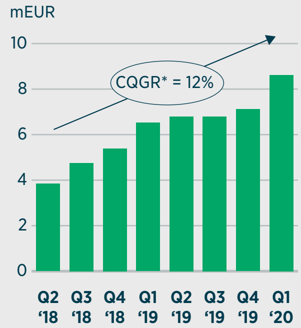
- On April 2, 2020, the Board of Directors has resolved to complete the payment of the third and last instalment relating to the acquisition of Ribacka AB in cash and shares combined. Better Collective has made a payment of 6 mEUR in cash, and will settle the remaining 3 mEUR no later than May 15, 2020, in a combination of shares and cash. Any settlement in shares will take place with treasury shares acquired in Better Collective's share buyback program initiated on March 19, 2020.

Revenue



* Compounded Quarterly Growth Rate

EBITA before special items



* Compounded Quarterly Growth Rate

Financial highlights and key figures

tEUR	Q1 2020	Q1 2019	2019
Income Statement			
Revenue	20,921	14,905	67,449
Revenue Growth (%)	40%	97%	67%
Organic Revenue Growth (%)	21%	41%	26%
Operating profit before depreciation, amortisations, and special items (EBITDA before special items)	9,045	6,685	28,061
Depreciation	418	165	831
Operating profit before amortisations and special items (EBITA before special items)	8,626	6,521	27,231
Special items, net	-401	-87	-615
Operating profit before amortisations (EBITA)	8,226	6,434	26,616
Amortisations	1,640	1,239	5,413
Operating profit before special items (EBIT before special items)	6,926	5,281	21,817
Operating profit (EBIT)	6,585	5,195	21,202
Result of financial items	-222	-257	-2,448
Profit before tax	6,363	4,938	18,755
Profit after tax	4,681	3,685	13,944
Earnings per share (in EUR)*	0.10	0.09	0.32
Diluted earnings per share (in EUR)*	0.10	0.09	0.31
*Historic numbers updated with share-split 1:54			
Balance sheet			
Balance Sheet Total	264,836	153,775	229,601
Equity	144,945	89,537	138,317
Current assets	31,672	29,420	36,035
Current liabilities	25,166	23,551	22,088
Net interest bearing debt	41,724	17,304	13,646
Cashflow			
Cash flow from operations before special items	9,451	7,559	26,585
Cash flow from operations	9,249	7,457	25,481
Investments in tangible assets	-161	-67	-955
Cash flow from investment activities	-25,135	-3,109	-49,509
Cash flow from financing activities	14,438	-101	36,365
Financial ratios			
Operating profit before amortisations and special items margin (%)	41%	44%	40%
Operating profit before amortisations margin (%)	39%	43%	39%
Operating profit margin (%)	31%	35%	31%
Net interest bearing debt / EBITDA before special items	1.37	0.83	0.49
Liquidity ratio	1.26	1.25	1.63
Equity to assets ratio (%)	55%	58%	65%
Cash conversion rate before special items (%)	103%	112%	91%
Average number of full-time employees	416	268	364

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

CEO Comments

A strong start to 2020. No substantial COVID-19 impact on performance before mid-March

2020 got off to a strong start with significant growth throughout the business and key performance indicators. During mid-March, an unprecedented halt on major sports events was seen as a result of the COVID-19 pandemic postponing events and thus revenue. However, our digital business model has proven strong under these circumstances and we have as a company demonstrated the flexibility to withstand a period with low sports activity.

Business performance

Growth in Q1 was strong compared to the same quarter last year. Until mid-March, the business performed at record levels. Despite the lack of major sports events during the second half of March, the quarterly performance was highly satisfactory. During the second half of March, sports betting activity was reduced to approximately half of normal levels while esports and casino activities performed stronger than usual.

Adjusting our operation to the COVID-19 situation

The situation calls for flexibility and we have redistributed resources internally to focus on business areas that have remained active. We have implemented a cost saving program comprising of more than 50 single initiatives, including reducing founders' (CEO and COO) remuneration to 1 DKK for all of Q2 2020. The Board of Directors has similarly waived their fee in Q2 2020. All employees in the company have contributed by a temporary salary reduction depending on whether national support programmes have been available. In total, we assess a cost reduction of around 2 mEUR for Q2 2020 compared to Q1 2020.

Financial targets for 2020 remain

As previously stated in the trading update on March 17, 2020, we estimate a negative revenue effect from reduced sports betting of 6-10 mEUR based on the assumption that all major sports events, other than EURO 2020, will be back to normal in the second half of 2020. Our financial targets for the full year 2020 remain, also stated in the trading update on March 17. This relies on the robustness of our business model where we have built our business on digital platforms, we have very low to none capital expenditure and a high degree of variable costs. In addition, we recently acquired an esports platform which has been further accelerated in the absence of regular sports betting.

We expect low sports activity throughout most of Q2 though some of the major European sports leagues may resume without physical spectators sometime in the quarter, like the German Bundesliga confirmed to start on May 16, 2020. Our Q2 performance is likely to be the exception in an otherwise strong growth story. However, we expect high activity during the second half of 2020.

Establishing a strong position within esports

We have carefully analysed and monitored esports and related betting activity for a long time. It is a rapidly growing industry and we consider esports an ideal extension to our focus on classical sports. It was essential to find the right partner, adding deep

"In Q1, the business has shown strong performance at record levels up until mid-March. COVID-19 has halted most sports event, which will have a significant impact on Q2, but we are adjusting operations accordingly and we stay optimistic that normal sports betting activity levels will be restored in the second half of 2020."

Jesper Søgaard
CEO

21%

Organic revenue growth

in Q1 2020

know-how and esports industry knowledge to Better Collective. Through the acquisition of HLTV.org, which is the world's largest community-site within Counter-Strike: Global Offensive (CS:GO), we believe we have found the best positioned organisation and brand within this field. We expect strong synergies as many of the betting operators we collaborate with today also offer betting on esports. As it turns out, the timing of this acquisition was just right and we are off to a great start.

Todd Dunlap new board member

On April 22, 2020 Todd Dunlap was elected at the AGM. Todd Dunlap, a US national, brings strong competencies and experiences, especially from the US. As the CEO of North America for Booking.com, he has been instrumental in the growth journey of one of the largest online businesses within travel for the US. During the last year, Todd has served as a Board Advisor to Better Collective, with a specific focus on the US market. Todd will be a valuable addition to our organisation and our work to realise our ambitions for the US market. He will join our current board members, who were all re-elected at the recent AGM.

Better Collective tops EGR Power Affiliates 2020 list for the third consecutive year

Being ranked as No 1 of the prestigious EGR Power Affiliates for the third consecutive year makes me extremely proud. I see this as a true testament to the fantastic team at Better Collective who each day continues to deliver on our vision to empower iGamers through transparency and technology. The list is picked by a panel of experts that looks at criteria such as business and commercial success, M&A activity, and regulatory and compliance procedures. Our ambition is to continue to grow and be the frontrunner in our industry - topping this list again is, without doubt, a seal of approval that we are on the right track.

A special thanks to all our stakeholders

I would like to express my sincere thanks to all Better Collective's stakeholders; our employees and management team, our Board of Directors and all our business partners for their extraordinary performance and flexibility during the difficult times that the entire global society is currently facing.

At Better Collective we love sports and betting and we hope that major sports events will be back in the arenas soon.

Jesper Søgaard
CEO

Management report

Financial performance first quarter 2020

In Q1, we continued to recognise significant growth mainly driven by a strong NDC-performance through recent quarters.

Throughout 2019 and continuing in Q1 2020, Better Collective has generated high numbers of NDCs, most of which have been generated to revenue-share based contracts. This large increase in the base of players, that generates revenue to Better Collective, is the foundation for the strong organic growth in revenue and earnings.

The performance of the acquired companies and assets continue to outperform our expectations, and we are actively seeking new acquisitions that fit our strategy.

During the recent period, Better Collective has increased investments in the organisation and capabilities within paid media search (Pay-Per-Click: PPC). While more than 90% of the NDC's are generated through organic traffic, the paid media is beginning to weigh relatively more and has proven to be supportive to the overall growth and earnings.

Quarterly revenue amounted to 20.921 tEUR (Q1 2019: 14.905 tEUR). The total growth was 40% with organic growth of 21%. Overall, the revenue growth was better than expected, and strong in comparison to Q1 2019. Revenue share accounted for 68% of the revenue (75% of player-related revenue) with 17% coming from CPA, 6% from subscription sales, and 9% from other income.

The number of NDCs was 116.000, the same level last year. The flat growth is a result of the low sports activity since the second half of March.

Cost

Quarterly cost excluding special items and amortisations amounted to 12,295 tEUR (Q1 2019: 8,384 tEUR). Special items of -401 tEUR include cost relating to M&A activities and cost related to the adjustment of the operation in connection with the COVID-19 situation. Furthermore, amortisations amounted to 1,701 tEUR (Q1 2019: 1,239 tEUR). Excluding amortisations and depreciations, the remaining cost base increased by 3,657 tEUR or 44%, compared to Q1 2019, with a slight decline of 2% vs. Q4 2019. The cost base includes added cost through acquired companies and cost related to new markets as well as increased resources related to paid media.

Direct cost relating to revenue increased to 2,721 tEUR (Q1 2019: 1,853 tEUR), an increase of 47%. Expenses related to PPC are included in "Direct cost related to revenue" in 2020. In 2019 they were included in "Other external expenses". A re-statement of comparative numbers for 2019 has been made (1.7 mEUR). In addition to PPC cost, direct cost includes hosting fees of websites, content generation, external development, etc.

Personnel costs in Q1 increased slightly compared to previous quarter (Q4 2019), and amounted to 6,733 tEUR (Q1 2019: 4,187 tEUR), a year-over-year increase of 61%. The average number of employees increased to 416 (Q1 2019: 268). Personnel costs include costs of warrants of 240 tEUR (Q1 2019: 50 tEUR).

Other external cost increased 243 tEUR or 11% to 2,423 tEUR (Q1 2019: 2,179 tEUR). As of 2020 cost related to PPC are included in direct cost related to revenue. Historic numbers for 2019 have been restated.

Depreciation and amortisation amounted to 2,059 tEUR (Q1 2019: 1.404 tEUR), mainly attributable to acquisitions.

In order to partly counteract the revenue effect from low sports betting activities during the COVID-19 closedown, management has decided upon a cost saving program. The program has been effective from April 1, 2020, comprising more than 50 single initiatives. The program comprises the following categories of initiatives:

- Reduction of the organisation; +50 employees have either been made redundant or their salaries have been partly or fully compensated by national support programmes.
- Board of Directors and founder management (CEO and COO) agreed to waive their fee/salary in Q2 2020.
- Management and all employees have agreed to reduce their salaries for Q2 2020 in combination with national compensation programmes.
- Both variable and fixed costs will be temporarily reduced through cost avoidance and/or price reduction measures.

Earnings
Operational earnings (EBITA) before special items grew 32% to 8,626 tEUR (Q1 2019: 6,521 tEUR). The EBITA-margin before special items was 41% (Q1 2019: 44%). The acquisition of HLTV has been included in the P/L as of March 1, 2020 and balance sheet as per March 31, 2020. The margin in Q1 2020 has been negatively affected by the US business and positively affected by HLTV. Excluding US and HLTV, the EBITA-margin before special items was 47%.

Including special items, the reported EBITA was 8,226 tEUR. (Q1 2019: 6,434 tEUR)

Q1 EBIT before special items increased 32% to 6,986 tEUR (Q1 2019: 5,281 tEUR).

Including special items, the reported EBIT was 6,585 tEUR (Q1 2019: 5,195 tEUR).

Net financial items
Net financial costs amounted to 222 tEUR (Q1 2019: 257 tEUR) and included net interest, fees relating to bank credit lines and exchange rate adjustments. Interest expenses amounted to 0.4 mEUR and include non-payable, calculated interest expenses on certain balance sheet items, whereas financial fees and net exchange rate gain amounted to 0.2 mEUR and 0.3 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 Q1 amounted to 1,683 tEUR (Q1 2019: 1,253 tEUR). The Effective Tax Rate was (ETR) 26.4% (Q1 2019: 25.4%).

Net profit
Net profit after tax was 4,681 tEUR (Q1 2019: 3,685 tEUR).

Equity
The equity increased to 144,945 tEUR as per March 31, 2020 from 138,317 tEUR on December 31, 2019.

Balance sheet
Total assets amounted to 264,836 tEUR (FY 2019: 229,601 tEUR), with an equity of 144,945 tEUR (FY 2019: 138,317 tEUR). This corresponds to an Equity to assets ratio of 55% (FY 2019: 60%). The liquidity ratio was 1.26 resulting from current assets of 31,672 tEUR and current liabilities of 25,166 tEUR.

Investments
On February 28, 2020 Better Collective completed the acquisition of HLTV.org ApS. The purchase price was agreed at 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 a market value of 2.7 mEUR (20 mDKK).

In addition to the investment in HLTV, payments were made related to the 2019 dividend to other shareholders in Better Collective Tennessee (60% ownership) as well as the remaining earn-out payment from the 2018 acquisition of WBS I.K.E. Online Marketing Services Ltd.

Investments in tangible assets were 161 tEUR in Q1, mainly for the new office in Better Collective Florida.

Cash flow and financing
Cash Flow from operations before special items for Q1 2020 was 9,451 tEUR (Q1 2019: 7,559 tEUR).

Acquisitions and other investments reduced cash flow with 25,135 tEUR in Q1 (Q1 2019: 3,109 tEUR).

Better Collective has bank credit facilities of a total 83.7 mEUR, of which 32.1 mEUR was drawn up at the end of March 2020.

As of March 31, 2020, cash and unused credit facilities amounted to approximately 70.4 mEUR.

The parent company

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

Q1 2020 Revenue grew by 18% to 7,128 tEUR (Q1 2019: 6,053 tEUR).

Total costs in Q1 2020 was 7,102 tEUR (Q1 2019: 5.827 tEUR).

Profit after tax was 10,854 tEUR (Q1 2019: 807 tEUR). The increase is due to dividend income received from subsidiaries.

Total Equity ended at 146,137 tEUR by March 31, 2020 (2019: 133,712 tEUR). The equity in the parent company was impacted by a capital increase of 2,219 tEUR, the buyback program of 937 tEUR, and cost of warrants of 240 tEUR.

Financial targets

In connection with the IPO in 2018, the Board of Directors decided upon the following Financial Targets for the short-medium term (average for the period 2018-2020). These targets have been met and remain unchanged. 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 has provided 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.

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

*Before special items

The COVID-19 outbreak puts businesses worldwide in an unprecedented situation. Better Collective's financial targets remain, based on the following assumptions in light of the limited visibility:

- 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 or above.
- 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 Q1 levels on average and thus lower than expected growth in the cost base for the full year, thereby offsetting some of the expected revenue reduction.

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.

Other

Shares and share capital

Better Collective A/S is listed on Nasdaq Stockholm main market. The shares are traded under the ticker "BETCO". As per March 31, 2020, share capital amounted to 467,229.83 EUR, and the total number of issued shares was 46,722,983. The company has one (1) class of shares. Each share entitles the holder to one vote at the general meetings.

On March 13, 2020, the Board of Directors resolved to issue 297,804 new ordinary shares in Better Collective A/S, equal to shares with a nominal value of EUR 2,978.04.

252,924 of the new shares were subscribed for by two of the sellers of HLTV.org ApS at a price per share of SEK 90,2632 calculated based on the SEK to EUR exchange rate applied by the Swedish National Bank (Sw. Riksbanken) on February 28, 2020.

Half of the shares issued to the sellers of HLTV.org ApS are subject to a 6 months lock-up period and the other half of the shares are subject to lock-up until March 1, 2023.

44,880 shares were issued following the exercise of warrants by key employees under the 2017 warrant program.

Share buy-back program

On March 19, 2020 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. As of May 8, Better Collective holds 453,690 treasury shares corresponding to 0.97 % of the outstanding share capital of the company. Purchases for an amount of up to EUR ,811,394 remain to be executed under the program.

Shareholder structure

As of March 31, 2020, the total number of shareholders was 1,205. A list of top 10 shareholders in Better Collective A/S can be found on the company's website.

Annual general meeting

The annual general meeting 2020 took place on April 22, 2020. All items on the agenda were carried including the adoption of a remuneration policy, which is available from the company website, and the election of new board member, Todd Dunlap, CEO of Booking.com North America. The rest of the board was re-elected.

Incentive programs

In order to attract and retain key competences, the company has established a warrant program for key employees. The 2017 warrant program was established ahead of the IPO and as of March 31, 2020, 901,804 warrants are outstanding, all with rights to subscribe for 1 ordinary share. The vesting periods range from 2018-2022. The exercise price is 12.96 DKK (1.74 EUR) (rounded) per share. In September 2019 a new warrant program was established for certain key employees and members of management and as of March 31, 2020, 1,091,500 warrants are outstanding, all with the right to subscribe for 1 ordinary share. The vesting periods range from 2020-2023 and the exercise periods range from 2022 to 2024. The exercise price is 64.78 DKK (8.68 EUR) (rounded) per share.

Following the AGM on April 22, 2020, 25,000 warrants have been issued to the new board member, Todd Dunlap. The warrants will vest annually over a period of 3 years, starting from the annual general meeting in 2020. Vesting of the warrants is contingent on Todd Dunlap being a member of the board of directors of Better Collective. The exercise price is 61.49 DKK (8.2 EUR), based on Better Collective's volume weighted average share price in the 10 business days following the annual general meeting in 2020.

If all outstanding warrants are subscribed, then the maximum shareholders dilution will be approximately 4%.

Market development and regulatory update

Regulation of a market usually introduces license requirements for operators and such licenses may come with additional requirements, such as compliance and specific taxes on sports betting and casino operations. These increased requirements for operators affect us indirectly and, in some cases, directly. Better Collective believes that regulation generally is positive for the markets, as regulation increases transparency, provides predictable rules, and increases awareness and demand. Set out below is a summary of developments and updates in the quarter relevant to Better Collective's scope of business.

USA

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, 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 states are expected to legalise sports betting over the coming years. Though it is still early days, market expectations are that the US online sports betting market could surpass the European market in terms of sport betting turnover in five to 10 years.

Recent developments include:

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. In West Virginia, Better Collective has received a temporary license to start operating in the market. A number of states are currently subject to internal review and commercial analysis. As regulation, including tax, licensing processes, and player registration differs between the states, there are several factors impacting how Better Collective prioritises it's activities. States that recently regulated online sports betting and states expected to regulate in 2020 include: Colorado, Illinois, Iowa, Michigan, Nevada, New Hampshire, Oregon, Rhode Island, and Tennessee. In Colorado, Better Collective has obtained a license for CPA and in Tennessee the licensing process is ongoing.

Denmark

A tax increase from 20% to 28% on gross gaming revenue (GGR) is expected to be implemented from 2021. We foresee that this could cause smaller operators to exit the market, but we expect this to have minor impact on our business. However, there will be a mechanical impact on our commission relative to the tax increase.

As mentioned in the Prospectus dated May 28, 2018, Better Collective has been charged with infringement of the Danish Gambling Act. This has resulted in a claim to be settled in court, stating that the Company through two websites with Danish domain names has promoted participation in foreign gambling activities without a Danish license. It is a novel legal question whether the legislation extends to instances where the foreign gambling provider cannot and/or will not accept Danish players. Better Collective believes that there are good arguments supporting that no infringement has been made. Should the lawsuit be lost, the fine is expected to be up to 146 tDKK.

Germany

A new German Gambling treaty is currently being discussed. The new treaty may include new laws and regulations that can affect both operators and affiliate companies. Since January, bookmakers have been able to apply for an online sports-betting licence valid for entire Germany until mid-2021. However, upon being challenged by an Austrian operator, the licensing process was declared to be unfair and unclear by the Administrative Court of Darmstadt in Hesse. The ruling meant the permit procedure was suspended until further notice. It is suspected that due to the effects of COVID-19 on all major sports and the issue being tied up in the courts for a while, the situation remains unclear.

Temporary restrictions in light of COVID-19

In Spain, legislators are looking to restrict iGaming advertising amid the COVID-19. New restrictions are set to include a ban on the offering of any kind of bonuses for online gambling, either to attract new customers or to reward existing ones. Similarly, Swedish legislators are restricting bonuses and applying deposit limits for casino. While these actions are expected to be temporary, they may be replicated in other countries.

Risk management

Through an Enterprise Risk Management process, a number of gross risks in Better Collective are identified. Each risk is described, including current risk mitigation in place or planned mitigating actions. The subsequent analysis of the identified risks includes an inherent risk evaluation based on two main parameters: probability of occurrence and impact on future Earnings and Cash Flow. Better Collective's management continuously monitors risk development in the Better Collective Group. The Risk Evaluation is presented to the Board of Directors annually, for discussion of and any further mitigating actions required. The Board evaluates risk dynamically to cater for this variation in risk impact. The policies and guidelines in place stipulate how Better Collective management must work with risk management. Better Collective's compliance with these policies and guidelines is also monitored by the management on an ongoing basis. Better Collective seeks to identify and understand risks and mitigate them accordingly. Also, the company's close and longstanding relationships with customers allow Better Collective to anticipate and respond to market movements and new regulations including compliance requirements from authorities and operators (customers). With the acquisitions in the US, the overall risk profile of Better Collective has changed, and regulatory/compliance as well as financial risk has increased. Better Collective has mitigated the additional risks in US in a number of ways, regulatory and compliance risk through involvement of regulatory bodies in our licensing process for newly established entities, financial risk through a performance based valuation of the acquired entity (RiCal LLC), and organisational risk through establishment of local governance/management, and finance, HR, and Legal organisation dedicated to the US operations.

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. 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.

Other key risk factors are described in the Annual Report.

Contact

CEO: Jesper Søgaard
CFO: Flemming Pedersen
Investor Relations: Christina Bastius Thomsen +45 2363 8844, investor@bettercollective.com

This information is such information as Better Collective A/S is obliged to make public pursuant to the EU Market Abuse Regulation.

About

Better Collective Better Collective's vision is to empower iGamers through transparency and technology – this is what has made them the world's leading developer of digital platforms for betting tips, bookmaker information and iGaming communities. Better Collective's portfolio includes a range of websites and products, among other bettingexpert.com, the trusted home of tips from expert tipsters and in-depth betting theory. Better Collective is headquartered in Copenhagen, Denmark, and listed on Nasdaq Stockholm (BETCO).

Statement by the Board of Directors and the Executive Management

Statement by the Board of Directors and the Executive Management on the condensed consolidated interim financial statements and the parent company condensed interim financial statements for the period January 1 - March 31, 2020

Today, the Board of Directors and the Executive Management have discussed and approved the condensed consolidated interim financial statements and the parent company condensed interim financial statements of Better Collective A/S for the period January 1 –March 31, 2020

The condensed consolidated interim financial statements for the period January 1 – March 31, 2020 are prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and additional requirements of the Danish Financial Statements Act. The parent company condensed interim financial statements has been included according to the Danish Executive Order on the Preparation of Interim Financial Reports

In our opinion, the condensed consolidated interim financial statements and the parent company condensed interim financial statements give a true and fair view of the Group's and Parent Company's assets, liabilities and financial position at March 31, 2020 and of the results of the Group's and Parent Company's operations and the Group's cash flows for the period January 1 – March 31, 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position, as well as a description of the major risks and uncertainties, the Group and the Parent Company are facing.

The Interim Report has not been audited nor reviewed by the Company's auditor.

Copenhagen, May 15, 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

Todd Dunlap

Klaus Holse

Søren Jørgensen

Leif Nørgaard

Petra von Rohr

Financial statements for the period January 1 – March 31

Condensed interim consolidated income statement

Note	tEUR	Q1 2020	Q1 2019	2019
2	**Revenue**	**20,921**	**14,905**	**67,449**
	Direct costs related to revenue*	2,721	1,853	8,342
3	Staff costs	6,733	4,187	21,102
	Depreciation	418	165	831
	Other external expenses*	2,423	2,179	9,943
	Operating profit before amortisations and special items	**8,626**	**6,521**	**27,231**
6	Amortisation	1,640	1,239	5,413
	Operating profit before special items	**6,986**	**5,281**	**21,817**
4	Special items, net	-401	-87	-615
	Operating profit	**6,585**	**5,195**	**21,202**
	Financial income	675	2	1,129
	Financial expenses	897	259	3,577
	Profit before tax	**6,363**	**4,938**	**18,755**
5	Tax on profit for the period	1,683	1,253	4,810
	Profit for the period	**4,681**	**3,685**	**13,944**
	Earnings per share attributable to equity holders of the company			
	Average number of shares	46,574,081	40,487,111	43,456,145
	Average number of warrants - converted to number of shares	1,990,824	1,832,220	1,940,282
	Earnings per share (in EUR)	0.10	0.09	0.32
	Diluted earnings per share (in EUR)	0.10	0.09	0.31

*Historic numbers for 2019 re-stated for cost related to PPC

Condensed interim consolidated statement of other comprehensive income

Note	tEUR	Q1 2020	Q1 2019	2019
	Profit for the period	**4,681**	**3,685**	**13,944**
	Other comprehensive income			
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	Currency translation to presentation currency	593	-56	884
5	Income tax	-169	0	-142
	Net other comprehensive income/loss	424	-56	741
	Total other comprehensive income/(loss) for the period, net of tax	**5,105**	**3,629**	**14,685**
	Attributable to:			
	Shareholders of the parent	5,105	3,629	14,685

Financial statements for the period January 1 – March 31

Condensed interim consolidated balance sheet

Note	tEUR	Q1 2020	Q1 2019	2019
	Assets			
	Non-current assets			
6	**Intangible assets**			
	Goodwill	60,672	23,283	41,968
	Domains and websites	154,294	86,881	132,848
	Accounts and other intangible assets	10,321	10,054	11,955
		225,287	**120,218**	**186,771**
	Property, plant and equipment			
	Land and buildings	728	732	718
	Right of use assets	3,623	2,511	3,005
	Fixtures and fittings, other plant and equipment	1,466	675	1,408
		5,818	**3,918**	**5,131**
	Other non-current assets			
	Other non-current financial assets	1,466	0	1,126
	Deposits	308	219	260
	Deferred tax asset	284	0	278
		2,059	**219**	**1,664**
	Total non-current assets	**233,164**	**124,355**	**193,566**
	Current assets			
	Trade and other receivables	10,956	8,901	11,579
	Corporation tax receivable	640	589	457
	Prepayments	1,207	611	1,244
	Cash	18,869	19,318	22,755
	Total current assets	**31,672**	**29,420**	**36,035**
	TOTAL ASSETS	**264,836**	**153,775**	**229,601**

Financial statements for the period January 1 – March 31

Condensed interim consolidated balance sheet

Note	tEUR	Q1 2020	Q1 2019	2019
	Equity and liabilities			
	Equity			
	Share Capital	467	405	464
	Share Premium	108,512	67,316	106,295
	Currency Translation Reserve	1,249	28	825
	Treasury Shares	-937	0	0
	Retained Earnings	35,653	21,788	30,732
	Proposed Dividends	0	0	0
	Total equity	**144,945**	**89,537**	**138,317**
	Non-current Liabilities			
7	Debt to mortgage credit institutions	520	539	524
7	Debt to credit institutions	32,140	8,500	16,734
7	Lease liabilities	2,665	2,238	2,257
7	Deferred tax liabilities	24,917	20,600	20,638
7	Other long-term financial liabilities	9,405	8,810	4,531
7	Contingent Consideration	25,079	0	24,512
	Total non-current liabilities	**94,726**	**40,687**	**69,197**
	Current Liabilities			
	Prepayments received from customers	464	886	373
	Trade and other payables	3,190	3,352	3,422
	Corporation tax payable	4,304	2,778	3,736
7	Other financial liabilities	14,769	16,227	11,489
7	Contingent Consideration	1,345	0	2,202
	Debt to mortgage credit institutions	20	20	20
7	Lease liabilities	1,075	288	846
	Total current liabilities	**25,166**	**23,551**	**22,088**
	Total liabilities	**119,891**	**64,238**	**91,284**
	TOTAL EQUITY AND LIABILITIES	**264,836**	**153,775**	**229,601**

Financial statements for the period January 1 – March 31

Condensed interim consolidated statement of changes in equity

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity
As of January 1, 2020	**464**	**106,295**	**825**	**0**	**30,732**	**0**	**138,317**
Result for the period	0	0	0	0	4,681	0	4,681
Other comprehensive income							
Currency translation to presentation currency	0	0	593	0	0	0	593
Tax on other comprehensive income	0	0	-169	0	0	0	-169
Total other comprehensive income	0	0	424	0	0	0	424
Total comprehensive income for the year	**0**	**0**	**424**	**0**	**4,681**	**0**	**5,105**
Transactions with owners							
Capital Increase	3	2,216	0	0	0	0	2,220
Acquisition of treasury shares	0	0	0	-937	0	0	-937
Shared based payments	0	0	0	0	240	0	240
Total transactions with owners	**3**	**2,216**	**0**	**-937**	**240**	**0**	**1,523**
At March 31, 2020	**467**	**108,512**	**1,249**	**-937**	**35,653**	**0**	**144,945**

During the period no dividend was paid.

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity
As of January 1, 2019	405	67,316	84	0	18,054	0	85,858
Result for the period	0	0	0	0	3,685	0	3,685
Other comprehensive income							
Currency translation to presentation currency	0	0	-56	0	0	0	-56
Tax on other comprehensive income	0	0	0	0	0	0	0
Total other comprehensive income	0	0	-56	0	0	0	-56
Total comprehensive income for the year	**0**	**0**	**-56**	**0**	**3,685**	**0**	**3,629**
Transactions with owners							
Shared based payments	0	0	0	0	50	0	50
Total transactions with owners	**0**	**0**	**0**	**0**	**50**	**0**	**50**
At March 31, 2019	**405**	**67,316**	**28**	**0**	**21,788**	**0**	**89,537**

During the period no dividend was paid.

Financial statements for the period January 1 – March 31

Condensed interim consolidated statement of changes in equity

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity
As of January 1, 2019	**405**	**67,316**	**84**	**0**	**18,054**	**0**	**85,858**
Result for the period	0	0	0	0	13,944	0	13,944
Other comprehensive income							
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
Total comprehensive income for the year	**0**	**0**	**741**	**0**	**13,944**	**0**	**14,685**
Transactions with owners							
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
Total transactions with owners	**59**	**38,979**	**0**	**0**	**-1,266**	**0**	**37,773**
At December 31, 2019	**464**	**106,295**	**825**	**0**	**30,732**	**0**	**138,317**

During the period no dividend was paid.

Financial statements for the period January 1 – March 31

Condensed interim consolidated statement of cash flows

Note	tEUR	Q1 2020	Q1 2019	2019
	Profit before tax	6,303	4,938	18,756
	Adjustment for finance items	222	257	2,445
	Adjustment for special items	401	87	614
	Operating Profit for the period before special items	6,926	5,281	21,814
	Depreciation and amortisation	2,119	1,404	6,244
	Other adjustments of non cash operating items	240	50	384
	Cash flow from operations before changes in working capital and special items	9,285	6,735	28,442
	Change in working capital	167	824	-1,858
	Cash flow from operations before special items	9,451	7,559	26,585
	Special items, cash flow	-202	-102	-1,103
	Cash flow from operations	9,249	7,457	25,481
	Financial income, received	331	2	955
	Financial expenses, paid	-450	-179	-2,578
	Cash flow from ordinary activities before tax	9,130	7,280	23,858
	Income tax paid	-2,182	-690	-3,793
	Cash flow from operating activities	**6,949**	**6,590**	**20,065**
8	Acquisition of business combinations*	-24,527	-3,030	-25,613
	Acquisition of intangible assets*	-46	-9	-22,575
	Acquisition of property, plant and equipment	-161	-67	-960
	Sale of property, plant and equipment	0	0	5
	Change in non-current assets	-402	-3	-367
	Cash flow from investing activities	**-25,135**	**-3,109**	**-49,509**
	Repayment of borrowings	-16,735	-5	-78,677
	Proceeds from borrowings	32,122	0	86,937
	Lease liabilities	-307	-96	-466
	Other non-current liabilities	217	0	350
	Capital increase	78	0	30,620
	Treasury shares	-937	0	0
	Transaction cost	0	0	-713
	Warrant settlement, sale of warrants	0	0	-1,686
	Cash flow from financing activities	**14,438**	**-101**	**36,365**
	Cash flows for the period	-3,749	3,380	6,921
	Cash and cash equivalents at beginning	22,755	15,978	15,978
	Foreign currency translation of cash and cash equivalents	-137	-40	-144
	Cash and cash equivalents period end	**18,869**	**19,318**	**22,755**
	*** Acquisition of business combinations:**			
8	Net Cash outflow from business combinations at acquisition	-23,316	0	-16,532
	Deferred payments - business combinations from prior periods	-1,211	-3,030	-9,081
	Total cashflow from business combinations	**-24,527**	**-3,030**	**-25,613**
	*** Acquisition of intangible assets:**			
	Acquisitions through asset transactions	0	0	-23,145
	Deferred payments - acquisitions from prior periods	0	0	-3,210
	Intangible assets with no cash flow effect		0	5,063
	Other investments	-46	-9	-1,283
	Total cashflow from intangible assets	**-46**	**-9**	**-22,575**

Financial statements for the period January 1 – March 31

Condensed interim income statement – Parent company

tEUR	Q1 2020	Q1 2019	2019
Revenue	**7,128**	**6,053**	**24,952**
Other operating income	1,574	1,186	6,183
Direct costs related to revenue	815	745	2,576
Staff costs	3,122	2,623	11,290
Amortisation/depreciation and impairment	118	106	455
Other external expenses	2,524	2,147	11,197
Operating profit before amortisations and special items	**2,123**	**1,617**	**5,618**
Amortisation	523	206	1,142
Operating profit before special items	**1,600**	**1,411**	**4,475**
Special items, net	-308	-82	375
Operating profit	**1,292**	**1,330**	**4,851**
Financial income	10,850	1	15,358
Financial expenses	737	270	4,084
Profit before tax	**11,404**	**1,060**	**16,125**
Tax on profit for the period	550	253	789
Profit for the period	**10,854**	**807**	**15,336**

Condensed interim statement of other comprehensive income

tEUR	Q1 2020	Q1 2019	2019
Profit for the period	**10,854**	**807**	**15,336**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Currency translation to presentation currency	48	23	-23
Income tax	0	0	0
Net other comprehensive income/loss	48	23	-23
Total other comprehensive income/(loss) for the period, net of tax	**10,902**	**830**	**15,313**

Financial statements for the period January 1 – March 31

Condensed interim balance sheet – Parent company

tEUR	Q1 2020	Q1 2019	2019
Assets			
Non-current assets			
Intangible assets			
Goodwill	0	0	0
Domains and websites	14,324	14,328	14,319
Accounts and other intangible assets	5,038	1,427	5,560
	19,362	**15,755**	**19,879**
Property, plant and equipment			
Land and building	714	732	718
Right of use assets	1,122	1,360	1,196
Fixtures and fittings, other plant and equipment	365	410	401
	2,201	**2,502**	**2,316**
Financial assets			
Investments in subsidiaries	137,251	99,661	103,024
Receivables from subsidiaries	37,495	0	36,714
Other non-current financial assets	1,515	0	1,175
Deposits	159	156	156
	176,420	**99,817**	**141,069**
Total non-current assets	**197,982**	**118,074**	**163,264**
Current assets			
Trade and other receivables	4,421	3,572	4,471
Receivables from subsidiaries	4,575	2,433	3,095
Prepayments	803	390	771
Cash	3,855	4,010	9,704
Total current assets	**13,654**	**10,406**	**18,041**
TOTAL ASSETS	**211,636**	**128,480**	**181,304**

Financial statements for the period January 1 – March 31

Condensed interim balance sheet – Parent company

tEUR	Q1 2020	Q1 2019	2019
Equity and liabilities			
Equity			
Share Capital	468	405	464
Share Premium	108,511	67,316	106,295
Currency Translation Reserve	-60	-62	-107
Treasury shares	-937	0	0
Retained Earnings	38,154	13,846	27,060
Proposed Dividends	0	0	0
Total equity	**146,137**	**81,505**	**133,712**
Non-current Liabilities			
Debt to mortgage credit institutions	520	539	524
Debt to credit institutions	32,140	8,500	16,734
Lease liabilities	839	1,180	909
Deferred tax liabilities	940	451	884
Other non-current financial liabilities	9,405	8,810	4,531
Total non-current liabilities	**43,843**	**19,481**	**23,583**
Current Liabilities			
Prepayments received from customers	0	784	0
Trade and other payables	1,657	2,061	1,954
Payables to subsidiaries	4,204	8,214	9,991
Corporation tax payable	682	0	233
Other current financial liabilities	14,769	16,227	11,489
Debt to mortgage credit institutions	20	20	20
Lease liabilities	325	189	323
Total current liabilities	**21,656**	**27,494**	**24,009**
Total liabilities	**65,499**	**46,975**	**47,592**
TOTAL EQUITY AND LIABILITIES	**211,636**	**128,480**	**181,304**

Financial statements for the period January 1 – March 31

Condensed interim statement of changes in equity – Parent company

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity
As of January 1, 2020	**464**	**106,295**	**-107**	**0**	**27,060**	**0**	**133,712**
Result for the period	0	0	0	0	10,854	0	10,854
Other comprehensive income							
Currency translation to presentation currency	0	0	48	0	0	0	48
Tax on other comprehensive income	0	0	0	0	0	0	0
Total other comprehensive income	0	0	48	0	0	0	48
Total comprehensive income for the year	**0**	**0**	**48**	**0**	**10,854**	**0**	**10,902**
Transactions with owners							
Capital Increase	3	2,216	0	0	0	0	2,220
Acquisition of treasury shares	0	0	0	-937	0	0	-937
Shared based payments	0	0	0	0	240	0	240
Total transactions with owners	**3**	**2,216**	**0**	**-937**	**240**	**0**	**1,523**
At March 31, 2020	**468**	**108,511**	**-60**	**-937**	**38,154**	**0**	**146,137**

During the period no dividend was paid.

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity
As of January 1, 2019	**405**	**67,316**	**-84**	**0**	**12,989**	**0**	**80,626**
Result for the period	0	0	0	0	807	0	807
Other comprehensive income							
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
Total comprehensive income for the year	**0**	**0**	**23**	**0**	**807**	**0**	**830**
Transactions with owners							
Shared based payments	0	0	0	0	50	0	50
Total transactions with owners	**0**	**0**	**0**	**0**	**50**	**0**	**50**
At March 31, 2019	**405**	**67,316**	**-62**	**0**	**13,846**	**0**	**81,505**

During the period no dividend was paid.

Financial statements for the period January 1 – March 31

Condensed interim statement of changes in equity – Parent company

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity
As of January 1, 2019	**405**	**67,316**	**-84**	**0**	**12,989**	**0**	**80,626**
Result for the period	0	0	0	0	15,336	0	15,336
Other comprehensive income							
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
Total comprehensive income for the year	**0**	**0**	**-23**	**0**	**15,336**	**0**	**15,313**
Transactions with owners							
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
Total transactions with owners	**60**	**38,979**	**0**	**0**	**-1,266**	**0**	**37,773**
At December 31, 2019	**464**	**106,295**	**-107**	**0**	**27,060**	**0**	**133,712**

During the period no dividend was paid.

Notes

1 General information

Better Collective A/S is a limited liability company and is incorporated in Denmark. The parent company and its subsidiaries (referred to as the "Group" or "Better Collective") engage in online affiliate marketing. Better Collective's vision is to empower iGamers by leading the way in transparency and technology.

Basis of preparation
The Interim Report (condensed consolidated interim financial statements) for the period January 1 - March 31, 2020 has been prepared in accordance with IAS 34 "Interim financial statements" as adopted by the EU and additional requirements in the Danish Financial Statements Act. The parent company condensed interim financial statements has been included according to the Danish Execuive Order on the Preparation of Interim Financial Reports.

These condensed consolidated interim financial statements incorporate the results of Better Collective A/S and its subsidiaries.

The condensed consolidated interim financial statements refer to certain key performance indicators, which Better Collective and others use when evaluating the performance of Better Collective. These are referred to as alternative performance measures (APMs) and are not defined under IFRS. The figures and related subtotals give management and investors important information to enable them to fully analyse the Better Collective business and trends. The APMs are not meant to replace but to complement the performance measures defined under IFRS.

Accounting policies
Except for the changes below, the condensed consolidated interim financial statements have been prepared using the same accounting policies as set out in note 1 of the 2019 annual report which contains a full description of the accounting policies for the Group and the parent company. The annual report for 2019 can be found on Better Collective's web-site:
https://bettercollective.com/wp-content/uploads/2020/03/BetterCollective_AR19_web.pdf

Changes in accounting policies:

Significant 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. Better Collective considers cost related to IPO, not capitalised expenses related to M&A, adjustments to Earn-out payments, and cost related to restructuring as special items. As of January 1, 2020, cost related to restructuring are included in special items. Historic numbers have not been affected.

Expenses related to paid media (Pay-Per-Click: PPC) are included in "Direct cost related to revenue" as of January 1, 2020. Prior to Januar 1, 2020 they were included in "Other external expenses". A re-statement of comparative numbers for 2019 has been made (1.7 mEUR).

Significant accounting judgements, estimates, and assumptions
The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities.

The significant accounting judgements, estimates and assumptions applied in these consolidated interim financial statements are the same as disclosed in note 2 in the annual report for 2019 which contains a full description of significant accounting judgements, estimates and assumptions.

Notes

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	**Q1 2020**	Q1 2019	**2019**
Revenue			
Revenue Share	14,135	10,742	45,887
CPA	3,515	2,700	10,860
Revenue - Subscription	1,318	0	3,919
Other	1,954	943	6,783
Total Revenue	**20,921**	**14,385**	**67,449**

%-split	**Q1 2020**	Q1 2019	**2019**
Revenue			
Revenue Share	68	75	68
CPA	17	19	16
Revenue - Subscription	6	0	6
Other	9	7	10
Total Revenue	**100**	**100**	**100**

3 Share-based payment plans

2017 Warrant program:
During the first quarter of 2020 the company did not grant any warrants under this program.

During the quarter, employees have exercised warrants corresponding to 44,880 shares issued.

2019 Warrant programs:
During the first quarter of 2020 the company did not grant any warrants and no warrants were exercised under this program.

The total share based compensation expense recognised for Q1 2020 is 240 tEUR (Q1 2019: 50 tEUR).

Notes

4 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	Q1 2020	Q1 2019	2019
Operating profit	**6,585**	**5,195**	**21,202**
Special items related to IPO	0	0	0
Special items related to M&A	-126	-102	-1,101
Special items related to Earn-out	0	15	486
Special items related to Restructuring*	-275	0	0
Operating profit before special items	**6,986**	**5,281**	**21,817**
Amortisations	1,640	1,239	5,413
Operating profit before amortisations and special items (EBITA before special items)	**8,626**	**6,521**	**27,231**
Depreciation	418	165	831
Operating profit before depreciation, amortisations, and special items (EBITDA before special items)	**9,045**	**6,685**	**28,061**

* Restructuring added to special items as of January 1, 2020

5 Income tax

Total tax for the period is specified as follows:

tEUR	Q1 2020	Q1 2019	2019
Tax for the period	1,683	1,253	4,810
Tax on other comprehensive income	169	0	142
Total	**1,852**	**1,253**	**4,953**

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

tEUR	Q1 2020	Q1 2019	2019
Deferred tax	248	-267	-915
Current tax	1,884	1,520	5,741
Adjustment from prior years	47	0	-16
Total	**1,683**	**1,253**	**4,810**

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

tEUR	Q1 2020	Q1 2019	2019
Profit for the period:			
Calculated 22% tax of the result before tax	1,400	1,086	4,126
Adjustment of the tax rates in foreign subsidiaries relative to the 22%	94	129	502
Tax effect of:			
Non-taxable income	0	-3	-135
Non-deductible costs	142	41	317
	1,683	**1,253**	**4,810**
Effective tax rate	**26.4%**	**25.4%**	**25.6%**

Notes

6 Intangible assets

tEUR	Goodwill	Domains and websites	Accounts and other intangible assets	Total
Cost or valuation				
As of January 1, 2020	**41,968**	**132,848**	**20,963**	**195,779**
Additions	0	0	0	0
Acquisitions through business combinations	18,319	20,551	0	38,870
Currency Translation	385	895	9	1,288
At March 31, 2020	**60,672**	**154,294**	**20,971**	**235,938**
Amortisation and impairment				
As of January 1, 2020	**0**	**0**	**9,008**	**9,008**
Amortisation for the period	0	0	1,640	1,640
Currency translation	0	0	2	2
At March 31, 2020	**0**	**0**	**10,651**	**10,651**
Net book value at March 31, 2019	**60,672**	**154,294**	**10,321**	**225,287**
Cost or valuation				
As of January 1, 2019	**23,960**	**86,844**	**14,891**	**125,695**
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
At December 31, 2019	**41,968**	**132,848**	**20,963**	**195,779**
Amortisation and impairment				
As of January 1, 2019	**0**	**0**	**3,609**	**3,609**
Amortisation for the period	0	0	5,412	5,412
Currency translation	0	0	-13	-13
At December 31, 2019	**0**	**0**	**9,008**	**9,008**
Net book value at December 31, 2019	**41,968**	**132,848**	**11,955**	**186,771**

Notes

7 Non-current liabilities and other current financial liabilities

Debt to credit institutions:
As per March 31, 2020 Better Collective has drawn 32.1 mEUR on the credit facility established with Nordea.

Lease liabilities:
Non-current and current lease liabilities, of 2.7 mEUR and 1.1 mEUR respectively.

Deferred Tax:
Deferred tax as of March, 2020 amounted to 24.9 mEUR. The change from January 1, 2020 originates from changes in deferred tax related to acquisition made, amortisation of accounts from acquisitions, and deferred tax changes in Parent Company.

Contingent Consideration:
As per March 31, 2020 contingent consideration amounted to 26.4 mEUR (of which 1.3 mEUR current) due to the remaining purchase price related to the acquisition of RiCal LLC.

Other financial liabilities:
As per March 31, 2020 other financial liabilities amounted to 24.7 mEUR due to deferred and variable payments related to acquisitions. The increase from January 1, 2020 relates to variable payments for HLTV as well as payment of earn-out value related to WBS I.K.E. Online Marketing Services Ltd.

8 Business combinations

Acquisition of HLTV ApS.

On February 28, 2020, Better Collective acquired HLTV, which owns the website HLTV.org, thereby establishing a strong position within the esport betting market. HLTV ApS in incorporated in Denmark

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

tEUR	Fair value determined at acquisition
Acquired net assets at the time of the acquisition	
Domains and websites	20,551
Deposits	5
Trade and other receivables	54
Cash and cash equivalents	396
Deferred tax liabilities	-2,42
Corporate tax payables	-580
Trade and other payables	-98
Identified net assets	**15,808**
Goodwill	18,319
Total consideration	**34,127**

Notes

8 Business combinations, continued

A goodwill of 18,319 tEUR emerged from the acquisition of HLTV 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 agreements and monetisation models. The goodwill is not tax deductible.

Transaction costs related to the acquisition of HLTV amounts to 68 tEUR in Q1-20. Transaction costs are accounted for in the income statements under "special items".

The fair value of the trade receivables amounts to 28 tEUR. The gross amount of trade receivables is 28 tEUR and no impairment has been recorded.

tEUR	
Purchase amount	34,127
Regards to:	
Cash and cash equivalents	396
Deferred payment - shares	2,678
Estimated conditional purchase amount (at fair value)	7,737
Net cash outflow	23,316

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 8 mEUR (fair value of 7.7 mEUR). The maximum amount of the conditional payment is 8 mEUR.

The acquisition was completed on February 28, 2020. If the acquisition would have taken place on January 1, 2020 the Group's revenue YTD would have amounted to 21,794 tEUR and result after tax YTD would have amounted to 5,022 tEUR.

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

Definitions

Unless defined otherwise, in this report the terms below have the following meaning:

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

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

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

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

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

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

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

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

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

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

Operating profit before amortisations (EBITA)
Operating profit plus amortisations

Board
The Board of Directors of the company

Executive management
Executives that are registered with the Danish Company register

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

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

Group / Better Collective
The company and its subsidiaries

NDC
New Depositing Customers

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

PPC
Pay-Per-Click

SEO
Search Engine Optimisation

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

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