BETTER
COLLECTIVE

ANNUAL REPORT 2020

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

Better Collective A/S **CVR no. 27 65 29 13**

Jesper Søgaard
Co-founder & CEO

Christian Kirk Rasmussen
Co-founder & COO

Founder story

Since its inception in 2004, Better Collective has experienced a rich history transforming the company from a two-man project to an international organisation with +450 employees, 12 international offices, and more than 65 million monthly visits across websites all while maintaining its visionary and entrepreneurial spirit.

In 2002, the Danish high school friends Jesper Søgaard and Christian Kirk Rasmussen took a sabbatical in Germany where a shared passion for iGaming made them establish the website CasinoVerdiener. The website, which purpose was to support iGamers by providing knowledge and tricks on bookmakers' bonus structures, distinctively fulfilled a market need and quickly became popular. While gaining success with the German endeavour, Jesper and Christian went on to establish Better Collective A/S in 2004 - an iGaming universe built upon products delivering educational tools and iGaming content.

In 2006, Better Collective made its first of many acquisitions and took ownership of Bettingexpert. With this acquisition, sports betting became the main focus of Better Collective. The site hastily became Better Collective's flagship product, and to this day, remains the biggest social network for sports betting tipsters across the world. From here onwards the company grew at an increasing pace. In 2011, Better Collective earned its first "Gazelle" award as a testament to the rapid growth and went on to the ninth consecutive Gazelle Award in 2019. To execute a more global vision for Better Collective, 2016 became the year that Better Collective physically moved beyond its Danish borders and established an office in Nis, Serbia. Since then, Better Collective has established 11 offices, most of these from acquisitions, and currently employs +450 employees, and offers products and content in more than 30 languages. Throughout the years, the iGaming industry has matured and in 2017 Better Collective became a key player in the consolidation of the industry through its M&A strategy. In 2018, this strategy also laid the cornerstone in the decision to IPO the company on the Nasdaq Stockholm – the hub for listed iGaming companies in Europe.

To further cultivate a strong growth path, Better Collective intensively started to invest in the US market through acquisitions of multiple US mega brands during 2019. Presently, 16 years after its foundation, Jesper, as the CEO, and Christian, as the COO, continue their deep engagement in Better Collective and its original mission to make sports betting and gambling entertaining, transparent, and fair.

Contents

Frontpage

Studio recording of bettingexpert.com video content for horse racing enthusiasts

Introduction

Who we are

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.

2004

Founded

450+

Employees

2018

Listed on Nasdaq Stockholm (STO:BETCO)

>49%

Shares owned by founders and management

Offices

EUROPE

Copenhagen HQ
Krakow
Lodz
London
NiŠ
Paris
Stockholm
Stoke-on-trent
Thessaloniki
Vienna

NORTH AMERICA

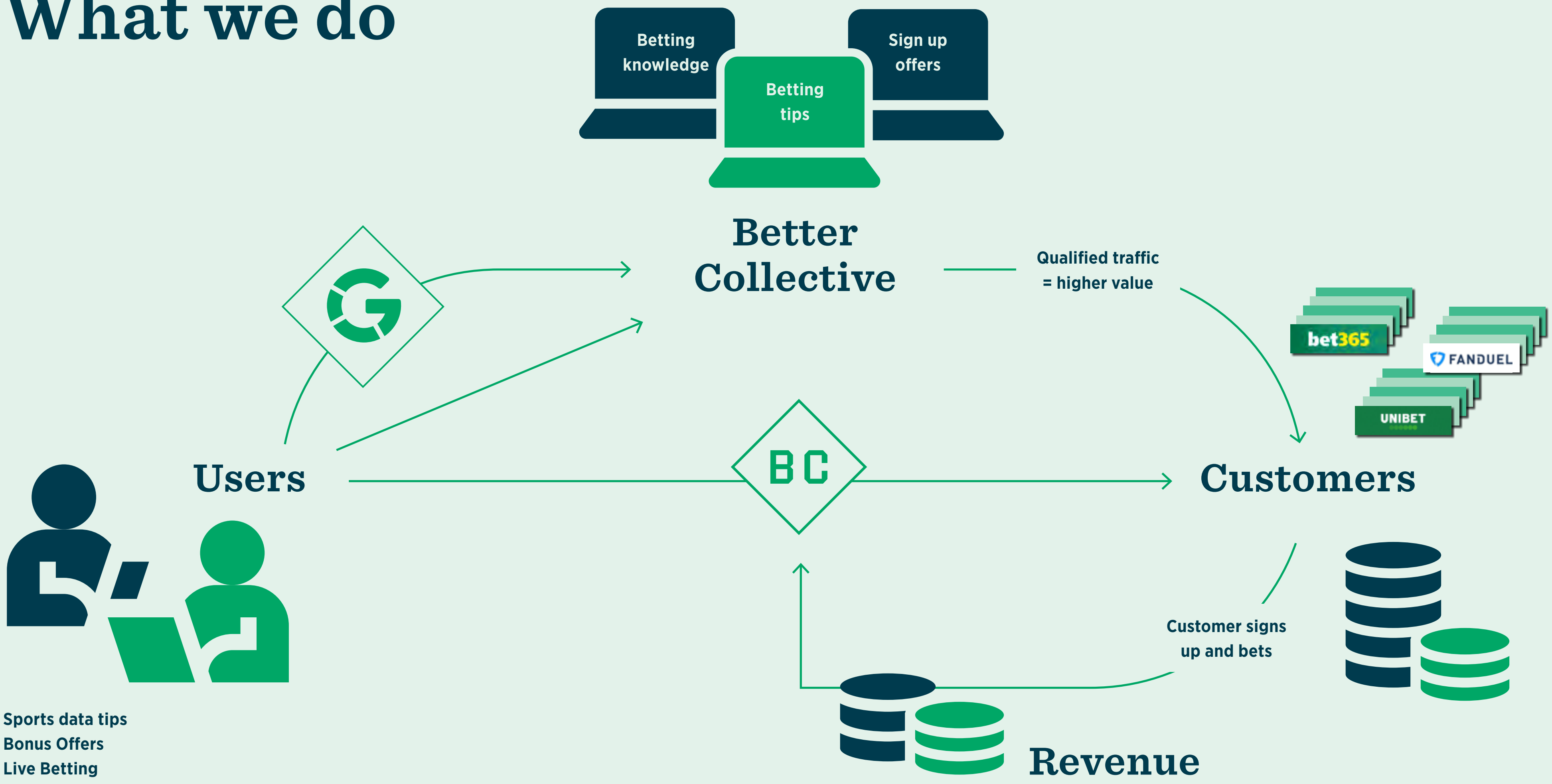
Fort Lauderdale
Nashville

Responsible betting & sustainable practices

BETTER FOR BETTORS

BETTER COMMUNITY

What we do



The sport and sports betting universe is all about passion and entertainment. Better Collective is a leading sports betting media group that connects sports enthusiastic bettors with betting operators through innovative technologies and trusted digital products centred on educational and responsible sports betting content.

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

As such we aid users to navigate safely among bookmakers that match their individual needs, while we also provide leading online bookmakers with targeted user acquisition and engagement. These operations make Better Collective an important part of the evolving sports betting universe.

Our sports betting media brands

To explore more of our brands please visit our website

International brands

Regional brands

Global
40 mio+
Monthly visits

bettingexpert
HLTV
BETCOMPARE

US
15 mio+
Monthly visits

VegasINSIDER.com
RotoGrinders
SCORES AND ODDS

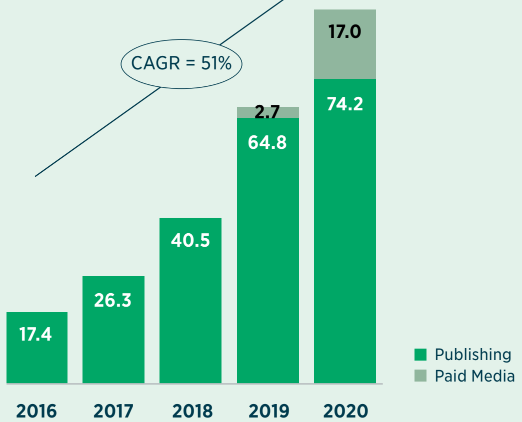
ROW
10 mio+
Monthly visits

Betarades.gr
wettbasis
SpilXperten.com

Financial highlights 2020

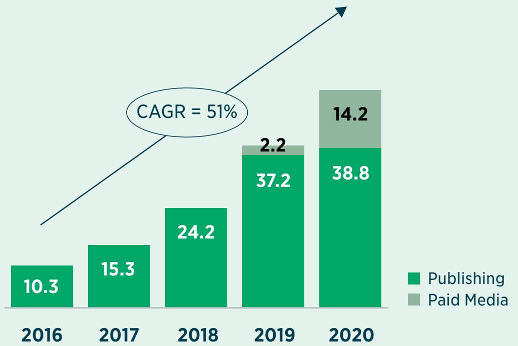
Revenue

mEUR



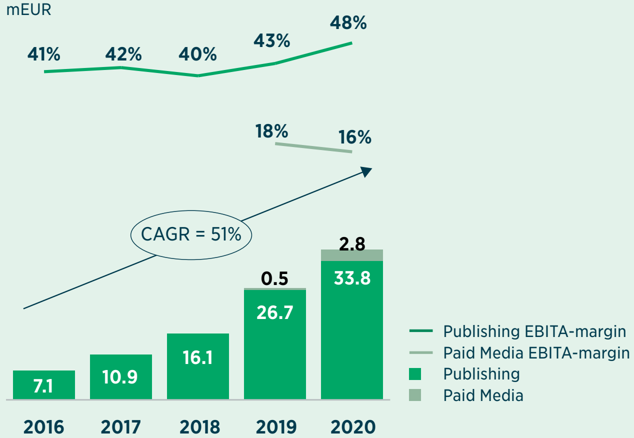
Costs – excl. depreciation/amortisation

mEUR



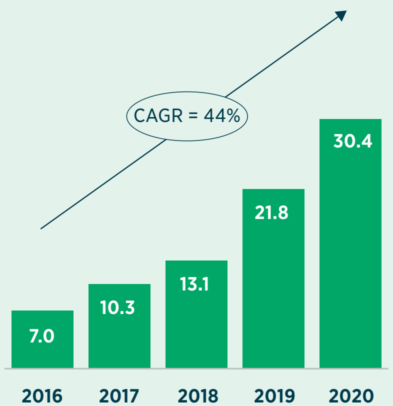
EBITA before special items

mEUR



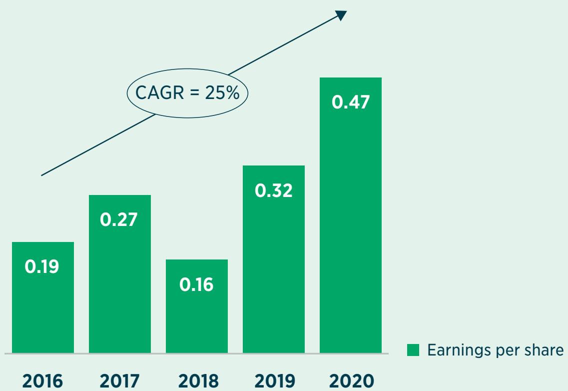
EBIT before special items

mEUR



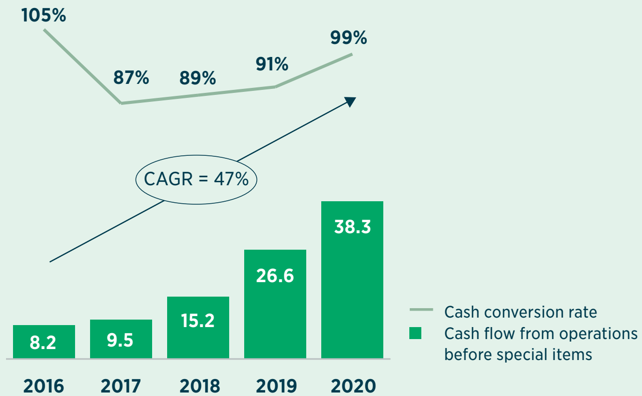
Earnings per share

EUR



Cash flow from operations before special items

mEUR



Jesper Søgaard
Co-founder & CEO

Jens Bager
Chairman of the board

CEO & Chairman letter

A word to our shareholders

Solid performance in a year of unexpected halt in sports

The year 2020 will stand out as unusual and difficult in almost every aspect of business and society due to the COVID-19 pandemic. We have successfully steered our business through the changing and uncertain times and we managed to maintain and deliver on the financial targets we set out prior to the pandemic.

Our business has proven resilient and is back on track with record high performance towards the end of the year. For the full year 2020, we delivered an annual growth of 35%, of which 8% organic, along with a satisfying number of New Depositing Customers (NDC) at a similar level as the year before, despite the lockdown of sports. We even managed to integrate newly acquired businesses and still meet our earnings target of >40% EBITA-margin. All this combined makes us very satisfied with this year's performance.

COVID-19 pandemic impact

COVID-19 had a significant impact in the last part of Q1 as the pandemic set a halt on major sports events and thereby also online sports betting. Q2 was the period which was the most affected until some of the major sports in Europe resumed in June. In Q3, sports calendars were still affected with amended and reduced tournament formats, whereas Q4 was largely back on track showing strong performance. The new year, 2021, looks to be a year with a lot of big sports events and our hope is that fans and spectators again will be able to meet at the stadiums to enjoy the games.

Business transformation through M&A boosting paid media

Earlier this year, we welcomed HLTV.org to the Better Collective group, adding esports to our portfolio just prior to the lockdown of sports. The integration and growth have been highly satisfying.

> *Better collective has been on a continuous growth journey and we will continue our efforts in leading an industry consolidation through M&A-activities"*

Jens Bager
Chairman of the board

With the acquisition of the Atemi Group in Q4, we completed yet a strategic transaction. With the related changes to internal organisational structures, we have introduced segment reporting from Q4 2020. Integrating the acquired paid media business has brought Better Collective in the absolute leading position when it comes to premium customer acquisition for the online operators. From the very beginning, we started investing in changing the business model towards more revenue share and in new market openings.

M&A continues to shape our business and performance, striving to become the leading sports betting aggregator in the world. With 20 acquisitions completed so far, we believe we have the right set-up for acquiring and integrating companies. Our M&A-pipeline is stronger than ever and we also see the opportunity to acquire larger companies than before.

Sports and business performance speeding up in the US

We remain highly dedicated to taking part in the emerging US market, where more and more states are opening up for online gambling, either just sports betting or in some states also online casino games. The commercialisation of key websites including VegasInsider.com, and ScoresandOdds.com delivered promising results, contributing to a strong performance. We believe that 'VegasInsider' has long-term potential to become "The Home of US sports bettors", and in the coming years, we will continue to invest in product development and quality content. As with most other markets, the US has been significantly impacted by the pandemic. Conversely, the pandemic seems to have led to a shift in the readiness to regulate online betting and gambling in a number of states with a view to increase tax revenues to restore the economy. The US market expectations for 2021 is a y-o-y growth in online sports betting of 80% which we are well-positioned to take part in.

Shaping a sustainable business

Looking at the last three years' revenue development, Better Collective has grown with an annual average of 51% (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 2020, 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.

For the iGaming industry to be sustainable, responsible gambling needs to be at the top of the agenda and embedded in our business models. Just after the close of 2020, we further dedicated resources to responsible gambling by significantly increasing our investment in Mindway AI, which specialises in innovative and advanced software solutions for the identification of at-risk gambling and problem gambling behaviour. We are very proud that we have played a role in bringing Mindway AI's software solutions from academic research into commercial products that are now being sold to operators around the world.

Media partnership progress

In 2020 we concluded the first stage proof-of-concept for our media sites collaboration model based on our partnerships with the Daily Telegraph in the UK and with the leading online media nj.com in New Jersey, which we entered into in 2019. These media sites provide Better Collective with additional channels to market, operate, and manage customer contacts to the betting and casino operators. We are very proud to be the chosen partner of such prominent media brands. The ambition is to enter more of this type of agreement going forward based on the learnings from our proof of concept partnership.

We rely on our people

Looking back at 2020, we are very satisfied with the performance and we firmly believe that we have a much stronger company than we had a year ago. We would like to express our sincere thanks to all Better Collective's stakeholders - our employees and management team, our Board of Directors, and all our business partners for their continued astonishing performance and flexibility in this extraordinary environment. The past year has really demonstrated the strong team spirit in Better Collective.

Jens Bager
Chairman of the board

Jesper Søgaard
Co-founder & CEO

Key events 2020

In 2020 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. Our efforts to consolidate the industry resulted in acquisitions at a value of 80 mEUR in 2020 and brought strategically important additions to the Better Collective group.

Q1 2020

Better Collective was awarded Affiliate of the Year at the EGR Nordics Awards. The annual EGR Nordics Awards ceremony celebrates the most successful and innovative online gaming companies operating in the Nordic region.

Better Collective A/S 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).

From mid-March, 2020, the COVID-19 pandemic negatively impacted the business, as all major sports events were cancelled or postponed. In Q1, the business performed in line with the trading update issued on March 17, 2020, where sports betting revenue was reduced, however, esports and casino saw stronger performances.

Better Collective A/S initiated a share buyback program for up to 5 mEUR, to be executed in the period running from March 19, 2020, to June 30, 2020. As of March 31, the amount of the buyback program executed was 0.9 mEUR. The purpose of the buyback program was to cover debt related to prior acquisitions.

Q2 2020

The payment of the third and last instalment relating to the acquisition of Ribacka AB in cash and shares from the buyback program combined was completed. The payment reflected the maximum earn-out of 9 mEUR and consisted of 8.4 mEUR in cash and 0,6 mEUR in shares.

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.

A cost-saving program was initiated as a consequence of the reduced activity level during the COVID-19 lockdown. The total cost base in Q2, 2020 was reduced by approx. 1-1.5 mEUR compared to Q1, 2020.

The share buyback program was completed on June 30, 2020. During the period March 19, 2020 to June 30, 2020, shares for an amount of 4.8 mEUR were purchased.

Q3 2020

Following the return of major sports, Q3 was marked by high sports betting activity. When looking at the underlying betting activity in Better Collective's major European revenue share accounts, things returned close to normal in June. For the month of July, Better Collective saw the second-highest monthly sports wagering ever measured by these accounts.

In 2019, a partnership with NJ.com and The Daily Telegraph was entered in order to deliver Better Collective's innovative technology and content for sports betting. In Q3, Better Collective concluded the first stage proof-of-concept for our collaboration model which has proven to be successful in terms of generating traffic to the sites and NDCs delivered. The ambition is to enter more of this type of agreement going forward based on the learnings from our proof of concept partnership.

Awards M&A Performance Financing Organisation

Q4 2020

- Better Collective A/S completed the acquisition of Atemi Group for 44 mEUR on October 1, 2020. Atemi Group is one of the World's largest companies specialised within lead generation for iGaming through paid media (PPC) and social media advertising. The acquisition was a major strategic move for Better Collective with significant synergistic opportunities.

- On November 2, 2020, Better Collective A/S acquired the platforms zagranie.com, a Polish sports betting media brand, and irishracing.com, a leading horse racing platform in Ireland, in two separate transactions for a combined price just above 1 mEUR.

- Better Collective was awarded Affiliate of the Year at the EGR North America Awards 2020, and received the Award for Commitment to Compliance by an Affiliate Company at the VIXIO GamblingCompliance Global Regulatory Awards 2020, for the second consecutive year.

Events after the period

- Better Collective became the majority owner in Mindway AI by increasing its ownership to 90% of the shares. As of January 1, 2021, Better Collective exercised its option to acquire an additional 70% of the shares in Mindway AI for a total price of 2.3 mEUR. Mindway AI specialises in software solutions based on artificial intelligence and neuroscience for identifying, preventing and intervening in at-risk and problem gambling. The investment supports Better Collective's ambition to make betting more safe.

Financial highlights and key ratios

tEUR	2020	2019	2018	2017	2016
Income statement					
Revenue	91,186	67,449	40,483	26,257	17,407
Revenue Growth (%)	35%	67%	54%	51%	53%
Organic Revenue Growth (%)	8%	26%	9%	28%	53%
Operating profit before depreciation, amortisations, and special items (EBITDA before special items)	38,152	28,061	16,241	10,979	7,102
Depreciation	1,548	831	169	45	26
Operating profit before amortisations and special items (EBITA before special items)	36,604	27,231	16,072	10,934	7,076
Special items, net	120	-615	-4,080	-385	0
Operating profit before amortisations (EBITA)	36,724	26,616	11,992	10,549	7,076
Amortisations	6,235	5,413	2,924	677	3
Operating profit before special items (EBIT before special items)	30,369	21,817	13,148	10,257	7,072
Operating profit (EBIT)	30,489	21,202	9,068	9,873	7,072
Result of financial items	-1,778	-2,448	-618	-87	-271
Profit before tax	28,712	18,755	8,450	9,786	6,802
Profit after tax	21,927	13,944	5,446	7,446	5,237
Earnings per share (in EUR)*	0.47	0.32	0.16	0.27	0.19
Diluted earnings per share (in EUR)*	0.45	0.31	0.15	0.26	0.19
Balance sheet					
Balance Sheet Total	315,065	229,601	148,636	38,705	8,275
Equity	162,542	138,317	85,858	14,775	6,038
Current assets	48,555	36,035	24,942	6,860	7,084
Current liabilities	26,312	22,088	24,263	17,660	2,205
Net interest bearing debt	63,275	13,646	22,270	11,535	-5,490

*Historic numbers updated with share-split 1:54

tEUR	2020	2019	2018	2017	2016
Cash flow					
Cash flow from operations before special items	38,321	26,585	15,158	9,492	8,226
Cash flow from operations	37,696	25,481	11,078	9,107	8,226
Investments in tangible assets	-459	-955	-657	16	-794
Cash flow from investment activities	-68,090	-49,509	-60,629	-18,519	600
Cash flow from financing activities	46,790	36,365	67,895	6,932	-3,861
Financial ratios					
Operating profit before amortisations and special items margin (%)	40%	40%	40%	42%	41%
Operating profit before amortisations margin (%)	40%	39%	30%	40%	41%
Operating profit margin (%)	33%	31%	22%	38%	41%
Publishing segment - EBITA before special items margin (%)*	46%	41%			
Paid media segment - EBITA before special items margin (%)*	16%	18%			
Net interest bearing debt / EBITDA before special items	1.66	0.49	1.37	1.05	-0.77
Liquidity ratio	1.85	1.63	1.03	0.39	3.21
Equity to assets ratio (%)	52%	60%	58%	38%	73%
Cash conversion rate before special items (%)	99%	91%	89%	87%	105%
Average number of full-time employees	420	364	198	116	75

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.

* Segment reporting in accordance with IFRS8 has been introduced from Q4-2020. Numbers for 2019 have been restated accordingly.

Strategy

Strategy

Building for continued growth

"I am very proud of the way we have been and are steering the business during these difficult times. Our business has proven resilient and is back on track."

Jesper Søgaard
Co-founder & CEO

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, to ensure 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 65M+ visitors.

Proven acquisition model

Better Collective has completed 20 acquisitions since 2017, with a majority of targets focused on online sports betting. In this period, acquisitions of assets and business combinations were close to a total value of 250 mEUR. 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. In 2020, we completed two significant acquisitions:

Leading esports platform HLTV.org

In February 2020, Better Collective established a strong position within the esports betting market through the acquisition of HLTV.org ApS, which included the assets HLTV.org and dust2.dk. The purchase price was 34.5 mEUR (257 mDKK) on a cash and debt free basis for the brands that are among the most popular Counter-Strike: Global Offensive (CS:GO) platforms for esports enthusiasts. The main business model of the platforms is to promote and advertise esports betting operators. During 2020, a betting section was added to HLTV.org. The HLTV. org site is committed to the strong user community it has built over the years. Much effort is put into maintaining the popularity and building the brand, which is also the brand behind the recognised CS:GO World Ranking as well as the CS:GO Player of the Year Award. At the recent announcement of the player of the year, a record 130,000 users visited the site for the live reveal. Traffic to the site has increased significantly in the past year, not least during the lockdown of regular sports, and the overall interest in esports betting is still growing. On top of the growth trend, CS:GO is among the most popular games.

Atemi Group, lead generation through paid media

Better Collective acquired the Atemi Group for 44 mEUR on October 1 and has completed a successful integration. Atemi Group is one of the World's largest companies specialised within lead generation for iGaming through paid media (PPC) and social media advertising. The acquisition is a major strategic move for Better Collective with significant synergistic opportunities. The earning margin within paid media is typically much lower than within organic traffic, due to direct payments to the companies providing platforms for online advertising such as Google and Facebook. At the time of acquisition, the outlook for 2020 implied earnings margin in Atemi was around 20%. Given the plans for expansion of the paid media business to new markets including the US and a gradual change of business model towards revenue share, investments will affect the earnings margin short-term resulting in an expected earnings margin of >10% and focus will be on absolute growth and long term value creation.

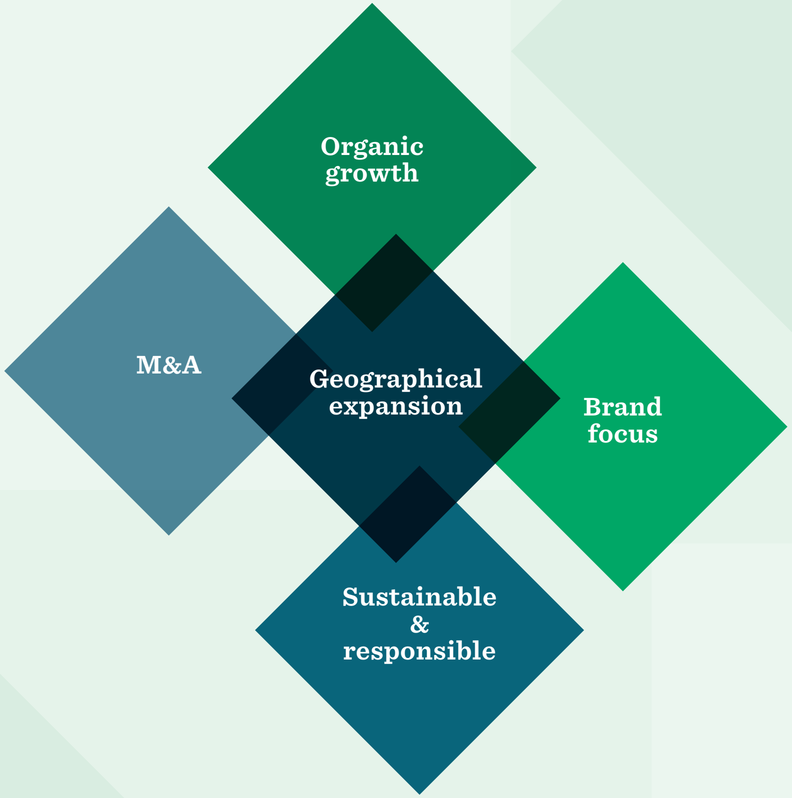
The Paid Media business provides Better Collective with additional channels of traffic, sourcing high intent customers at large scale. Acquiring a state-of-the-art tracking and attribution platform for online paid media activities provides the opportunity of scaling PPC activities into additional attractive markets and to further invest in the sports betting opportunity. The main strategic objectives include: the opportunity to swiftly expand into new markets, i.e. the emerging US market where for instance Google has recently provided the opportunity for buying Adwords related to online betting and casino, and significantly lift the NDC-volume for Better Collective's partners across markets.

Our offering to our customers

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.

Last year, Better Collective entered into a partnership with NJ.com and The Daily Telegraph to deliver our innovative technology and content for sports betting. Having implemented and run the solutions for over a year, the concept has proven successful in terms of traffic to the sites and NDCs delivered, but also with learnings related to the structure and monetisation of such partnerships. In 2020, we concluded the first stage proof-of-concept for our collaboration model. The ambition is to enter more of this type of agreement going forward based on the learnings from our proof of concept partnership. 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.



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 group in 2021.

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.

Focus on brands

Most of our business is based on the affiliate marketing model. During 2020 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.

Markets

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.

DIGITALISATION

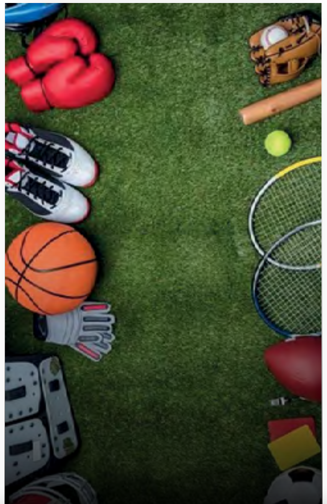
From land-based to online

MOBILE USE

Anytime, anywhere, in game

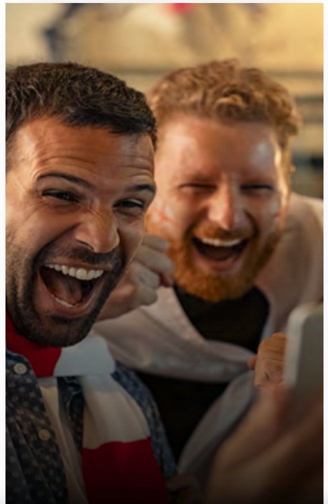
REGULATIONS

Opening new markets



SPORTS TURNOVER

Games to bet on are increasing



INDUSTRY SUSTAINABILITY

Responsible gambling to ensure sustainability

Megatrends driving our growth

The developing technology and growing use of mobile devices have made iGaming accessible to a wider audience and have 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. In 2020, some European countries implemented temporary restrictions in light of the COVID-19 pandemic with a view to limit harmful gambling in a stressful time. In the US, the economic implications of the pandemic have accelerated the process to legalise online sports betting in some states as a means to increase tax revenues.

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.

The Americas online sports betting market

Better Collective has been licensed as a vendor in New Jersey since 2014, and the company's US market presence keeps growing. Better Collective is currently live in 11 states: Colorado, Illinois, Indiana, Iowa, Michigan, Nevada, New Jersey, Pennsylvania, Tennessee, Virginia, and West Virginia. As regulation, including taxation, licensing processes, and player registration differs between the states, there are several factors impacting how Better Collective prioritises its activities.

A number of states are currently subject to internal review and commercial analysis as they are expected to regulate in the years to come. LATAM and Canada hold similar great potential as regulation of online sports betting is on the table in several markets.

Financial performance

Financial review

Financial performance

Revenue

2020 revenue amounted to 91,186 tEUR (2019: 67,449 tEUR). The total growth was 35% with organic growth of 8%. Revenue share accounted for 59% of the revenue (66% of player-related revenue) with 24% coming from CPA, 6% from subscription sales, and 11% from other income.

The number of NDCs was more than 437,000, similar to 2019. The reduced full-year growth was mainly due to the cancellation of major sports events during the COVID lockdown. It is estimated that the cancellation and postponements of major sports events have resulted in approximately 90,000 fewer NDC's during H1 2020, compared to a "pre-COVID estimate", reducing the growth in NDCs by 21 %-points for the full year.

Cost

Full-year cost for 2020 excluding special items, and amortisations increased by 14,364 tEUR and amounted to 54,582 tEUR (2019: 40,218 tEUR). The full-year increase in costs is primarily due to the addition of the Atemi Group in Q4 and HLTV in Q1.

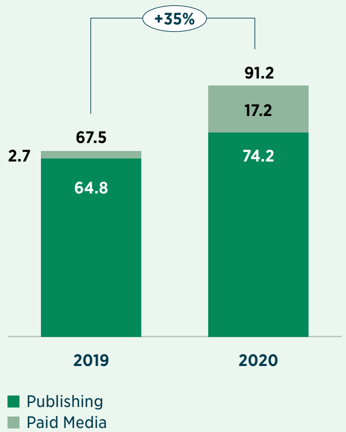
Special items of net +120 tEUR include income from the divestiture of domains and the website pocketfives.com (acquired as part of Rotogrinders Network in 2019), cost relating to M&A activities, adjustments of earn-outs, net value of intangible assets, and deferred purchase price on acquisition, as well as cost related to the adjustment of the operation in connection with COVID-19. Furthermore, amortisations amounted to 6,235 tEUR (2019: 5,413 tEUR). Excluding amortisation and depreciation the remaining cost base increased by 13,647 tEUR or 35%, compared to 2019. Direct cost relating to revenue increased to 20,471 tEUR (2019: 8,342 tEUR), an increase of 145% which is primarily due to the addition of the Atemi Group in Q4. Direct cost includes the cost of Pay-Per-Click (PPC), hosting fees of websites, content generation, and external development. Personnel costs increased 3,054 tEUR or 14% and amounted to 24,156 tEUR (2019: 21,105 tEUR). The average number of employees increased to 420 (2019: 364). Personnel costs include costs of warrants of 955 tEUR (2019: 384 tEUR). Other external costs decreased 1,536 tEUR or 15% to 8,407 tEUR (2019: 9,943 tEUR). Depreciation and amortisation amounted to 7,783 tEUR (2019: 6,244 tEUR), mainly attributable to acquisitions.

Earnings

Operational earnings (EBITA) before special items increased 34% to 36,604 tEUR (2019: 27,231 tEUR). The EBITA-margin before special items was 40% (2019: 40%). Including special items, the reported EBITA was 36,724 tEUR. (2019: 26,616 tEUR). EBIT before special items increased 39% to 30,369 tEUR (2019: 21,817 tEUR). Including special items, the reported EBIT was 30,489 tEUR (2019: 21,202 tEUR).

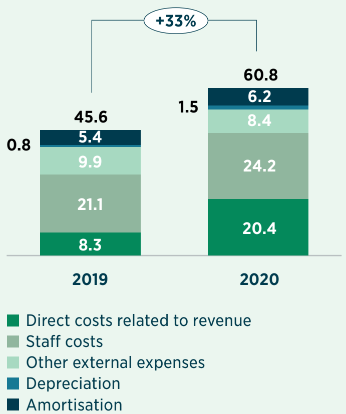
Revenue

mEUR



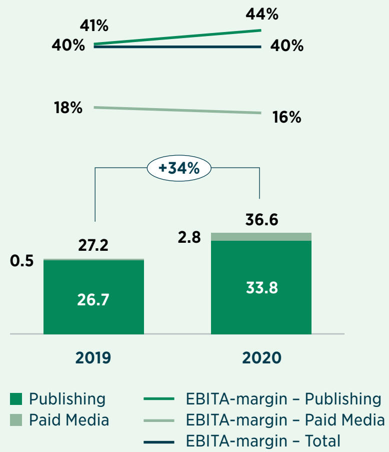
Costs

mEUR



EBITA

mEUR



Net financial items

Net financial costs amounted to 1,778 tEUR (2019: 2,488 tEUR) and included net interest, fees relating to bank credit lines, and exchange rate adjustments. Interest expenses amounted to 1,617 tEUR and included non-payable, calculated interest expenses on certain balance sheet items, whereas financial fees and net exchange rate gain amounted to 438 tEUR and 237 tEUR respectively.

Income tax

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

Income tax for 2020 amounted to 6,785 tEUR (2019: 4,810 tEUR). The Effective Tax Rate (ETR) was 23.6% (2019: 25.6%).

Net profit

2020 Net profit after tax was 21,927 tEUR (2019: 13,944 tEUR). Earnings per share (EPS) increased 0.15 EUR or 46% to 0.47 EUR/share (2019: 0.32 EUR/share).

Equity

Equity increased to 162.5 mEUR as per December 31, 2020 from 138.3 mEUR on December 31, 2019. Besides the full year profit of 21.9 mEUR, the equity has been impacted by capital increases, share buy-back program and treasury share transactions, and warrant related transactions.

Balance sheet

Total assets amounted to 315.1 mEUR (2019: 229.6 mEUR), with total equity of 162.5 mEUR (2019: 138.3 mEUR). This corresponds to an Equity to assets ratio of 52% (2019: 60%). The liquidity ratio was 1.85 resulting from current assets of 48.6 mEUR and current liabilities of 26.3 mEUR.

Investments

On February 28, 2020 Better Collective completed the acquisition of HLTV.org ApS. The purchase price was 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).

On October 1, 2020 Better Collective completed the acquisition of the Atemi Group. The purchase price was agreed at 44 mEUR (40 mGBP) on a cash and debt free basis. Out of the total purchase price, 35.8 mEUR (32.5 mGBP) was paid upfront, of which 30.6 mEUR (27.8 mGBP) in cash, and 5.2 mEUR (4.7 mGBP) in shares from the treasury shares holding of Better Collective A/S. In December 2020 the first instalment of the deferred payment of 1.4 mEUR (1.3 mGBP) was paid.

In Q4 2020 Better Collective completed the asset acquisitions for domains and related assets of irishracing.com and zagranie.com at a total purchase price of 1 mEUR.

Investments in tangible assets were 0.5 mEUR in 2020, mainly related to new rented office facilities.

Cash flow and financing

Cash Flow from operations before special items was 38.3 mEUR (2019: 26.6 mEUR).

Acquisitions and other investments reduced cash flow with 68.1 mEUR. In addition to the payments related to HLTV and Atemi of 54.8 mEUR, payments were made related to the 2019 and 2020 dividend to other shareholders in the Rotogrinders Network / Better Collective Tennessee (60% ownership), the remaining earn-out payment from the 2018 acquisition of WBS I.K.E. Online Marketing Services Ltd., the final payment related to the 2018 acquisition of Ribacka Group AB, and the deferred payment for the 2019 acquisition of MOAR Performance Ltd.

At the end of 2020 Better Collective had bank credit facilities of a total 84 mEUR, of which 69 mEUR was drawn up. As of December 31, 2020, cash and unused credit facilities amounted to 36 mEUR.

The parent company

Better Collective A/S, Denmark, is the parent company of the Group. YTD Revenue increased by 8% to 26,940 tEUR (YTD 2019: 24,952 tEUR). Total costs including depreciation and amortisation in 2020 was 26,090 tEUR (2019: 26,659 tEUR).

Profit after tax was 15,717 tEUR (2019: 15,336 tEUR). The result is impacted by lower dividend payments from subsidiaries as well as losses on exchange rate compared to 2019.

Total Equity ended at 154,923 tEUR by December 31, 2020 (December 31, 2019: 133,712 tEUR). The equity in the parent company was impacted by a capital increase of 2,535 tEUR, the net effect of treasury shares and buyback program of 1,402 tEUR, and cost of warrants of 955 tEUR.

Significant events after the closure of the period

- January revenue reached 13 mEUR, a growth of 78% vs. 2020, of which 16% was organic growth. The organic growth was recorded despite a strong comparison towards January 2020 and was partly driven by the US business where total revenue in local currency almost doubled. The revenue growth in the US from the affiliate business relating to sports betting and casino exceeded 200%.
- On January 1, 2021, Better Collective exercised its option to acquire a further 70% of the shares in Mindway AI for a total price of 2.3 mEUR (17 mDKK), bringing the ownership to 90%. Mindway AI specialises in software solutions based on artificial intelligence and neuroscience for identifying, preventing, and intervening in at-risk and problem gambling.

Financial review

Financial targets

Financial targets and drivers for shareholder return

In Better Collective, we strive to improve our financial performance and create added value for our stakeholders through profitable growth.

2020 performance

In connection with the IPO in 2018, the Board of Directors decided upon financial targets for the period 2018-2020. As 2020 was the last year in the range, Better Collective provided additional information for 2020 targets in isolation as shown in the table. The targets for Revenue growth, EBITA margin and capital structure were all met, whereas the organic growth target came in a bit below for 2020 isolated due to the COVID-19 lockdown impact on online sports betting. Compounded annual growth rates (CAGR) for revenue in the period 2017-2020 was 51% of which 14% organic growth.

With the expiration of the targets above and the new segment reporting, the Board of Directors have decided on the following targets for the financial year 2021. Targets are based on sports events continuing as planned throughout 2021:

2021 financial targets

The revenue targets are based on continued high growth with an implied growth rate >80% and revenue exceeding 160 mEUR in 2021. While M&A remains a key focus for Better Collective, potential new M&A transactions are not included in the targets and serve as an additional growth driver.

The earnings target maintains the focus on high earnings with an implied combined margin of >30% and an EBITDA exceeding 50 mEUR in 2021. It is a reflection on continued high earnings margin in the Publishing segment, as seen throughout 2018-2020, and lower margins in the Paid Media segment combined with further investments in Paid Media in the short term. Note the change from EBITA in recent financial targets to EBITDA.

The debt leverage target allows for an increased financing capacity compared to previous years in alignment with the continued M&A focus. 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 33.

Financial Targets for 2018-2020

	Target 2018-2020	Actual 2018-2020	Target 2020	Actual 2020	Actual 2019	Actual 2018
Revenue growth p.a. (incl. M&A and organic)	30-50%	51%	>30%	35%	67%	54%
- of which organic growth	Double-digit	14%	>10%	8%	26%	9%
Operating margin (EBITA)*	>40%	40%	>40%	40%	40%	40%
Net Interest Bearing Debt/EBITDA*	< 2.5	1.66	< 2.5	1.66	0.49	1.37

* Before special items.

Financial Targets for 2021

	Target Total	Actual 2020	Target Publishing	Target Paid Media
Revenue / revenue growth (excl. new M&A)	>160 mEUR	91 mEUR	>15%	Full year effect + organic growth
Organic growth	>15%	8%	>15%	>25%
EBITDA / EBITDA margin	>50 mEUR	38 mEUR	>40%	>10%
Net interest bearing debt/EBITDA	<3.0	1.66	-	-

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.

Corporate Matters

Corporate governance

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 has been 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 the management secures efficiency at all levels. Particularly, 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's guidelines, which include the Articles of Association, various policies, and other 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, 2020 was 46,904,219. Each share entitles the holder to one vote. The number of shareholders on December 31, 2020 was 2,983 which is an increase from the 1,086 shareholders at December 31, 2020. The largest shareholders on December 31, 2020 were Chr. Dam Holding and J. Søgaard Holding (the co-founders of Better Collective) with each 10,671,179 shares and each representing 23% 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 37 as well as on the company's website.

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.

General meeting

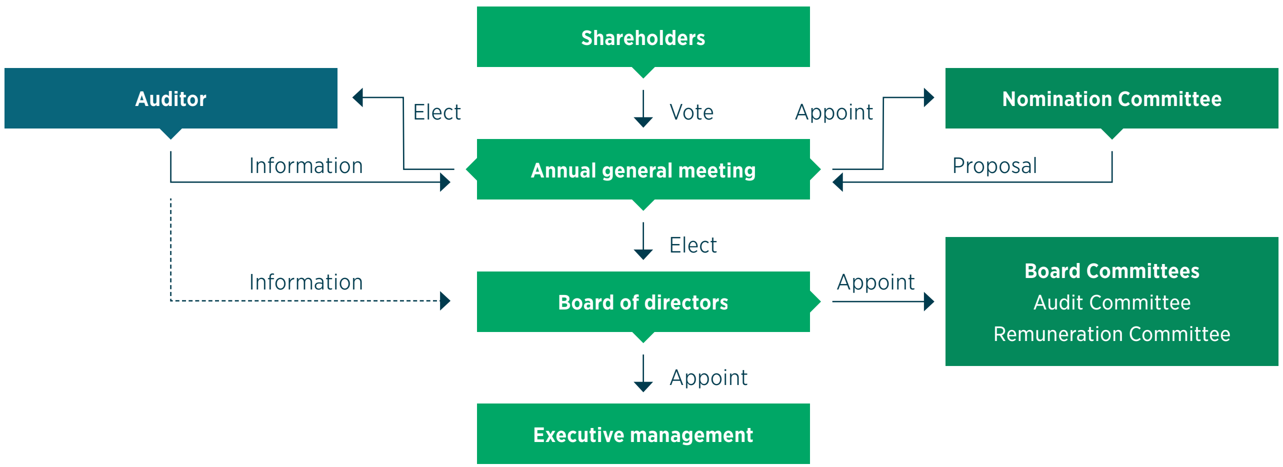
Pursuant to the Danish Companies Act, the general meeting is the Company's superior decision-making body. The general meeting may resolve upon every issue for the Company which does not specifically fall within the scope of the exclusive powers of another corporate body, for example the power to appoint 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 right on 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.

Better Collective Corporate Governance Structure



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 ten 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 companies 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

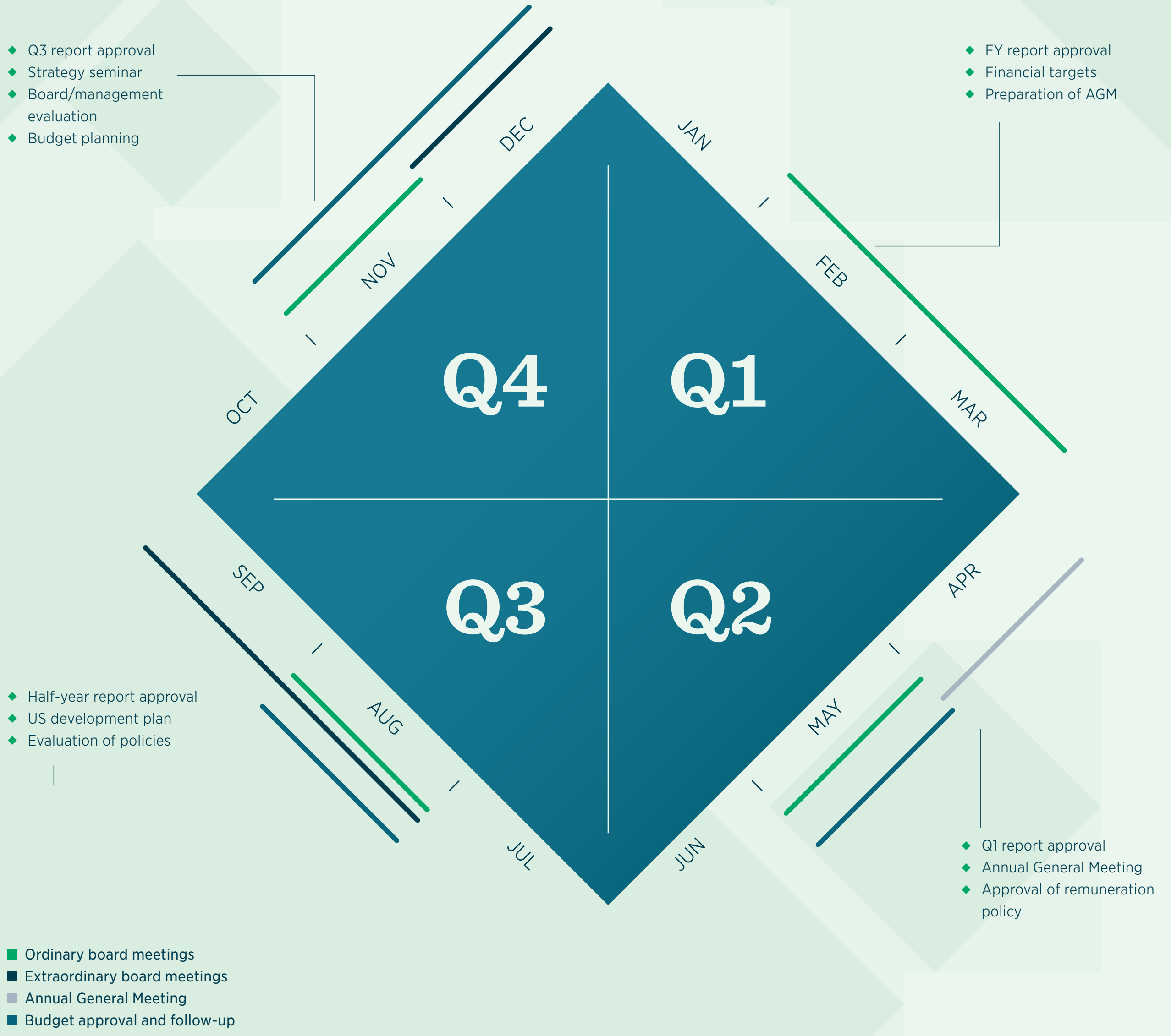
A shareholder's right to attend a general meeting and to vote on their shares is determined on the basis of the shares held by the shareholder at the date of registration. The date of registration is one week before the general meeting is held. The holdings of each individual shareholder is based on 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 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.

A year with the board of directors



General meetings in 2020

The Annual General Meeting 2020 was held on April 22, 2020 and approved the 2019 annual report, discharged the Board and Executive Management, and re-elected all the current board members, elected one new board member, and re-elected the 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 and to authorise the board of directors to acquire treasury shares. The shareholders adopted a new remuneration policy as well as the proposal to issue warrants to the newly elected board member. No extraordinary general meetings were held in 2020.

Annual general meeting 2021

The annual general meeting 2020 will take place on April 26, 2021 at 2.00 p.m. Due to expected restrictions in light of the COVID-19 pandemic, the AGM will be fully electronic. For more information, please see the 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 is to have at least three 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, 2020, the three largest shareholders were Chr. Dam Holding and J. Søgaard Holding which 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 62% of the total number of shares in Better Collective, based on ownership data as per August 31, 2020.

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 2021, 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 predetermined 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 2020, 10 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 composed of six ordinary board members elected by the general meeting: Jens Bager (Chairman), Todd Dunlap, 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. Todd Dunlap received Nasdaq training in 2020 after joining the board. For information about the board members see page 34.

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 2020, 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. Every other year, the questionnaire is 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.

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 2020, a change to the composition of the board was made as Todd Dunlap, the CEO of North America for Booking.com, joined the Better Collective's board of directors. The candidate was chosen due to his specific capabilities and knowledge from building an online lead generation business in the US. Currently, the board consists of five men and one woman, why the target figure was not reached in 2020. 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 83% men and 17% women, which is a step back from 2019 (80% men and 20% women). Recruitment and promotion of managers in 2020 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.

Gender split in Board level in 2020

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 consists 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 2020.

Remuneration committee

The remuneration committee consists of Jens Bager (chairman) and Klaus Holse. 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 2020.

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 36.

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 at the annual general meeting. At the annual general meeting held on April 22, 2020,

Attendance at board and committee meetings

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

◆ Attendance ◇ Non-attendance

* Todd Dunlap was elected at the annual meeting on April 22, 2020.

it was resolved that a fee of EUR 90,000 is to be paid to the chairman and that fees of EUR 30,000 is to be paid to each of the other board members. The work in a board committee is remunerated with EUR 13,500 for a chairmanship and EUR 6,750 for a regular member.

For the financial year 2020, the board of directors received remuneration as set out in note 5 on page 59. For additional detail, see also the remuneration report for 2020 available from bettercollective.com.

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 59.

Remuneration report 2020
https://bettercollective.com/wp-content/uploads/2021/03/Remuneration_report_2020.pdf

Remuneration policy

At the annual general meeting on April 22, 2020, it was resolved to adopt 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 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 of the Company and other possible personal 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).

Remuneration policy 2020
https://bettercollective.com/wp-content/uploads/2020/07/Remuneration_Policy_approved_2020.04.22.pdf

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 as well as 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 2020, 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 support 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 recommendations to the board of directors.

Number of shares in Better Collective A/S held by members of the Board and the executive management

Name and position	Holdings at beginning of year	Bought during the year	Sold during the year	Holdings at end of the year	Market value[1] tEUR
Jesper Søgaard, CEO	12,171,179	-	1,500,000	10,671,179	161,028
Flemming Pedersen, CFO	137,322	-	100,000	37,322	563
Christian Kirk Rasmussen, COO	12,171,179	-	1,500,000	10,671,179	161,028
Executive management, total	24,479,680	-	3,100,000	21,379,680	322,619
Jens Bager, Chairman	1,109,626	60,000	169,626	1,000,000	15,090
Todd Dunlap, member	-	-	-		-
Klaus Holse, member	215,622		45,000	170,622	2,575
Søren Jørgensen, member	277,805	8,989	68,200	218,594	3,299
Leif Nørgaard, member	437,139	63,000	60,000	440,139	6,642
Petra von Rohr, member	21,600			21,600	326
Board of directors, total	2,061,792	131,989	342,826	1,850,955	27,931
Total	26,541,472	131,989	3,442,826	23,230,635	350,550

[1]The end-of-year market values are based on the official share price and exchange rate prevailing 2020.12.31

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 electronic 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 blog posts, including a code of conduct which serves as an overall guiding principle for employees in all communication, an information policy which governs internal and external information as well as an insider policy which ensures appropriate handling of insider information that has not yet been disclosed to the public. Additionally, the Company's CEO holds 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 principal tasks of the Investor Relations function are to support matters relating 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. Furthermore, the audit committee also 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 2020, 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 review concluded that the Company's financial internal controls were deemed appropriate.

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 22, 2020, EY 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 2020 amounted to 268 tEUR, of which 198 tEUR regarded the audit assignment, and 70 tEUR regarded other assignments.

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 who is not a 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 parts 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.

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 73.

	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. Socially responsible marketing of gambling products and a safer gambling environment for consumers either through regulation or voluntary measures will add to the long-term sustainability and growth of the iGaming industry..	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 the 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 COVID-19 pandemic has had a significant impact on the global economy in 2020. Major sports events were cancelled and significantly postponed, impacting our revenue as we to a large extent rely on the operators' user activity. While sports have more or less resumed, the pandemic is still a risk factor. 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. Through our sustainability efforts, our focus on responsible gambling, and our collaborations we promote a socially responsible approach across the industry.	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 and of the Remuneration Committee

Born	1959
Nationality	DK
Present position since	2017

Education: Jens Bager holds a M.Sc in Economics and Business Administration from Copenhagen Business School.

Professional background: Jens Bager was the CEO of ALK-Abelló A/S for 16 years before joining Better Collective, and prior to that he was an EVP of Chr. Hansen A/S. Jens Bager is an Industrial Partner at Impilo AB, the chairman of Scantox Holding ApS and Marleybones Ltd, and has served on various boards in Denmark, Sweden, and France.. He has extensive experience within general management of international and listed companies.

Other assignments: Member of the executive board of Apto Invest ApS, Apto 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

Todd Dunlap

Board Member

Born	1966
Nationality	USA
Present position since	2020

Education: Todd Dunlap holds two Bachelor of Science degrees, one in aerospace engineering and the other in business administration. He has completed graduate programs in Business and International Management from Stanford University and The Thunderbird School of Global Management.

Professional background: Todd Dunlap is the CEO of North America for Booking.com and is responsible for the overall growth of the company's business in the United States and Canada. Todd Dunlap has worked at Microsoft for 14 years, most recently in the role as Vice President & COO of Microsoft's Consumer & Online Division.

Other assignments: Guest lecturer and mentor at the University of Washington's Foster School of Business.

Previous assignments: Todd Dunlap has served as the Vice President and Managing Director of the Americas Region also at Booking.com. President and general manager at Microsoft Licensing, and former Board Advisor to Better Collective. Todd Dunlap also led the Internet Business Unit at WRQ, a global software and consulting firm.

Independence in relation to:

– shareholders	Yes
– the company	Yes

Klaus Holse

Board Member and Member of the Remuneration Committee

Born	1961
Nationality	DK
Present position since	2017

Education: Klaus Holse holds a M.Sc. in Computer Science from the University of Copenhagen, and a Graduate Diploma in Business Administration (HD) from Copenhagen Business School.

Professional background: Klaus Holse 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 Tink AB, SuperOffice AS and Zenegy A/S. CEO of Simcorp A/S. Member of the Supervisory Board of industriens Arbejdsgivere in Denmark and Dansk Industri. .

Previous assignments: Board chairman of AX IV EG Holding III ApS, Danske Lønsystemer A/S, Lessor A/S, EG A/S, Ipayroll Holding ApS, Lessor Group ApS, Lessor Holding ApS and Delegate BE Holding ApS. Former member of the board of directors of The Scandinavian ApS.

Independence in relation to:

– shareholders	Yes
– the company	Yes

Board of Directors

Leif Nørgaard

Board Member and Chairman of the Audit Committee

Born	1955
Nationality	DK
Present position since	2014

Education: Leif Nørgaard holds a M.Sc in Economics and Business Administration from Aarhus Business School and State Authorised Public Accountant.

Professional background: Leif Nørgaard 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. Leif Nørgaard 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 MuteBox ApS, Myselfie Aps, K/S Sunset Boulevard, Esbjerg. Member of the executive board of Ooono A/S, Nøller Invest ApS, 2XL2016 ApS, Komplementarsel. Landshut ApS, Sunset Boulevard, Esbjerg Komplementar ApS and Robo Invest 2020 ApS.

Previous assignments: Board member of Komplementarsel. Landshut ApS and Teklatech A/S, Actimo LATAM Holdco ApS and DTU Science Park 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

Søren Jørgensen

Board Member and Member of the Audit Committee

Born	1970
Nationality	DK
Present position since	2014

Education: Søren Jørgensen holds a LL.M. from the University of Aarhus and the University of London.

Professional background: Søren Jørgensen 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, NCI Advisory A/S, NCI Credit Opportunity Fund A/S, Råhandel ApS and Danban Co-investment Fond I K/S. Board member of MeetinVR ApS, Realfiction ApS, realfiction Holding AB, Moment A/S, Moment Group ApS and member of the executive board of Emmamo ApS, Eupry Invest ApS and MeetinVR Invest ApS.

Previous assignments: 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

Petra von Rohr

Board Member and Member of the Audit Committee

Born	1972
Nationality	SE
Present position since	2018

Education: Petra von Rohr holds a M.Sc. in Economics from Stockholm School of Economics and McGill University in Montreal, Canada.

Professional background: Petra von Rohr 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: 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 Aktiebolag 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: Jesper Søgaard holds a M.Sc. in Political Science from the University of Copenhagen.

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

Other assignments: Member of the board of directors of Bumble Ventures General Partners ApS, Bumble Ventures Management ApS, Bumble Ventures Invest ApS, Ejendomsselskabet Algade 30-32 A/S, MM Properties, Over Bølgen A/S, BetterNow Worldwide ApS and Chairman of the board at Centerholmen A/S. 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, Shiprs 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: Christian Kirk Rasmussen holds a bachelor of Commerce from Copenhagen Business School.

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

Other assignments: Member of the board of directors of Bumble Ventures General Partners ApS, Bumble Ventures Management ApS, Bumble Ventures Invest ApS, Omnigame ApS and MM Properties ApS. CEO of Yellowsunmedia 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 and Ejendomsselskabet Algade 30-32 A/S.

Flemming Pedersen

CFO

Born	1965
Nationality	DK
Present position since	2018

Education: Flemming Pedersen holds a M.Sc. (cand. merc. aud.) and HD (Bachelor of Business Administration) from Copenhagen Business School.

Professional background: Flemming Pedersen has more than 25 years of management experience, whereof more than 20 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, 2020 was 151.50 SEK, corresponding to a market cap of approximately 7,106 mSEK. During the period from January 1, 2020 to December 31, 2020, a total of 18,698,501 BETCO shares were traded on the Nasdaq Stockholm exchange at a total value of 2,188 mSEK, corresponding to approximately 40% 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 74,200, corresponding to a value of 8.7 mSEK. An average of 418 trades were completed per trading day. The highest price paid during the period January 1, 2020 to December 31, 2020 was 158.50 SEK on August 31 and the lowest price paid was 48.75 SEK on March 18. During the period from January 1, 2020 to December 31, 2020, Better Collective's share price increased 88.67%, while the OMX Mid Cap list increased by 35.02%.

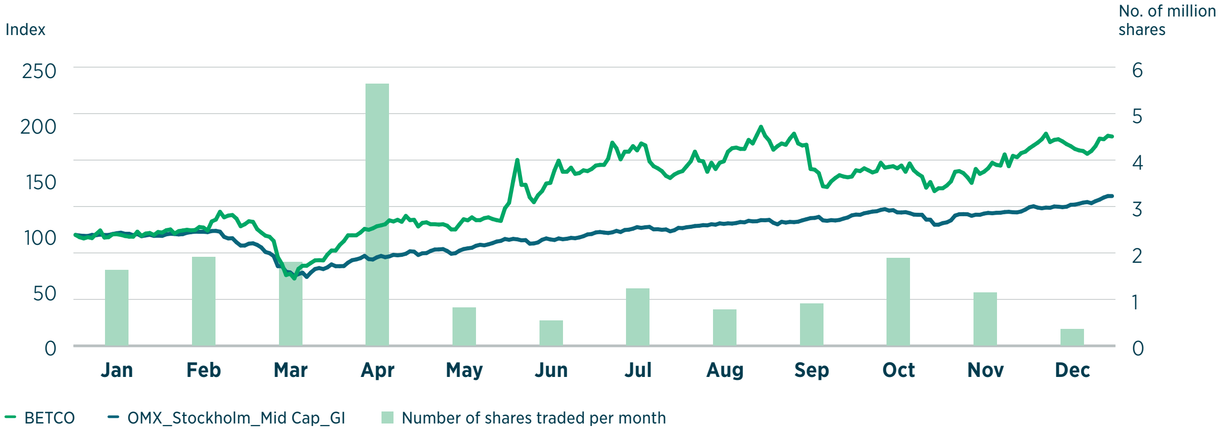
Shareholders

On December 31, 2020, 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, 2020, Better Collective had 2,983 shareholders, corresponding to a 275% increase from 1,086 shareholders on December 31, 2019. The ten largest shareholders accounted for 66%

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	46,904,219 shares
Highest closing price paid in 2020	158.50 SEK (Aug 21)
Lowest closing price paid in 2020	48.75 (Mar 18)
Last price paid 2020	151.50 SEK
Share price development in 2020	+88.67%

Share price performance



Analysts

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of the votes and share capital. The members of Better Collective's board of directors held a total of 1,850,955 BETCO shares. The executive management held a total of 22,729,680 BETCO shares. The holdings of the individual board members and members of the executive management can be found on page 34.

Share capital and capital structure

On 31 December 2020, the share capital amounted to 469,042.19 EUR. The total number of shares amounted to 46,904,219. All shares in the market hold equal voting rights and equal rights to the company's earnings and capital.

Dividend policy

Better Collective has successfully executed an acquisition strategy since 2017, completing 20 acquisitions so far. The M&A-pipeline is stronger than ever with the opportunity to acquire larger companies than before. Therefore, the company does not expect to pay dividends until further. The board of directors will revisit the capital structure of the Group annually 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 2020.

Top 10 largest shareholders as at December 31, 2020

Owner	Number of shares	Capital and votes, %
Chr. Dam Holding	10,671,179	22.75
J. Søgaard Holding	10,671,179	22.75
Chr. Augustinus Fabrikker	2,200,000	4.69
Andra AP-Fonden	1,850,000	3.94
Tredje AP-Fonden	1,750,000	3.73
KDI Danica Pension	1,247,890	2.66
Knutsson Holdings	1,100,000	2.35
Öhman Bank	1,234,184	2.63
Jens Bager	1,000,000	2.13
Nordea Livsförsäkring	878,691	1.87
Top 10 largest shareholders	**30,724,432**	**65.5**
Other shareholder	16,179,787	34.5
Total number of shares	**46,904,219**	**100**

Financial calendar

April 26, 2021	AGM
May 12, 2021	Interim Financial report Q1
August 24, 2021	Interim Financial report Q2
November 17, 2021	Interim Financial report Q3

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 2021 will take place on April 26, 2021 at 2.00 p.m. Due to expected restrictions in light of the COVID-19 pandemic, the AGM will be fully electronic. 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 value 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, 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.

IR contact

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

Our approach

Sustainability strategy

Responsibility and sustainability are ingrained elements of Better Collective's business model and have been key value-drivers for the organisation since its inception in 2004.

Our headquarters remain in Denmark, where we have our roots. We proudly engage in the local communities and societies, where we are active, by paying our taxes and initiating local projects partnering with local citizens and other local stakeholders.

We persistently strive to be a socially responsible sports betting media group while we continuously aspire to strengthen the standards of the iGaming-industry to empower our users.

At Better Collective, we believe that as a business we have an increasingly important role to play in society in securing a sustainable future. 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 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 have remained the same since the foundation of Better Collective more than 16 years ago.

The UN Global Compact (UNGC) constitutes the overall framework for our sustainability strategy and reporting, while we also implement into our strategy the UN Sustainable Development Goals (SDGs) that are the most relevant to our operations. For Better Collective, conducting responsible business and contributing to a sustainable world will always be core value-drivers for our organisation, which is why we work strategically with The Ten Principles set out in the UNGC. We adhere to the UNGC and understand it as a normative and morally guiding codex to be followed in all of Better Collective's endeavours. By doing so, we stay committed to improving our business practices in four areas that ultimately can aid in making globalisation more inclusive for all: human rights, labour rights, environmental rights and anti-corruption laws.

Sustainability and ESG report 2020
https://bettercollective.com/wp-content/uploads/2021/03/Sustainability_report_2020.pdf

Sustainability governance at Better Collective

Our sustainability governance model provides a foundation for developing and anchoring sustainability strategy and targets.

Board of directors
Approve Code of Conduct and Sustainability strategy

↕

Management team
Decides on strategic sustainability and focus areas including programmes and targets

↕

Sustainability committee
Cross-functional committee chaired by Head of IR & Sustainability incl. CEO, HR, Finance and PR
Prepares sustainability issues and reporting related to policies and strategy

Sustainability overview

	BETTER FOR BETTORS		BETTER COMMUNITY		
Focus area & governing framework	**Responsible Gambling**	**Governance**	**Environment**	**People**	**Local Community**
Principles *(no. is a reference to UN Global Compact)*	Prevent problem gambling through education of users	1. Support and respect internationally proclaimed human rights 2. No complicity in human rights abuses 10. Work against corruption in all its forms, including extortion and bribery	7. Support a precautionary approach to environ-mental challenges 8. Undertake initiatives to promote greater environmental responsibility 9. Encourage the development and diffusion of environ-mentally friendly technologies	3. Uphold the freedom of association and the effective recognition of the right to collective bargaining 4. Eliminate all forms of forced and compulsory labour 5. Abolition of child labour 6. Eliminate discrimination in respect of employment and occupation	Support local communities Encourage and educate younger generations in tech
Goals	Implement Responsible Gambling (RG) policy & roll-out across BC offices RG ressources on BC's user-facing websites RG training for all BC employees	At all times comply with applicable legislation in the countries where BC is represented At all times respect and comply with UNGC's human rights principles Zero-tolerance on corruption	Minimise carbon emissions Promote environmentally sustainable business practices	Board of directors to include two female members by 2023 Management 35% women by 2023 To be one of the igaiming industry's most inclusive and socially responsible workplaces	Support local communities Encourage and educate younger generations in tech
Main activities 2020	Defined need for update of RG policy Defined higher standards for RG on UK-facing sites (RAiG) Key website owners trained in RG Active part of the UK safer gambling week	Updated whistleblower policy and roll-out to all offices Update and continued training in Code of Conduct	Travel policy implemented Planned reduction in travel activity accelerated by Covid-19	Anti-harassment policy and training prepared for roll-out in 2021 Awareness of possible bias in job ads terminology and candidate screening Work environment survey and employee satisfaction survey during Covid-19 lockdown	Hosted hackathon Nis, Serbia Aired "Better Future: A guide through professions in BC" Offering student employment and internships

Closer ties to Mindway AI for the prevention of problem gambling

Following an initial investment in 2019, Better Collective became a major shareholder on January 1, 2021 in Mindway AI, which specialises in innovative and advanced software solutions for the identification of at-risk gambling and problem gambling behaviour.

Mindway AI is an award-winning company that develops state of the art software solutions for fully automatic monitoring and profiling of gamblers and for identifying, preventing and intervening in at-risk and problem gambling. At the core of Mindway AI's DNA is a research-based foundation, and the development of the solutions is done by combining neuroscience, artificial intelligence and a deep collaboration with a team of industry experts. Common to Mindway AI's software solutions, GameScanner, Gamalyze and GameChanger, is that they empower iGaming operators to create safer customer journeys as well as to become proactive if players show signs of having problems. Mindway AI has over the last year accelerated its transformation from being an academic-based start-up focusing on building products and software solutions with a strong scientific foundation into commercialising the business. Today, Mindway AI plays an increasingly important role in the iGaming ecosystem supporting operators on a global scale such as Entain (formerly GVC Holdings), Flutter Group and Holland Casino to create safer iGaming experiences.

Through Better Collective's strong global industry network, we are supporting Mindway AI byt opening doors to iGaming operators with a view to 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 2021.

"We see Mindway AI's technologies and software solutions as best-in-class and foresee the business will play an increasingly important role in the iGaming ecosystem, as responsible gambling continues to be at the very top of the industry agenda and in society as a whole"

Jesper Søgaard,
Co-founder & CEO,
Better Collective

"With Better Collective, we now form closer ties to an organisation that has the industry network and muscles to further accelerate the development of our business. I look forward to continuing the strong growth journey Mindway AI has been on and to further expand our footprint globally".

Rasmus Kjærgaard,
CEO of Mindway

Statements

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 2020.

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, 2020 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, 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 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 25, 2021

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

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 2020, 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 2020 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 2020 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 5 years up until and including the financial year 2020.

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 2020. 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 each cash-generating unit and for the domains and websites related to each individual 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 each cash-generating unit and for each individual 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 matter

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 cash-generation units defined by Management and 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 2020 completed two business combinations. Management has determined the fair value of the identifiable assets and liabilities acquired. The total consideration for the two business combinations amounts to EUR 80 million.

Due to the significant level of management judgement involved in estimation of the contingent consideration and estimating the fair value of especially the intangible assets acquired, 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 matter

Our audit procedures included:

- Assessment of the assumptions and methodology applied by management to calculate the fair value of intangible assets acquired compared to generally applied valuation methodologies. We have considered the approach taken by Management, assessed key assumptions and obtained 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 contingent consideration 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, 25 March 2021

EY 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

Consolidated statement of profit and loss

Note	tEUR	2020	2019
4	**Revenue**	**91,186**	**67,449**
	Direct costs related to revenue*	20,471	8,342
5, 6	Staff costs	24,156	21,102
14	Depreciation	1,548	831
7	Other external expenses*	8,407	9,943
	Operating profit before amortisations (EBITA) and special items	**36,604**	**27,231**
12	Amortisation	6,235	5,413
	Operating profit (EBIT) before special items	**30,369**	**21,817**
8	Special items, net	120	-615
	Operating profit	**30,489**	**21,202**
9	Financial income	1,965	1,129
10	Financial expenses	3,743	3,577
	Profit before tax	**28,712**	**18,755**
11	Tax on profit for the period	6,785	4,810
	Profit for the period	**21,927**	**13,944**
	Earnings per share attributable to equity holders of the company		
	Average number of shares	46,664,615	43,456,145
	Average number of warrants – converted to number of shares	2,043,366	1,940,282
	Earnings per share (in EUR)	0.47	0.32
	Diluted earnings per share (in EUR)	0.45	0.31

* Historic numbers for 2019 re-stated for Paid Media, please refer to note 1,

Consolidated statement of comprehensive income

Note	tEUR	2020	2019
	Profit for the period	21,927	13,944
	Other comprehensive income		
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
	Currency translation to presentation currency	-3,346	884
11	Income tax	751	-142
	Net other comprehensive income/loss	**-2,595**	**741**
	Total other comprehensive income/(loss) for the period, net of tax	**19,332**	**14,686**
	Attributable to:		
	Shareholders of the parent	19,332	14,686

Consolidated balance sheet

Note	tEUR	2020	2019
	Assets		
	Non-current assets		
12, 13	**Intangible assets**		
	Goodwill	99,315	41,968
	Domains and websites	150,274	132,848
	Accounts and other intangible assets	9,378	11,955
		258,967	186,771
14	**Property, plant and equipment**		
	Land and buildings	721	718
	Right of use assets	3,225	3,005
	Fixtures and fittings, other plant and equipment	1,448	1,408
		5,395	5,131
	Other non-current assets		
20	Other non-current financial assets	1,093	1,126
	Deposits	434	260
11	Deferred tax asset	621	278
		2,149	1,664
	Total non-current assets	**266,510**	**193,566**
	Current assets		
15	Trade and other receivables	18,248	11,579
11	Corporation tax receivable	788	457
	Prepayments	1,465	1,244
20	Restricted Cash	6,926	0
20	Cash	21,127	22,755
	Total current assets	**48,555**	**36,035**
	Total assets	**315,065**	**229,601**

Note	tEUR	2020	2019
	Equity and liabilities		
16	**Equity**		
	Share Capital	469	464
	Share Premium	108,825	106,295
	Currency Translation Reserve	-1,770	825
	Treasury Shares	-2	0
	Retained Earnings	55,019	30,732
17	Proposed Dividends	0	0
	Total equity	**162,542**	**138,317**
	Non-current Liabilities		
20	Debt to mortgage credit institutions	507	524
20	Debt to credit institutions	68,770	16,734
19	Lease liabilities	2,124	2,257
11	Deferred tax liabilities	25,207	20,638
20	Other long-term financial liabilities	8,796	4,531
20	Contingent Consideration	20,807	24,512
	Total non-current liabilities	**126,212**	**69,197**
	Current Liabilities		
	Prepayments received from customers	450	373
18	Trade and other payables	10,247	3,422
11	Corporation tax payable	1,985	3,736
20	Other financial liabilities	9,850	11,489
20	Contingent Consideration	2,498	2,202
20	Debt to mortgage credit institutions	20	20
19	Lease liabilities	1,262	846
	Total current liabilities	**26,312**	**22,088**
	Total liabilities	**152,523**	**91,284**
	Total equity and liabilities	**315,065**	**229,601**

Consolidated statement of changes in equity

tEUR	Share capital	Share premium	Currency trans-lation 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	21,927	0	21,927
Other comprehensive income							
Currency translation to presentation currency	0	0	-3,346	0	0	0	-3,346
Tax on other comprehensive income	0	0	751	0	0	0	751
Total other comprehensive income	0	0	-2,595	0	0	0	-2,595
Total comprehensive income for the year	**0**	**0**	**-2,595**	**0**	**21,927**	**0**	**19,332**
Transactions with owners							
Capital Increase	5	2,530	0	0	0	0	2,535
Acquisition of treasury shares	0	0	0	-4,903	0	0	-4,903
Disposal of treasury shares	0	0	0	4,901	1,437	0	6,338
Share based payments	0	0	0	0	955	0	955
Transaction cost	0	0	0	0	-33	0	-33
Tax on settlement of warrants	0	0	0	0	0	0	0
Total transactions with owners	**5**	**2,530**	**0**	**-2**	**2,359**	**0**	**4,893**
At December 31, 2020	**469**	**108,825**	**-1,770**	**-2**	**55,019**	**0**	**162,542**

During the period no dividend was paid.

tEUR	Share capital	Share premium	Currency trans-lation 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**	**14,686**
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.

Consolidated statement of cash flow

Note	tEUR	2020	2019
	Profit before tax	28,712	18,756
	Adjustment for finance items	1,778	2,445
	Adjustment for special items	-120	614
	Operating Profit for the period before special items	30,369	21,814
	Depreciation and amortisation	7,783	6,244
	Other adjustments of non cash operating items	955	384
	Cash flow from operations before changes in working capital and special items	39,107	28,442
21	Change in working capital	-786	-1,858
	Cash flow from operations before special items	38,321	26,585
	Special items, cash flow	-625	-1,103
	Cash flow from operations	37,696	25,481
	Financial income, received	1,415	955
	Financial expenses, paid	-2,497	-2,578
	Cash flow from activities before tax	36,614	23,858
	Income tax paid	-9,940	-3,793
	Cash flow from operating activities	**26,675**	**20,065**
22	Acquisition of businesses	-65,792	-25,613
12	Acquisition of intangible assets	-1,802	-22,575
14	Acquisition of property, plant and equipment	-460	-960
14	Sale of property, plant and equipment	1	5
	Change in non-current assets	-36	-367
	Cash flow from investing activities	**-68,090**	**-49,509**

Note	tEUR	2020	2019
20	Repayment of borrowings	-22,756	-78,677
20	Proceeds from borrowings	74,629	86,937
	Lease liabilities	-1,025	-466
	Other non-current liabilities	484	350
	Capital increase	393	30,620
	Treasury shares	-4,903	0
	Transaction cost	-33	-713
	Warrant settlement, sale of warrants	0	-1,686
	Cash flow from financing activities	**46,790**	**36,365**
	Cash flows for the period	5,375	6,921
	Cash and cash equivalents at beginning	22,755	15,978
	Foreign currency translation of cash and cash equivalents	-77	-144
	Cash and cash equivalents period end*	**28,053**	**22,755**

		2020	2019
	***Cash and cash equivalents period end**		
	Restricted cash	6,926	0
	Cash	21,127	22,755
	Cash and cash equivalents period end	**28,053**	**22,755**

Cashflow statement – specifications

Note	tEUR	2020	2019
	Acquisition of business combinations:		
22	Net Cash outflow from business combinations at acquisition	-53,429	-16,532
	Business Combinations deferred payments from current period	-1,384	0
	Deferred payments – business combinations from prior periods	-10,979	-9,081
	Total cashflow from business combinations	**-65,792**	**-25,613**
	Acquisition of intangible assets:		
12	Acquisitions through asset transactions	-1,070	-23,145
	Deferred payments – acquisitions from prior periods	0	-3,210
	Intangible assets with no cash flow effect	0	5,063
	Other investments	-732	-1,283
	Total cashflow from intangible assets	**-1,802**	**-22,575**
	Cashflow from Equity movements:		
	Equity movements with cashflow impact – from cash flow statement:		
	Capital increase	393	30,620
	Treasury shares	-4,903	0
	Transaction cost	-33	-713
	Warrant settlement, sale of warrants	0	-1,686
	Total equity movements with cashflow impact	**-4,542**	**28,221**
	Non-cash flow movements on equity:		
	New shares for M&A payments	2,142	9,131
	Treasury shares used for M&A payments	6,338	0
	Share based payments – warrant expenses with no cash flow effect	955	385
	Tax impact of settlement of warrants	0	36
	Total non-cash flow movements on equity	**9,435**	**9,552**
	Total Transactions with owners – Consolidated statement of changes in equity	**4,893**	**37,773**

Notes to the consolidated financial statements

Notes

1 Accounting policies

General
The financial statements section of the annual report for the period January 1 – December 31, 2020 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, 2019.

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, 2021. The annual report will be presented to the shareholders of Better Collective A/S for adoption at the annual general meeting on April 26, 2021.

New financial reporting standards
All new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year beginning on 1 January 2020 have been adopted. The implementation of these new or amended standards and interpretations had no material impact on the financial statements.

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

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, 2020. 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.

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 Other Comprehensive Income for the group.

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

Notes

1 Accounting policies (continued)

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 impact of COVID-19, 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 has assessed that following the acquisitions in 2020 Better Collective has four cash generating units, Atemi, HLTV, US, and the rest of Better Collective. Performance and cash flows from domain names and websites owned by the individual cash generating units are allocated and forms the basis for impairment. 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 and 2020 warrant programs include performance targets that adjust the number of warrants vested. The employee retention factor and performance factors 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

Better Collective acquired the Atemi Group on October 1, 2020. Atemi Group is specialised within lead generation for iGaming through paid media (PPC) and social media advertising. The Paid Media business provides Better Collective with additional diversified channels of traffic, beyond the traditional organic search traffic, sourcing high intent customers at large scale. However, the earnings margin within paid media is typically much lower than within organic traffic, due to direct payments to the companies providing platforms for online advertising such as Google and Facebook.

Following the acquisition of Atemi, internal organisational and financial reporting structures have been amended and two operating segments were identified in accordance with the definitions in IFRS 8, Operating Segments. The operating segments have been defined as Publishing and Paid Media, with no intersegmental revenues. Comparative figures have been re-stated according to the new segment reporting. The performance of the segments is monitored at the level of operating profit before amortisations and special items, hence assets and liabilities for individual segments are not presented.

Information to prepare segment reporting on a geographical basis is not available and the costs to develop such information in time for inclusion in the report is deemed excessive.

The performance for each segment is presented in the below tables:

	Publishing		Paid Media		Total	
tEUR	**2020**	2019	**2020**	2019	**2020**	2019
Revenue	**74,184**	**64,758**	**17,002**	**2,691**	**91,186**	**67,449**
Cost	38,820	37,185	14,214	2,202	53,034	39,387
Operating profit before depreciation, amortisations and special items	**35,364**	**27,573**	**2,788**	**489**	**38,152**	**28,061**
EBITDA-Margin before special items	48%	43%	16%	18%	42%	42%
Depreciation	1,532	831	16	0	1,548	831
Operating profit before amortisations and special items	**33,832**	**26,742**	**2,772**	**489**	**36,604**	**27,231**
EBITA-Margin before special items	46%	41%	16%	18%	40%	40%

Notes

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	2020	2019
Revenue		
Revenue Share	53,697	45,887
CPA	22,251	10,860
Revenue - Subscription	5,645	3,919
Aff. Revenue Other	9,593	6,783
Total Revenue	**91,186**	**67,449**

%-split	2020	2019
Revenue		
Revenue Share	59	68
CPA	24	16
Revenue - Subscription	6	6
Aff. Revenue Other	11	10
Total Revenue	**100**	**100**

The Group has earned 32 mEUR in revenues from one major customer, which represents 36 % of the Group's revenue (2019: 33%). The effect of consolidating new acquisitions on a full year basis will decline this percentage.

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, when the player has initially 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 over time, equal to the month where the services under the subscription is delivered.

Aff. 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	2020	2019
Wages and salaries	19,188	17,024
Pensions, defined contribution	1,974	1,888
Other social security costs	1,521	875
Share-based payments	955	384
Other staff costs	518	931
Total staff costs	**24,156**	**21,102**
Average number of full-time employees	420	364
Remuneration to Executive Directors		
Wages and salaries	765	985
Pensions, defined contribution	87	102
Other social security costs	2	2
Share-based payments	455	176
Total	**1,308**	**1,265**
Remuneration to Board of Directors		
Wages and salaries	195	160
Share-based payments	0	0
Total	**195**	**160**

Board Fees

tEUR	Jens Bager	Klaus Holse	Leif Nørgaard	Søren Jørgensen	Petra von Rohr	Todd Dunlap	Total
2020	69	25	29	25	25	54	226
2019	64	23	28	23	23	0	160

Remuneration to Executive Directors

tEUR	Jesper Søgaard	Christian Kirk Rasmussen	Flemming Pedersen	Total
2020				
Wages and salaries	216	216	332	765
Pensions, defined contribution	22	22	43	87
Other social security costs	1	1	1	2
Share-based payments	121	121	213	455
Total	**360**	**360**	**589**	**1,308**
2019				
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
Total	**384**	**384**	**496**	**1,265**

◆ **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.

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). There is no effect on profit/loss, Equity, nor the balance sheet.

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 2020 the company did not grant any warrants under this program.

During the year 2020, employees have exercised warrants corresponding to 226,116 shares issued.

Expenses for the program are recognised based on expected retention of 75%.

2019 Warrant program:
No grants nor exercises has taken place during the year.

Expenses for the first and second vesting periods are recognised based on expected retention (75%) and a performance factor of 100% for 2019 and 2020.

Expenses for the third and fourth vesting period (2021 and 2022) are recognised based on expected retention (75%) and a performance factor of 83%.

2020 Warrant programs:
Following the AGM on April 22, 2020, 25,000 warrants were issued to the new board member, with the right to subscribe for one ordinary share and are classified as equity-settled sharebased payment transactions*. The vesting periods range from 2021-2023 and the exercise periods range from 2023 to 2025.

Expenses for the first vesting period are recognised based on expected retention (100%) and a performance factor of 100% for 2020.

Expenses for the second and third vesting period (2021 and 2022) are recognised based on expected retention (100%) and a performance factor of 83%.

On November 11th, 2020 260,000 new warrants were granted to certain key employees, all with the right to subscribe for one ordinary share and are classified as equity-settled sharebased payment transactions*. The vesting periods range from 2021-2023 and the exercise periods range from 2023 to 2025.

Expenses for the first vesting period are recognised based on expected retention (75%) and a performance factor of 100% for 2020.

Expenses for the second and third vesting period are recognised based on expected retention (75%) and a performance factor of 83%.

Warrant programs inpact in accounts:
The total share based compensation expense recognised for the full year 2020 is 955 tEUR (2019: 384 tEUR), of which the 2019 program is 824 tEUR, 2020 Key Employees program is 75 tEUR, and 2020 Board Member program is 32 tEUR.

	Board of Directors	Executive directors	Other key Man-agement personnel	Total, numbers	Exercise price, weighted average EUR
Share options outstanding at January 1, 2019	**719,010**	**274,644**	**838,566**	**1,832,220**	**1.74**
Granted	0	600,000	499,500	1,099,500	8.67
Forfeited/expired	0		22,680	22,680	1.73
Exercised	719,010	0	141,686	860,696	1.73
Transferred	0	0	0	0	0
Share options outstanding at December 31, 2019	**0**	**874,644**	**1,173,700**	**2,048,344**	**5.40**
Of this exercisable at the end of the period	0	91,530	134,362	225,892	1.73
Share options outstanding at January 1, 2020	**0**	**874,644**	**1,173,700**	**2,048,344**	**5.40**
Granted	25,000	0	260,000	285,000	13.76
Forfeited/expired	0	0	68,840	68,840	6.90
Exercised	0	0	226,116	226,116	1.74
Transferred	0	0	0	0	0
Share options outstanding at December 31, 2020	**25,000**	**874,644**	**1,138,744**	**2,038,388**	**6.92**
Of this exercisable at the end of the period	0	91,530	162,208	253,738	1.74

* The Board of Directors keeps the right to change the classification of the share-based programs from equity-settled to cash-settled.

Notes

6 Share-based payment plans (continued)

The weighted average remaining contractual life of warrants to key employees outstanding as of December 31, 2020 and 2019 was 3.27 and 3.7 years respectively. The weighted exercise prices for outstanding warrants as of December 31, 2020 and 2019 was EUR 6.92 and EUR 5.40.

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

	Board of Directors, Executive Directors, and Key Employees			
	2020	2019	2018	2017
Dividend yield (%)	0%	0%	6%	5%
Expected volatility (%)*	45-50%	35%	30%	30%
Risk free interest rate (%)	0%	0%	1%	1%
Expected life of warrants (years)	5	5	5	5
Share price (EUR)	12.21	7.89	2.59-5.22	2.24
Exercise price (EUR)	13.76	8.68	1.74	1.74
Fair Value at grant date (EUR)	4.73	2.17	0.41 - 2.32	0.41

* Based on analysis of historical market data for Better Collective A/S and peers

◆ Accounting principles:

Share-based payments
Employees (including senior executives and board members that have been granted warrants under the 2020 program) 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 under warrant programs before 2020 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

	Group	
tEUR	**2020**	2019
Fee related to statutory audit	198	135
Fees for tax advisory services	0	63
Assurance engagements	22	27
Other assistance	48	181
	268	**406**

Fee in relation to non-audit services from EY Denmark, 70 tEUR mainly consists of financial due diligence, general accounting advice regarding IFRS, 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	2020	2019
Operating profit	30,489	21,202
Special items related to M&A	-676	-1,101
Special items related to Earn-out	658	486
Special items related to Restructuring*	-493	0
Special items related to Divestiture of Intangible Assets*	632	0
Operating profit before special items	**30,369**	**21,817**
Amortisations	6,235	5,413
Operating profit before amortisations and special items (EBITA before special items)	**36,604**	**27,231**
Depreciation	1,548	831
Operating profit before depreciation, amortisations, and special items (EBITDA before special items)	**38,152**	**28,061**

* Restructuring and Divestiture of Intangible Assets was added to special items as of January 1, 2020

◆ Accounting principles:

Special items
Significant income expenses, which Better Collective considers 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 costs related to 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, and income from divestiture of non-strategic sites, are included in special items. Historic numbers have not been affected. ◆

9 Finance income

tEUR	2020	2019
Exchange gains	1,925	1,097
Interest Income	40	31
Other financial income	0	1
Total finance income	**1,965**	**1,129**

10 Finance costs

tEUR	2020	2019
Exchange losses	1,688	2,056
Interest expenses	1,460	1,026
Interest - right of use assets (Leasing)	156	106
Other financial costs	438	390
Total finance costs	**3,743**	**3,577**

◆ 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 calculated according to IFRS 16, 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	2020	2019
Tax for the period	6,785	4,810
Tax on other comprehensive income	-751	142
Total	**6,034**	**4,953**

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

tEUR	2020	2019
Deferred tax	-1,036	-915
Current tax	7,848	5,741
Adjustment from prior years	-27	-16
Total	**6,785**	**4,810**

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

tEUR	2020	2019
Specification for the year:		
Calculated 22% tax of the result before tax	6,317	4,126
Adjustment of the tax rates in foreign subsidiaries relative to the 22%	376	502
Tax effect of:		
Non-taxable income	-388	-135
Non-deductible costs	507	332
Adjustment of tax relating to prior years	-27	-16
	6,785	**4,810**
Effective tax rate	**23.6%**	**25.6%**

tEUR	2020	2019
Deferred tax		
Deferred tax January 1	20,360	20,534
Additions from business acquisitions	5,262	741
Adjustments of deferred tax in profit and loss	-1,036	-915
Deferred tax December 31	**24,586**	**20,360**
Deferred tax is recognised in the balance sheet as:		
Deferred tax asset	621	278
Deferred tax liability	25,207	20,638
Deferred tax December 31	**24,586**	**20,360**
Deferred tax is related to:		
Intangible assets	25,263	20,686
Losses carried forward	-621	-278
Property, plant and equipment	-55	-48
Deferred tax December 31	**24,586**	**20,360**
Income tax payable, net		
Income tax payable January 1	3,280	330
Exchange differences	85	-106
Tax on other comprehensive income	-751	142
Current tax	7,848	5,741
Tax from prior year	-27	-16
Additions from business acquisitions	702	1017
Income tax paid during the year	-9,940	-3,793
Tax payable reduction from warrant settlement	0	-36
Income tax payable December 31	**1,196**	**3,280**
Income tax is recognised in the balance sheet as:		
Corporation tax receivable	788	457
Corporation tax payable	1,985	3,736
Income tax payable December 31	**1,196**	**3,280**

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.

Joint taxation of the parent Company and Danish subsidiaries

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company acts as administration company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax receivable or corporation tax payable. ◆

Notes

12 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	761	309	1,070
Acquisitions through business combinations	58,955	20,551	3,900	83,406
Transfer	0	0	0	0
Disposals	0	0	0	0
Currency Translation	-1,609	-3,887	4	-5,492
At December 31, 2020	**99,315**	**150,274**	**25,175**	**274,764**
Amortisation and impairment				
As of January 1, 2020	**0**	**0**	**9,008**	**9,008**
Amortisation for the period	0	0	6,235	6,235
Impairment included in Special items	0	0	558	558
Amortisation on disposed assets	0	0	0	0
Currency translation	0	0	-4	-4
At December 31, 2020	**0**	**0**	**15,797**	**15,797**
Net book value at December 31, 2020	**99,315**	**150,274**	**9,378**	**258,967**

tEUR	Goodwill	Domains and websites	Accounts and other intangible assets	Total
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**

◆ **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.

Notes

12 Intangible assets (continued)

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 maintenance of intangible assets are recognised in profit or loss when incurred. Expenditures relating to development of internally generated intangible assets are recognised in profit or loss when incurred, when requirements of capitalisation according to IFRS of is not met.

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.

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 2020 arise from the acquisitions of business combinations HLTV and Atemi 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 assessed that following the acquisitions in 2020, Better Collective has four cash generating units, Atemi, HLTV, US, and the rest of Better Collective. Performance and cash flows from domain names and websites owned by the individual cash generating units are allocated and forms the basis for impairment.

Carrying amount of goodwill and Domains and Websites for the CGUs:

2020

tEUR	US	HLTV	Atemi	Rest	Total
Goodwill	16,485	17,777	41,178	23,875	99,315
Domains and Websites	40,407	20,551	0	89,315	150,274

2019

tEUR	US	HLTV	Atemi	Rest	Total
Goodwill	18,094	0	0	23,875	41,968
Domains and Websites	44,401	0	0	88,448	132,848

As at December 31, 2019 and December 31, 2020 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. The recoverable amount of domains and websites has been determined on the level of the cash-generating units, as explained above.

Impairment test of HLTV, Atemi, and Rest:

For the CGUs HLTV, Atemi and the rest of Better Collective, the Group has performed an impairment test on goodwill and domain names and websites as of December 31, 2020, on a value-in-use basis. Management has based the value in use by estimating the present value of future cash flows from a three-year forecast approved by the Board of Directors and corresponding to the Group's budget for 2021. 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 2021-2023, 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.

Impairment test of US:

For the CGU US the Group has performed an impairment test on goodwill and domain names and websites as of December 31, 2020, on a value-in-use basis. Management has based the value in use by estimating the present value of future cash flows from the forecast for the period 2021 - 2028. 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 2021-2028, 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.

Other domains and websites:

Further to the CGUs, 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. The evaluation of one of the assets resulted in an impairment of 558 tEUR. The liability related to the asset was reduced in the assessment and the net impact (profit) on P/L was included in Special items.

Besides the impairment mentioned above, 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. ◆

Notes

14 Property, plant and equipment

tEUR	Land and buildings	Right of use assets	Fixtures and fittings, other plant and equipment	Total
Cost or valuation				
At December 31, 2019	**787**	**3,570**	**1,894**	**6,250**
Additions	24	1,269	453	1,746
Acquisitions through business combinations	0	0	61	61
Disposals	0	0	-6	-6
Currency Translation	3	10	-19	-6
At December 31, 2020	**813**	**4,849**	**2,383**	**8,045**
Depreciation and impairment				
At December 31, 2019	**68**	**565**	**487**	**1,119**
Depreciation for the period	21	1,061	437	1,519
Depreciation on disposed assets	0	0	-6	-6
Currency translation	3	-2	17	18
At December 31, 2020	**92**	**1,623**	**935**	**2,650**
Net book value at December 31, 2020	**721**	**3,225**	**1,448**	**5,395**

tEUR	Land and buildings	Right of use assets	Fixtures and fittings, other plant and equipment	Total
Cost or valuation				
At December 31, 2018	**787**	**0**	**752**	**1,539**
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
At December 31, 2019	**787**	**3,570**	**1,894**	**6,250**
Depreciation and impairment				
At December 31, 2018	**51**	**0**	**95**	**146**
Depreciation for the period	17	565	256	838
Depreciation on disposed assets	0	0	-1	-1
Currency translation	0	0	137	137
At December 31, 2019	**68**	**565**	**487**	**1,119**
Net book value at December 31, 2019	**718**	**3,005**	**1,408**	**5,131**

Notes

14 Property, plant and equipment (continued)

◆ **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. ◆

15 Trade and other receivables

tEUR	**2020**	2019
Trade receivables	17,401	10,035
Other receivables	847	1,544
Total receivables	**18,248**	**11,579**

◆ **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. ◆

Notes

16 Issued capital and reserves

tEUR	2020	2019	2018	2017	2016	2015
Share capital:						
Opening balance	464.3	404.9	68.5	68.4	67.9	67.2
Capital increase	4.8	59.4	336.4	0.1	0.6	0.7
Total	**469.1**	**464.3**	**404.9**	**68.5**	**68.4**	**67.9**

The share capital consists of 46,904,219 shares of nominal EUR 0.01 each.

Share buy-back
During March-June 2020 the company purchased 625,964 shares at an average price of 8 EUR. The buy-back was approved by the Board of Directors with the purpose to cover existing and future deferred aquisition related payment obligations with 180,458 and 445,265 shares respectively.

241 tresury shares remain as of December 31, 2020.

No treasury shares were purchased or sold in 2019. No treasury shares were remaining as of December 31, 2019.

◆ 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. ◆

17 Distributions made and proposed

tEUR	2020	2019
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	2020	2019
Trade Payables	7,166	761
Other payables	3,080	2,661
Total payables	**10,247**	**3,422**

◆ 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, etc.

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

Notes

19 Leasing

Right-of-use assets

tEUR	Buildings	Cars	Total
Balance at January 1, 2020	**2,982**	**23**	**3,005**
Additions	314	0	314
Additions from acquisitions	931	0	931
Modifications	51	-23	28
Exchange rate adjustment	6	0	6
Depreciation	1,059	0	1,059
Balance at December 31, 2020	**3,225**	**0**	**3,225**
Balance at January 1, 2019	**2,622**	**0**	**2,622**
Additions	623	24	647
Additions from acquisitions	237	0	237
Modifications	64	0	64
Exchange rate adjustment	0	0	0
Depreciation	564	1	565
Balance at December 31, 2019	**2,982**	**23**	**3,005**

Lease liabilities

tEUR	**2020**	2019
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1,193	846
One to five years	2,386	2,344
More than five years	-	202
Total undiscounted cash flows	**3,579**	**3,393**
Total lease liabilities	**3,386**	**3,103**
Current	1,262	846
Non-current	2,124	2,257

The total cash outflow for leases during 2020 was 1181 tEUR.

Amounts recognised in the consolidated income statement

tEUR	**2020**	2019
Interest on lease liabilities	156	106
Expenses relating to short-term lease	169	106
Expenses relating to lease of low value assets	1	0

◆ Accounting principles:

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.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recog-nised as expense on a straight-line basis over the lease term.

Notes

19 Leasing (continued)

Lease liabilities
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 lowvalue assets are recognised as expense 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 arrangementis 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. ◆

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, EUR, and GBP (following the acquisition of Atemi Ltd), with limited revenues in 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 deemed 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.

Notes

20 Financial risk management objectives and policies (continued)

As per December 31, 2020 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 receiv-able	Expected loss	Net receiv-able
2020				
Not Due	0.0%	8,769	0	8,769
Less than 30 days	0.2%	3,883	8	3,875
Between 31 and 60 days	3.4%	765	26	739
Between 61 and 90 days	10.6%	361	38	323
More than 91 days	16.8%	4,437	744	3,694
Total		**18,217**	**816**	**17,401**

As no significant losses were recognised during 2020, expected loss rate has been reduced compared to loss percentage recorded in 2019:

2019				
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
Total		**10,439**	**403**	**10,035**

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.

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
2020						
Non-derivative financial instruments:						
Financial liabilities measured at fair value						
Earn-Out consideration	7,882	7,882	8,173	2,688	5,484	0
Contingent consideration	23,305	23,305	24,346	11,770	12,576	0
Other financial liabilities measured at fair value	4,237	4,237	4,373	744	3,629	0
Financial liabilities measured at amortised costs						
Trade and other payables	3,422	3,422	3,422	3,422	0	0
Deferred payment on acquisitions	6,526	6,526	6,559	5,176	1,384	0
Debt to mortgage credit institutions	527	527	536	26	100	410
Debt to credit institutions	68,770	68,770	71,672	963	70,709	0
Total non-derivative financial instruments	**114,669**	**114,669**	**119,081**	**24,788**	**93,883**	**410**
Assets:						
Financial assets measured at amortised costs						
Non-current financial assets*	555	555	572	572	0	0
Trade and other receivables	18,248	18,248	18,248	18,248	0	0
Restricted Cash	6,926	6,926	6,926	6,926	0	0
Cash	21,127	21,127	21,127	21,127	0	0
Total financial assets	**46,857**	**46,857**	**46,873**	**46,873**	**0**	**0**
Net	**67,812**	**67,812**	**72,209**	**-22,085**	**93,883**	**410**

* Non-current financial assets consist of a subordinated loan to Mindway AI

Notes

20 Financial risk management objectives and policies (continued)

Contractual cash flows:

	Carrying amount	Fair Value	Total	< 1 year	2-5 years	> 5 years
2019						
Non-derivative financial instruments:						
Earn-Out consideration	9,432	9,432	9,494	9,494	0	0
Contingent liabilities	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
Financial liabilities measured at amortised costs						
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
Total non-derivative financial instruments	**62,575**	**62,575**	**65,589**	**16,666**	**48,423**	**500**
Assets:						
Non-current financial assets, loan	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
Total financial assets	**34,925**	**34,925**	**34,949**	**34,359**	**590**	**0**
Net	**27,651**	**27,651**	**30,640**	**-17,693**	**47,833**	**500**

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. The 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. For further information on the contingent liability consideration, please refer to note 22

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. Thus, the fair value of the financial assets and liabilities is considered equal to the booked value.

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 69 mEUR was drawn up end of December 2020. As of December 31, 2020 cash and unused credit facilities, amounted to approximately 36 mEUR.

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

Notes

20 Financial risk management objectives and policies (continued)

Change in liabilities arising from financing activity

tEUR	2018	Cash flows Net	Non cash flow changes	2019	Cash flows Net	Non cash flow changes	**2020**
Non-current financing liabilities	9,044	8,260	-45	17,259	51,893	125	69,277
Leasing and other non-current liabilities (vacation fund)	0	0	2,607	2,607	484	-122	2,968
Current financing liabilities	20	0	0	20	-20	20	20
Leasing and other non-current liabilities	0	0	846	846	-1,025	1,441	1,262
Total liabilities from financing activities	**9,064**	**8,260**	**3,408**	**20,731**	**51,332**	**1,464**	**73,527**

20 Financial risk management objectives and policies (continued)

◆ Accounting principles:

Cash
Cash comprises cash at bank and on hand.

Restricted Cash
Restricted cash comprises cash in escrow account related to the acquisition of Atemi Ltd. The funds will be released from the escrow account to the sellers of Atemi in quarterly instalments, ending March 31, 2022.

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 and contingent liability 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	**2020**	2019
Change in receivables	-1,653	-919
Prepaid expenses	-26	-497
Prepayment from customers	97	-108
Change in trades payable, other debt	796	-334
Change in working capital, total	**-786**	**-1,858**

Notes

22 Business combinations

Acquisition of Atemi Ltd.
On October 1st, 2020, Better Collective completed the acquisition of Atemi Group for 44 mEUR net of cash and working capital. Atemi Group is one of the World's largest companies specialised within lead generation for iGaming through paid media (PPC) and social media advertising. The acquisition is a major strategic move for Better Collective with significant synergistic opportunities.

The transferred consideration is paid with cash and treasury shares and a deferred payment payable in cash.

tEUR	Fair value determined at acquisition
Acquired net assets at the time of the acquisition	
Accounts & other intangible assets	3,900
Equipment	61
Deposits	81
Trade and other receivables	4,993
Prepayments	195
Cash and cash equivalents	2,442
Deferred tax liabilities	-741
Corporate tax payables	-122
Trade and other payables	-5,869
Identified net assets	**4,940**
Goodwill	41,178
Total consideration	**46,118**

A goodwill of 41,178 tEUR emerged from the acquisition of Atemi Ltd. as an effect of the difference between the transferred consideration and the fair value of acquired net assets. Goodwill is connected to the future growth expectations given the strong competencies and brands 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 Atemi Ltd. amounts to 443 tEUR in 2020. Transaction costs are accounted for in the income statements under "special items".

The fair value of the trade receivables amounts to 4,914 tEUR. The gross amount of trade receivables is 5,282 tEUR and a provision of 367 tEUR has been recorded in accordance with IFRS9.

tEUR	
Purchase amount	46,118
Regards to:	
Cash and cash equivalents	2,442
Deferred Payment - adjustment of Net Working Capital opening balance	59
Deferred Payment - payable in shares	5,210
Deferred Payment - payable in cash instalments	8,293
Net cash outflow	30,113

The acquisition was completed on October 1, 2020. If the acquisition would have taken place on January 1, 2020 the Group's revenue YTD would have amounted to 126,739 tEUR and result after tax YTD would have amounted to 25,878 tEUR.

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

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.

Notes

22 Business combinations (continued)

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	-4,521
Corporate tax payables	-580
Trade and other payables	-98
Identified net assets	**15,808**
Goodwill	17,777
Total consideration	**33,585**

A goodwill of 17,777 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 77 tEUR in 2020. 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	33,585
Regards to:	
Cash and cash equivalents	396
Deferred return payment - adjustment of Net Working Capital opening balance	-542
Deferred Payment - payable in 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 92,058 tEUR and result after tax YTD would have amounted to 22,268 tEUR.

Notes

22 Business combinations (continued)

Business combinations 2019

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
Acquired net assets at the time of the acquisition	
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
Identified net assets	**31,637**
Goodwill	2,609
Total consideration	**34,246**

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
Regards to:	
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
Acquired net assets at the time of the acquisition	
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
Identified net assets	**26,739**
Goodwill	17,790
Total consideration	**44,529**

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.

tEUR	
Effect on cash flow regarding acquisition of RiCal LLC	
Purchase amount	44,529
Regards to:	
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 in 2019 would have amounted to 70,597 tEUR and result after tax would have amounted to 14,130 tEUR.

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
Acquired net assets at the time of the acquisition	
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
Identified net assets	**2,689**
Goodwill	592
Total consideration	**3,280**

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 Performancy 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
Regards to:	
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 in 2019 would have amounted to 68,059 tEUR and result after tax would have amounted to 14,199 tEUR.

Notes

23 Related party disclosures

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

- J Søgaard Holding ApS, 22.75 %, Toldbodgade 12, 1253 Copenhagen, Denmark
- Chr. Dam Holding ApS, 22.75 %, Toldbodgade 12, 1253 Copenhagen, Denmark

Christian Kirk Rasmussen and Jesper Søgaard each hold 22.75% of the shares in Better Collective A/S, through respective holding companies. 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 warrant programs are disclosed in note 5 and 6.

Transactions with related parties have been as follows:

tEUR	**2020**	2019
Capital increase – gross	0	832
Sale of warrants	0	0
Warrants settled, net of tax	0	-1,522
Warrants board member (included in board remuneration)	32	0

Notes

24 Group information

Information about subsidiaries

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

December 31, 2020

				Capital	
Name	Ownership	Country	City	Currency	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 Colllective 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
Atemi Ltd	100%	Malta	St Julians	tGBP	1
Hot Media Corp****	100%	British Virgin Islands	Tortola	tGBP	0
Force Media Inc****	100%	British Virgin Islands	Tortola	tGBP	0
Pedia Publications Ltd****	100%	Guernsey	St. Peter Port	tGBP	67
5 Star Traffic Ltd****	100%	British Virgin Islands	Tortola	tGBP	0
FTD LABS Ltd****	100%	Guernsey	St. Peter Port	tGBP	0
Your Media Ltd****	100%	United Kingdom	Tunbridge wells	tGBP	0
HLTV ApS	100%	Denmark	Aarhus	tDKK	50

* 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.
**** Subsidiaries are 100% owned by Atemi Ltd

Other investments

Mindway AI Aps	19.99%	Denmark	Aarhus

Notes

24 Group information (continued)

Information about subsidiaries

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

December 31, 2019

				Capital	
Name	**Ownership**	**Country**	**City**	**Currency**	**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 Colllective 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.

Other investments

Mindway AI Aps	19.99%	Denmark	Aarhus

Notes

25 Other contingent liabilities

Other contingent liabilities
Better Collective A/S has taken a mortgage loan from Realkredit Danmark totalling 526 tEUR as of December 31, 2020 and the property on HC. Andersens Boulevard is placed as collateral. The book value of the property as of December 31, 2020 is 704 t EUR.

26 Events after the reporting date

Acquisition of 70% of shares in Mindway AI:
On January 1, 2021 Better Collective acquired and additional 70% of the shares in Mindway AI for 2.3 mEUR, bringing the ownership to 90%

As per the date of publication of the interim financial statements 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 interim financial statements.

Parent Company financial statements

Statement of profit and loss

Note	tEUR	2020	2019
2	**Revenue**	**26,940**	**24,952**
	Other operating income	8,878	6,183
	Direct costs related to revenue*	3,546	3,044
3,4	Staff costs	10,958	11,290
14	Depreciation	482	455
5	Other external expenses*	9,129	10,729
	Operating profit before amortisations (EBITA) and special items	**11,702**	**5,618**
12	Amortisation	1,974	1,142
	Operating profit (EBIT) before special items	**9,728**	**4,475**
6	Special items, net	266	375
	Operating profit	**9,994**	**4,851**
9	Financial income	13,860	15,358
10	Financial expenses	6,573	4,084
	Profit before tax	**17,280**	**16,125**
11	Tax on profit for the period	1,563	789
	Profit for the period	**15,717**	**15,336**

*Historic numbers for 2019 re-stated for Paid Media, please refer to note 1

Statement of comprehensive income

Note	tEUR	2020	2019
	Profit for the period	**15,717**	**15,336**
	Other comprehensive income		
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
	Currency translation to presentation currency	601	-23
11	Income tax	0	0
	Net other comprehensive income/loss	601	-23
	Total other comprehensive income/(loss) for the period, net of tax	**16,319**	**15,313**

Balance sheet

Note	tEUR	2020	2019
	Assets		
	Non-current assets		
12,13	**Intangible assets**		
	Domains and websites	15,185	14,319
	Accounts and other intangible assets	3,355	5,560
		18,540	**19,879**
14	**Property, plant and equipment**		
	Land and building	704	718
	Right of use assets	896	1,196
	Fixtures and fittings, other plant and equipment	317	401
		1,917	**2,316**
	Financial assets		
7	Investments in subsidiaries	183,856	103,024
8	Receivables from subsidiaries	36,969	36,714
8	Other non-current financial assets	1,146	1,175
	Deposits	160	156
		222,131	**141,069**
	Total non-current assets	**242,588**	**163,264**
	Current assets		
16	Trade and other receivables	4,648	4,471
19	Receivables from subsidiaries	1,657	3,095
	Tax receivable	653	0
	Prepayments	736	771
	Restricted Cash	6,926	0
19	Cash	2,560	9,704
	Total current assets	**17,180**	**18,041**
	Total assets	**259,767**	**181,304**

Note	tEUR	2020	2019
	Equity and liabilities		
	Equity		
15	Share Capital	469	464
	Share Premium	108,825	106,295
	Currency Translation Reserve	494	-107
	Treasury shares	-2	0
	Retained Earnings	45,137	27,060
	Proposed Dividends	0	0
	Total equity	**154,923**	**133,712**
	Non-current Liabilities		
19	Debt to mortgage credit institutions	507	524
19	Debt to credit institutions	68,770	16,734
18	Lease liabilities	629	909
11	Deferred tax liabilities	1,163	884
19	Other non-current financial liabilities	8,796	4,531
	Total non-current liabilities	**79,864**	**23,583**
	Current Liabilities		
17	Trade and other payables	2,127	1,954
19	Payables to subsidiaries	12,585	9,991
11	Corporation tax payable	70	233
19	Other current financial liabilities	9,850	11,489
19	Debt to mortgage credit institutions	20	20
18	Lease liabilities	328	323
	Total current liabilities	**24,980**	**24,009**
	Total liabilities	**104,844**	**47,592**
	Total equity and liabilities	**259,767**	**181,304**

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**	**-107**	**0**	**27,060**	**0**	**133,712**
Result for the period	0	0	0	0	15,717	0	15,717
Other comprehensive income							
Currency translation to presentation currency	0	0	601	0	0	0	601
Tax on other comprehensive income	0	0	0	0	0	0	0
Total other comprehensive income	0	0	601	0	0	0	601
Total comprehensive income for the year	**0**	**0**	**601**	**0**	**15,717**	**0**	**16,319**
Transactions with owners							
Capital Increase	5	2,530	0	0	0	0	2,535
Acquisition of treasury shares	0	0	0	-4,903	0	0	-4,903
Disposal of treasury shares	0	0	0	4,901	1,437	0	6,338
Share based payments	0	0	0	0	955	0	955
Transaction cost	0	0	0	0	-33	0	-33
Tax on settlement of warrants	0	0	0	0	0	0	0
Total transactions with owners	**5**	**2,530**	**0**	**-2**	**2,359**	**0**	**4,893**
At December 31, 2020	**469**	**108,825**	**494**	**-2**	**45,137**	**0**	**154,923**

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	**404**	**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.

Statement of cash flows parent

Note	tEUR	2020	2019
	Profit before tax	17,280	16,125
	Adjustment for finance items	-7,287	-11,274
	Adjustment for special items	-266	-375
	Operating Profit for the period before special items	9,728	4,475
	Depreciation and amortisation	2,456	1,597
	Other adjustments of non cash operating items	955	384
	Cash flow from operations before changes in working capital and special items	13,140	6,457
20	Change in working capital	3,710	-5
	Cash flow from operations before special items	16,850	6,451
	Special items, cash flow	-479	-111
	Cash flow from operations	16,371	6,340
	Dividend received	10,733	12,578
	Other Financial income, received	1,883	965
	Financial expenses, paid	-1,713	-2,309
	Cash flow from ordinary activities before tax	27,274	17,574
	Income tax paid	-2,105	-220
	Cash flow from operating activities	**25,169**	**17,354**

Note	tEUR	2020	2019
7	Acquisition of businesses	-67,555	-11,845
12	Acquisition of intangible asset	-1,850	-4,273
14	Acquisition of property, plant and equipment	-75	-140
	Non-current loans to subsidiaries	0	-33,961
	Change in other non-current assets	50	-326
	Cash flow from investing activities	**-69,431**	**-50,544**
19	Repayment of borrowings	-22,756	-78,677
19	Proceeds from borrowings	74,629	86,937
	Group Financial borrowings	-3,515	4,166
	Lease liabilities	-281	-263
	Other non-current liabilities	484	350
	Capital increase	393	30,620
	Treasury Shares	-4,903	0
	Transaction cost	-33	-713
	Warrant settlement, sale of warrants	0	-1,686
	Cash flow from financing activities	**44,020**	**40,734**
	Cash flows for the period	-242	7,544
	Cash and cash equivalents at beginning	9,704	2,162
	Foreign currency translation of cash and cash equivalents	24	-1
	Cash and cash equivalents period end*	**9,486**	**9,704**
	***Cash and cash equivalents period end**		
	Restricted cash	6,926	0
	Cash	2,560	9,704
	Cash and cash equivalents period end	**9,486**	**9,704**

Notes to the parent financial statement

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	**2020**	2019
Revenue		
Revenue share	23,523	21,178
CPA	1,098	1,970
Other	2,320	1,804
Total Revenue	**26,940**	**24,952**

%-split	**2020**	2019
Revenue		
Revenue share	87	85
CPA	4	8
Other	9	7
Total Revenue	**100**	**100**

The parent company has earned 19 mEUR in revenues from one major customer, which represents 65% of the parent company's revenue (2019: 64%).

3 Staff costs

tEUR	**2020**	2019
Wages and salaries	9,035	9,655
Pensions, defined contribution	722	916
Other social security costs	140	143
Share-based payments	955	384
Other staff costs	106	191
Total staff costs	**10,958**	**11,290**
Average number of full-time employees	122	124

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	2020	2019
Fee related to statutory audit	171	58
Fees for tax advisory services	0	13
Assurance engagements	22	27
Other assistance	48	124
	241	**222**

Fee in relation to non-audit services from EY Denmark, 70 tEUR mainly consists of financial due diligence, general accounting advice regarding IFRS 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	2020	2019
Operating profit	**9,994**	**4,851**
Special items related to M&A	-122	-199
Special items related to Earn-out	744	574
Special items related to Restructuring*	-356	0
Operating profit before special items	**9,728**	**4,475**
Amortisations	1,974	1,142
Operating profit before amortisations and special items (EBITA before special items)	**11,702**	**5,618**
Depreciation	482	455
Operating profit before depreciation, amortisations, and special items (EBITDA before special items)	**12,184**	**6,073**

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

Notes

7 Investments in subsidiaries

Subsidiaries			2020		2019	
Name	Domicile	Interest %	Equity tEUR	Profit/loss tEUR	Equity tEUR	Profit/loss tEUR
Subsidiaries						
Better Collective D.o.o.	Serbia	100%	665	(342)	1,042	817
Better Collective SAS	France	100%	10,709	4,165	6,544	3,178
Hebiva Beteiligungen GmbH	Austria	100%	4,822	2,353	7,283	7,235
Better Collective GmbH*	Austria	100%	32	2,346	34	2,423
Bola Webinformation GmbH	Austria	100%	4,067	4,032	4,644	4,609
Better Collective Greece P.C.	Greece	100%	1,573	660	913	483
Kapa Media Services Ltd.	Malta	100%	267	86	181	105
Better Collective Sweden AB	Sweden	100%	3,633	2,155	1,487	3,473
Better Colllective UK Ltd	United Kingdom	100%	74	56	20	20
Better Collective Poland SP Z o o	Poland	100%	142	96	51	50
Moar Performance Ltd	United Kingdom	100%	90	243	1,056	141
Better Collective Romania SRL	Romania	100%	26	12	14	4
Better Collective USA Inc	USA	100%	(459)	913	-1,511	-1,511
Better Collective Florida LLC**	USA	100%	(2,280)	(1,776)	-611	-617
Better Collective Tennessee LLC***	USA	60%	2,801	3,772	2,872	2,152
Atemi Ltd	Malta	100%	(120)	(16)		
Hot Media Corp****	British Virgin Islands	100%	902	(939)		
Force Media Inc****	British Virgin Islands	100%	(374)	1,481		
Pedia Publications Ltd****	Guernsey	100%	(650)	147		
5 Star Traffic Ltd****	British Virgin Islands	100%	3,004	909		
FTD LABS Ltd****	Guernsey	100%	401	243		
Your Media Ltd****	United Kingdom	100%	(145)	(457)		
HLTV ApS	Denmark	100%	2,148	2,367		

* 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 Colective USA Inc.

**** Subsidiaries are 100% owned by Atemi Ltd.

Notes

7 Investments in subsidiaries (continued)

tEUR	2020	2019
Subsidiaries		
Cost at January 1	**103,024**	**100,088**
Additions*	80,372	3,017
Exchange rate to reporting currency	460	-81
Cost at December 31	**183,856**	**103,024**
Carrying amount at December 31	**183,856**	**103,024**

* Cash flow impact in 2020: 67,555 tEUR (2019: 11,845 tEUR)

Reference is made to note 22 of the consolidated financial statements for acquisition of businesses.

Investments in subsidiaries have been assessed for impairment in 2019 and 2020. The assessment did not lead to any impairment in neither 2019 nor 2020.

◆ 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 statement. ◆

8 Non-current financial liabilities

tEUR	Receivables from Subsidiaries	Other non-current financial assets	Total
Cost at January 1, 2020	**36,714**	**1,175**	**37,889**
Additions	0	0	0
Disposals	0	-37	-37
Exchange rate adjustment	255	9	263
Cost at December 31, 2020	**36,969**	**1,146**	**38,115**
Carrying amount at 31 December, 2020	**36,969**	**1,146**	**38,115**
Cost at January 1, 2019	**0**	**0**	**0**
Additions	36,714	1,175	37,889
Cost at December 31, 2019	**36,714**	**1,175**	**37,889**
Carrying amount at 31 December, 2019	**36,714**	**1,175**	**37,889**

Notes

9 Finance income

tEUR	2020	2019
Exchange gains	2,325	2,384
Interest income	40	30
Interest expenses, group entities	781	366
Dividend income	10,714	12,578
Other financial income	0	0
Total finance income	**13,860**	**15,358**

10 Finance costs

tEUR	2020	2019
Exchange losses	5,096	2,653
Interest expenses	926	804
Interest - right of use assets (Leasing)	43	54
Interest expenses, group entities	164	223
Other financial costs	344	349
Total finance costs	**6,573**	**4,084**

11 Income tax

Total tax for the year is specified as follows:

tEUR	2020	2019
Tax for the year	1,563	789
Tax on other comprehensive income	0	0
Total	**1,563**	**789**

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

tEUR	2020	2019
Deferred tax	275	433
Current tax	1,297	372
Adjustment from prior years	-8	-16
Total	**1,563**	**789**

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

tEUR	2020	2019
Specification for the year:		
Calculated 22% tax of the result before tax	3,802	3,548
Tax effect of:		
Non-taxable income	-2,440	-2,771
Non-deductible costs	202	13
	1.563	**789**
Effective tax rate	**9,0%**	**4,9%**

Notes

11 Income tax (continued)

tEUR	2020	2019
Deferred tax		
Deferred tax January 1	**884**	**451**
Adjustments of deferred tax in profit and loss	279	433
Deferred tax December 31	**1,163**	**884**
Deferred tax is recognised in the balance sheet as:		
Deferred tax asset	0	0
Deferred tax liability	1,163	884
Deferred tax December 31	**1,163**	**884**
Deferred tax is related to:		
Intangible assets	1,218	932
Property, plant and equipment	-55	-48
Deferred tax December 31	**1,163**	**884**
Income tax payable		
Income tax payable January 1	**233**	**133**
Current tax	1,297	372
Income tax paid during the year	-2,105	-220
Adjustment - Prior year	-8	-16
Tax payable reduction from warrant settlement	0	-36
Exchange rate difference	2	0
Income tax payable December 31	**-583**	**233**

12 Intangible assets

tEUR	Domains and websites	Accounts and other intangible assets	Total
Cost or valuation			
At January 1, 2020	**14,319**	**7,542**	**21,861**
Acquisitions*	807	305	1,113
Disposals	0	0	0
Currency Translation	58	31	88
At December 31, 2020	**15,185**	**7,878**	**23,063**
Amortisation and impairment			
At January 1, 2020	**0**	**1,982**	**1,982**
Amortisation for the period	0	2,533	2,533
Amortisation on disposed assets	0	0	0
Currency translation	0	8	8
At December 31, 2020	**0**	**4,523**	**4,523**
Net book value at December 31, 2020	**15,185**	**3,355**	**18,540**
Cost or valuation			
At January 1, 2019	**14,325**	**2,462**	**16,787**
Acquisitions*	-2	5,080	5,079
Currency Translation	-5	-1	-5
At December 31, 2019	**14,319**	**7,542**	**21,861**
Amortisation and impairment			
At January 1, 2019	**0**	**840**	**840**
Amortisation for the period	0	1,142	1,142
At December 31, 2019	**0**	**1,982**	**1,982**
Net book value at December 31, 2019	**14,319**	**5,560**	**19,879**

*Cash flow impact in 2020: 1,850 tEUR (2019: 4,273 tEUR)

Notes

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	**2020**	2019
Domains and Websites	15,185	14,319

As at December 31, 2019 and December 31, 2020, 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.

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, 2019 and December 31, 2020, on a value-in-use basis. Management has based the value in use by estimating the present value of future cash flows from a three-year forecast approved by the Board of Directors. Key parameters in the short-term budget and midterm 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 2021-2023, 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. The evaluation of one of the assets resulted in an impairment of 558 tEUR. The liability related to the asset was reduced in the assessment and the net impact (profit) on P/L was included in Special items.

Besides one asset detailed above, the results of the impairment tests for domains and websites showed that the recoverable amount exceeded the carrying value and that there was no further impairment loss to be recognised.

Notes

14 Property, plant and equipment

tEUR	Land and buildings	Right of use assets	Fixtures and fittings, other plant and equipment	Total
Cost or valuation				
At December 31, 2019	**787**	**1,495**	**713**	**2,995**
Additions	0	0	75	75
Disposals	0	0	-5	-5
Currency Translation	3	6	3	12
At December 31, 2020	**790**	**1,502**	**786**	**3,077**
Depreciation and impairment				
At December 31, 2019	**68**	**299**	**312**	**680**
Depreciation for the period	18	305	161	483
Currency translation	0	1	1	3
At December 31, 2020	**86**	**605**	**469**	**1,160**
Net book value at December 31, 2020	**704**	**896**	**317**	**1,917**

Cost or valuation				
At December 31, 2018	**787**	**0**	**574**	**1,361**
Change in accounting practices	0	1,431	0	1,431
Additions	0	64	139	204
At December 31, 2019	**787**	**1,495**	**713**	**2,995**
Depreciation and impairment				
At December 31, 2018	**51**	**0**	**174**	**225**
Depreciation for the period	17	299	138	455
At December 31, 2019	**68**	**299**	**312**	**680**
Net book value at December 31, 2019	**718**	**1,196**	**401**	**2,316**

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	2020	2019
Trade receivables	4,647	4,362
Other receivables	1	109
Total receivables	**4,648**	**4,471**

17 Trade and other payables

tEUR	2020	2019
Trade Payables	473	121
Other payables	1,655	1,833
Total payables	**2,127**	**1,954**

18 Leasing

Right-of-use assets

tEUR	Buildings	Cars	Total
Balance at January 1, 2020	**1,196**	**0**	**1,196**
Additions	0	0	0
Additions from acquisitions	0	0	0
Modifications	0	0	0
Exchange rate adjustment	5	0	5
Depreciation	305	0	305
Balance at December 31, 2020	**896**	**0**	**896**
Balance at January 1, 2019	**1,431**	**0**	**1,431**
Additions	0	0	0
Additions from acquisitions	0	0	0
Modifications	64	0	64
Exchange rate adjustment	0	0	0
Depreciation	299	0	299
Balance at December 31, 2019	**1,196**	**0**	**1,196**

Lease liabilities

tEUR	2020	2019
Maturity analysis - contractual undiscounted cash flows		
Less than one year	331	323
One to five years	683	1,010
More than five years	0	0
Total undiscounted cash flows	**1,014**	**1,333**
Total lease liabilities	**957**	**1,232**
Current	328	323
Non-current	629	909

The total cash outflow for leases during 2020 was 324 tEUR.

Notes

Amounts recognised in the consolidated income statement

tEUR	2020	2019
Interest on lease liabilities	43	54
Expenses relating to short-term lease	0	0
Expenses relating to lease of low value assets	0	0

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 agrement 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 liabilitites 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, 2020 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 and subsidiaries can be specified as follows:

tEUR	Exp. loss rate	Gross receivable	Expected loss	Net receivable
2020				
Not Due	0.0%	2,476	0	2,476
Less than 30 days	0.1%	1,008	1	1,007
Between 31 and 60 days	1.5%	-2	0	-2
Between 61 and 90 days	3.7%	94	3	91
More than 91 days	7.1%	1,151	75	1,077
Total		**4,726**	**79**	**4,647**
Receivables from subsidiaries	**0.0%**	**38,626**	**0**	**38,626**

As no losses were recognised during 2020, expected loss rate has been reduced compared to 2019

tEUR	Exp. loss rate	Gross receivable	Expected loss	Net receivable
2019				
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
Between 61 and 90 days	6.0%	71	4	67
More than 91 days	9.0%	222	20	202
Total		**4,396**	**34**	**4,362**
Receivables from subsidiaries	**0.0%**	**39,809**	**0**	**39,809**

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
2020						
Non-derivative financial instruments:						
Financial liabilities measured at fair value						
Earn-Out consideration	7,882	7,882	8,173	2,688	5,484	0
Other financial liabilities measured at fair value	4,237	4,237	4,373	744	3,629	0
Financial liabilities measured at amortised costs						
Trade and other payables	2,127	2,127	2,127	2,127	0	0
Deferred payment on acqusitions	6,526	6,526	6,559	5,176	1,384	0
Payables to subsidiaries	742	742	742	742	0	0
Loans from subsidiaries	11,843	11,843	12,080	12,080	0	0
Debt to mortgage credit institutions	527	527	536	26	100	410
Debt to credit institutions	68,770	68,770	71,672	963	70,709	0
Total non-derivative financial instruments	**102,655**	**102,655**	**106,263**	**24,546**	**81,307**	**410**
Assets:						
Non-current financial assets, subsidiaries	36,969	36,969	40,666	739	39,927	0
Non-current financial assets, loan*	555	555	572	572	0	0
Trade and other receivables	4,648	4,648	4,648	4,648	0	0
Receivable from subsidiaries	1,657	1,657	1,657	1,657	0	0
Restricted Cash	6,926	6,926	6,926	6,926	0	0
Receivables from subsidiaries	3,095	3,095	3,095	3,095	0	0
Cash	2,560	2,560	2,560	2,560	0	0
Total financial assets	**53,316**	**53,316**	**57,029**	**17,102**	**39,927**	**0**
Net	**49,339**	**49,339**	**49,234**	**7,444**	**41,380**	**410**

* Non-current financial assets consist of a subordinated loan to Mindway AI

Notes

19 Financial risk management objectives and policies (continued)

Contractual cash flows:	Carrying amount	Fair Value	Total	< 1 year	2-5 years	> 5 years
2019						
Non-derivative financial instruments:						
Financial liabilities measured at fair value						
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
Financial liabilities measured at amortised costs						
Trade and other payables	1,954	1,954	1,954	1,954	0	0
Deferred payment on acqusitions	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
Total non-derivative financial instruments	**45,243**	**45,243**	**46,764**	**24,029**	**22,235**	**500**
Assets:						
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
Total financial assets	**54,574**	**54,574**	**56,070**	**18,028**	**38,042**	**0**
Net	**-9,331**	**-9,331**	**-9,306**	**6,002**	**-15,807**	**500**

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 EarnOut 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 69 mEUR was drawn up end of December 2020. As of December 31, 2020 cash and unused credit facilities, amounted to approximately 36 mEUR.

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

Notes

19 Financial risk management objectives and policies (continued)

Change in liabilities arising from financing activity

tEUR	2018	Cash flows Net	Non cash flow changes	2019	Cash flows Net	Non cash flow changes	**2020**
Non-current financing liabilities	9,044	8,279	-65	17,259	51,893	125	69,277
Leasing and other non-current liabilities	0	350	909	1,259	484	-270	1,473
Current financing liabilities:							
Payables to subsidiaries	4,209	5,781	0	9,991	2,595	0	12,585
Debt to credit institutions	20	-20	20	20	-20	20	20
Leasing current liabilities		-263	586	323	-281	285	328
Total liabilities from financing activities	**13,274**	**14,128**	**1,450**	**28,852**	**54,671**	**160**	**83,683**

20 Change in working capital

tEUR	**2020**	2019
Change in receivables	-161	-1,233
Changes in Intercompany balances	3,695	1,974
Prepaid expenses	39	-322
Prepayment - from Customers	0	-417
Change in trades payable, other debt	138	-7
Change in working capital, total	**3,710**	**-5**

21 Other contingent liabilities

Other contingent liabilities
Better Collective A/S has taken a mortgage loan from Realkredit Danmark totalling 526 tEUR as od December 31, 2020 and the property on HC. Andersens Boulevard is placed as collateral. The book value of the property as of December 31, 2020 is 704 tEUR.

21 Other contingent liabilities (continued)

Joint taxation with HLTV

The Parent Company is jointly taxed with the Danish subsidiary, HLTV ApS. As administration company, the Company has unlimited joint and several liability, together with the subsidiary, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. The jointly taxed entities' total known net receivable in respect of corporation taxes and withholding taxes payable on dividend, interest and royalties amounted to 575 tEUR at December 31, 2020. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc., may entail that the entities' liability will increase.

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	**2020**	2019
Income Statement		
Other Operating income	8,878	6,183
Intercompany revenue	-2,403	-1,806
Purchases	4,670	4,611
Interest expense	164	223
Interest income	781	366
Dividend income	10,714	12,578
Balance Sheet		
Long-term financial assets	36,969	36,714
Receivables from subsidiaries	1,657	3,095
Short term loans and payables to subsidiaries	12,585	9,991

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

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 evaluate 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

Diluted Earnings per share Net profit for the period / (Average number of shares + Average number of outstanding warrants - Average number of treaury shares held by the company)

Earnings per share Net profit for the period / (Average number of shares - Average number of treaury shares held by the company)

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

Esports Competitive tournaments of online video games among professional gamers/cyberathletes

Executive management Executives that are registered with the Danish Company register

The group / Better Collective The company and its subsidiaries

iGaming Online sports betting and online casino

iGaming affiliates Affiliates in the iGaming market

iGaming operator Online sports betting and online casino operators

Mobile (-sports betting/casino) 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 the 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 The opposite of paid traffic, which defines the visits generated by paid advertisement such as PPC (see definition below)

Paid Media Marketing efforts involving a paid placement. Paid media includes PPC advertising (see definition below), branded content, and ads display

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

Publishing Organic traffic generated from content sites

Revenue share A revenue share model is a 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 result

Special items Cost related to IPO and acquisitions

Sports wagering The value of bets placed by the players

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

Alternative performance measures

Alternative Performance Measure	Description	SCOPE
Operating profit before amortisations (EBITA)	Operating profit plus amortisations	Better Collective reports this APM to allow monitoring and evaluation of the Group's operational profitability.
Operating profit before amortisations margin (%)	Operating profit before amortisations / Revenue	This APM supports the assessment and monitoring of the Group's performance and profitability
EBITA before special items	EBITA adjusted for special items	This APM supports the assessment and monitoring of the Group's performance and profitability excluding special items that do no stem from ongoing operations, providing a more comparable measure over time.
Operating profit before amortisations and special items margin (%)	Operating profit before amortisations and special items / Revenue	This APM supports the assessment and monitoring of the Group's performance and profitability excluding special items that do no stem from ongoing operations, providing a more comparable measure over time.
Special items	Items that are considered not part of ongoing business	Items not part of ongoing business, e.g. Cost related to M&A and restructuring, adjustments of earn-out payments.
Net Debt / EBITDA before special items	(Interest bearing debt, including earn-outs from acquisitions, excl. contingent consideration, minus cash and cash equivalents)/ EBITDA before special items on rolling twelve months basis	This ratio is used to describe the horizon for pay back of the interest bearing debt, and measures the leverage of the funding.
Liquidity ratio	Current Assets / Current Liabilities	Measures the ability of the group to pay it's current liabilities using current assets.
Equity to assets ratio	Equity / Total Assets	Reported to show how much of the assets in the company is funded by equity
Cash conversion rate before special items	(Cash flow from operations before special items + Cash from CAPEX) / EBITDA before special items	This APM is reported to illustrate the Group's ability to convert profits to cash
NDC	New depositing customers	A key figure to reflect the Group's ability to fuel long-term revenue and organic growth
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.	Reported to measure the ability to generate growth from existing business

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
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