

BETTER  
COLLECTIVE



**ANNUAL REPORT 2018**

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

# BETTER COLLECTIVE – WHAT WE DO

Market leading search engine optimisation, user knowledge and heavy data handling. Leading each user to the best fit operator



Making sports betting and gambling entertaining, transparent and fair



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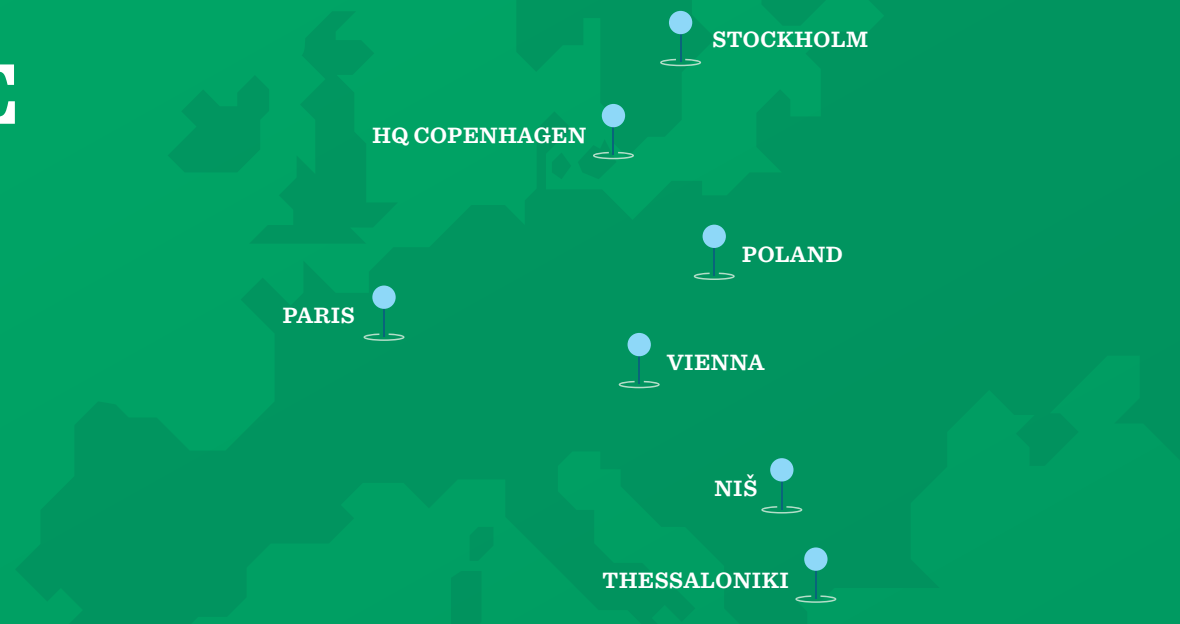
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# AT-A-GLANCE

Better Collective is the leading developer of digital platforms 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.



#1 SPORTS BETTING  
AFFILIATE

7M+

UNIQUE VISITS  
PER MONTH



FINANCIAL  
PERFORMANCE

40.5

mEUR  
REVENUE 2018

40%

EBITDA MARGIN  
2018



COMPANY  
BACKGROUND

2002

FOUNDED

2018

LISTED ON  
NASDAQ STOCKHOLM  
(STO:BETCO)



GLOBAL

290

EMPLOYEES

7

OFFICES



OWNERSHIP

>60%

SHARES OWNED  
BY FOUNDERS AND  
MANAGEMENT





# OUR PRODUCTS

We operate several community-based sites. On some of these, our users actively generate informational content on the platform, such as bettingexpert.com. In addition, we operate more than 2,000 content sites, which provide our users with various information to improve their betting and gambling experience. This portfolio of websites drive a monthly average of up to 7+ million unique visitors to our sites.



## Chairman letter

# A WORD TO OUR SHAREHOLDERS

Better Collective has a leading position in a highly attractive and growing market.

Better Collective, one of the pioneers in affiliate marketing, has turned an entrepreneurial dream into a solid company listed on Nasdaq Stockholm, with the number of employees approaching 300, offices in seven countries, and a unique position for continued growth.

## SUCCESSFUL LISTING ON NASDAQ STOCKHOLM

2018 was a true “game changer” for Better Collective. After more than 15 years as a founder held company, we decided to seek external financing for the first time. We did so through an IPO on Nasdaq Stockholm raising SEK 756 million and welcoming around 660 new shareholders. With the IPO providing a new financial foundation, the company continued executing on its M&A strategy, which has resulted in 13 acquisitions since 2017.

## GROWTH AMBITIONS

Better Collective has been on a continuous growth journey and the iGaming market is booming. We have a clear strategy for the years to come. Our focus is to create double-digit organic growth, supplemented by acquisitions in current

markets and new markets as they start regulating. We see new opportunities for geographic expansion in the short to medium term in the US market - a market that may surpass Europe in five to ten years.

## MANAGEMENT RESOURCES

In 2018, we strengthened the board with a fifth member and leading up to the IPO, a new governance structure was implemented, as Better Collective transitioned from a private to a public company. We have strengthened our business processes and risk management to ensure that our resources and governance match our growth ambitions and fast increasing business volume.

2019 will be another exciting year. Based on the foundation for growth, we have laid in 2018, we will continue to execute on our 2020 strategy plan. Better Collective aims to reinforce the position as the leading sports betting affiliate and explore the new opportunities that have opened in the US.

I wish to thank all our new shareholders for joining Better Collective on our exciting journey, and founders, management and employees for their hard, dedicated and highly appreciated work leading to a successful 2018.

**Jens Bager**  
Chairman of the Board



**Jens Bager**  
Chairman of the board

**Jesper Søgaard**  
CEO & Co-Founder

# A TRANSFORMING YEAR FOR BETTER COLLECTIVE

With the IPO completed, we obtained the foundation to pursue our ambition of being the # 1 sports betting aggregator in the world.

Reviewing 2018, it was a year with a main list IPO on Nasdaq Stockholm, allowing us to execute our M&A-strategy, strong business performance, and the US market beginning to regulate. I dare to say, that this is a combination of events that do not come around that often. I am highly satisfied with our achievements this year, and I am confident that we have laid the ground for an even more promising 2019 and the years to come.

## A YEAR OF SOLID GROWTH

Total revenue for the year amounted to 40,5 mEUR – a growth of 54%, of which the 9 percentage points were organic growth. Our operating result (EBITA) increased 47%, corresponding to an EBITA-margin of 40%. Taking into consideration that we listed the company on Nasdaq Stockholm and completed five acquisitions in the same period, the results surpassed our expectations.

Throughout the year we also doubled our number of employees.

Looking at Better Collective, including the businesses that we have acquired during 2018, our company would have annual revenues of >50 mEUR and operational earnings (EBITA) of approximately 25 mEUR, based on proforma

numbers, assuming all businesses were consolidated with full year effect for 2018. We strongly believe that size matters, as it allows us to continue investing in product innovation and in market expansion; for us this is key to a long term sustainable growing business.

## WELL PREPARED FOR 2019

For the full year 2018, we are in line with our expectations, and we are well prepared for 2019. The strong growth in NDCs and other relevant KPIs, including player deposits and sports betting turnover, were significantly higher compared to revenue growth and continue the trend we have seen throughout the year. As most NDCs are on revenue-share based contracts my expectation is that this will accelerate future growth.

## US OPPORTUNITY WILL CONTINUE TO GUIDE ACTIVITIES IN 2019

In 2018, following the repeal of the PASPA Act, we increased our efforts in the US. We have had US-focused products up and running for some time, leading to revenue streams from online sports betting since late Q3. Building a presence and taking part in “the race”, which many stakeholders are entering, will continue in 2019. In Q4, further resources were allocated to the process of offering new products and adjusting current products to US needs. While we do not expect organic growth to do it alone, we believe that Better Collective has a unique offering in terms of technology and know-how in order to find attractive business in this new and potentially very big market. My expectation is that we will find new business from the organic approach as well as through collaborations and acquisitions.

*“ We will continue to seek synergies from acquisitions ”*

## STRONG PIPELINE OF M&A OPPORTUNITIES

Alongside our US focus, we continued executing our M&A strategy. Five acquisitions of assets and business combinations at a total value of 85 mEUR, including net working capital, have strengthened our position in attractive markets such as Sweden, the German speaking markets, and Greece. Our current pipeline of new M&A-targets is strong, and 2019 is bound to offer attractive additions to the Better Collective family.

## ORGANISATIONAL TRANSFORMATION

Throughout 2018, Better Collective has built a much stronger organisational and technical foundation, with presence in Denmark, Austria, France, Greece, and Sweden, as well as a growing base in Serbia. This plays an important role in securing the future success of the business as well as our ability to successfully integrate new acquisitions.

I would like to thank all employees at Better Collective for their hard work and dedicated efforts through a truly transforming 2018.





**Jesper Søgaard**  
CEO

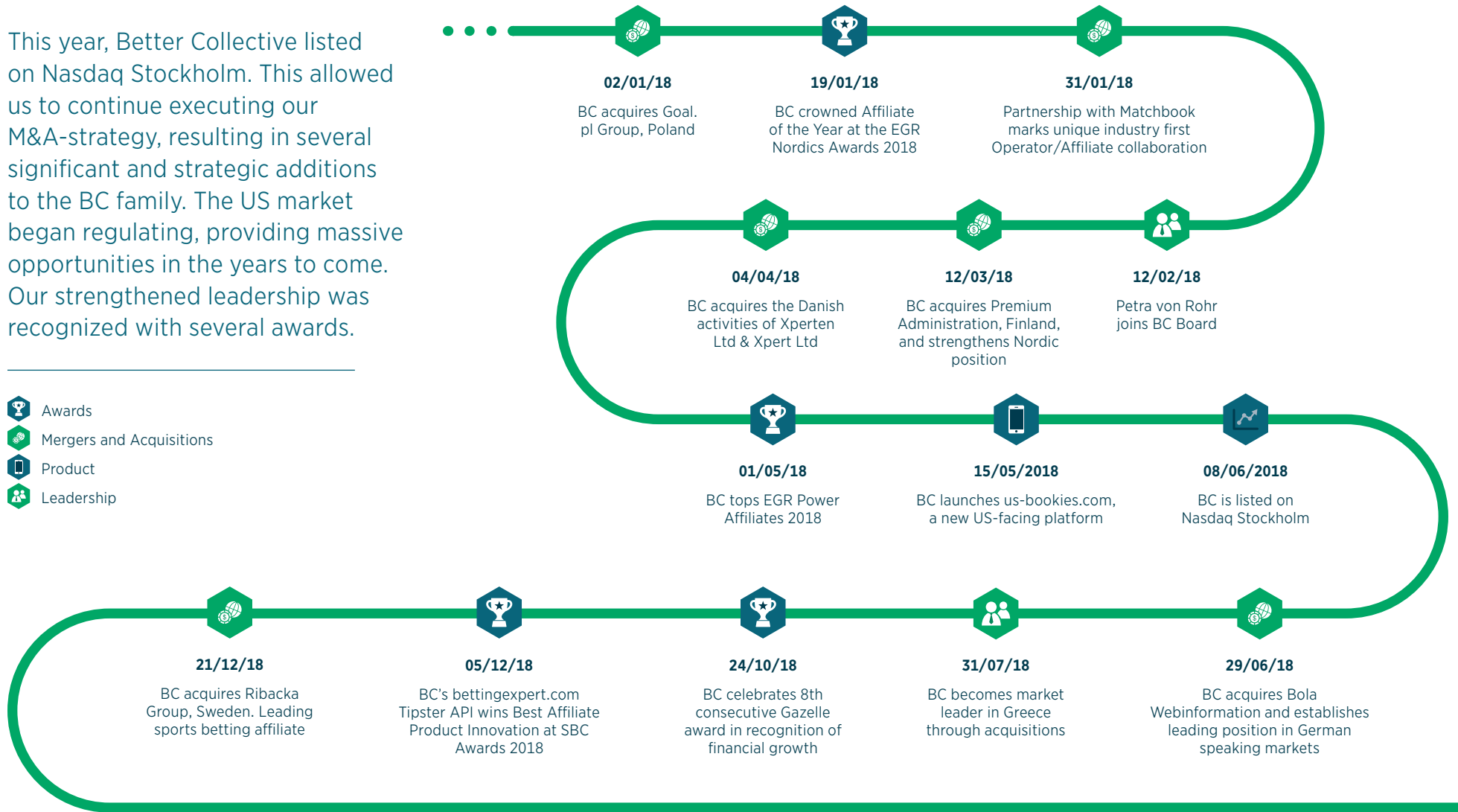




# KEY EVENTS 2018

This year, Better Collective listed on Nasdaq Stockholm. This allowed us to continue executing our M&A-strategy, resulting in several significant and strategic additions to the BC family. The US market began regulating, providing massive opportunities in the years to come. Our strengthened leadership was recognized with several awards.

-  Awards
-  Mergers and Acquisitions
-  Product
-  Leadership







# FINANCIAL HIGHLIGHTS AND KEY RATIOS

| tEUR   | 2018   | 2017   | 2016   | 2015   |
|--|--------|--------|--------|--------|
| <b>INCOME STATEMENT</b>  |        |        |        |        |
| Revenue  | 40,483 | 26,257 | 17,407 | 11,373 |
| Revenue Growth (%)   | 54%    | 51%    | 53%    | 52%    |
| Organic Revenue Growth (%)   | 9%     | 28%    | 53%    | 52%    |
| Operating profit before depreciation, amortisations, and special items (EBITDA before special items) | 16,241 | 10,979 | 7,102  | 3,797  |
| Depreciation   | 169    | 45     | 26     | 9      |
| Operating profit before amortisations and special items (EBITA before special items)                 | 16,072 | 10,934 | 7,076  | 3,788  |
| Special items, net   | -4,080 | -385   | 0      | 0      |
| Operating profit before amortisations (EBITA)  | 11,992 | 10,549 | 7,076  | 3,788  |
| Amortisations  | 2,924  | 677    | 3      | 3      |
| Operating profit before special items (EBIT before special items)                                    | 13,148 | 10,257 | 7,072  | 3,784  |
| Operating profit (EBIT)  | 9,068  | 9,873  | 7,072  | 3,784  |
| Result of financial items  | -618   | -87    | -271   | -73    |
| Profit before tax  | 8,450  | 9,786  | 6,802  | 3,712  |
| Profit after tax   | 5,446  | 7,446  | 5,237  | 2,853  |
| Earnings per share (in EUR)*   | 0.16   | 0.27   | 0.19   | 0.11   |
| Diluted earnings per share (in EUR)*   | 0.15   | 0.26   | 0.19   | 0.10   |

## BALANCE SHEET

|                           |         |        |        |        |
|---------------------------|---------|--------|--------|--------|
| Balance Sheet Total       | 148,636 | 38,705 | 8,275  | 5,744  |
| Equity                    | 85,858  | 14,775 | 6,038  | 4,623  |
| Current assets            | 24,942  | 6,860  | 7,084  | 3,763  |
| Current liabilities       | 24,263  | 17,660 | 2,205  | 1,105  |
| Net interest bearing debt | 22,270  | 11,535 | -5,490 | -2,599 |

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

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

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



# STRATEGY

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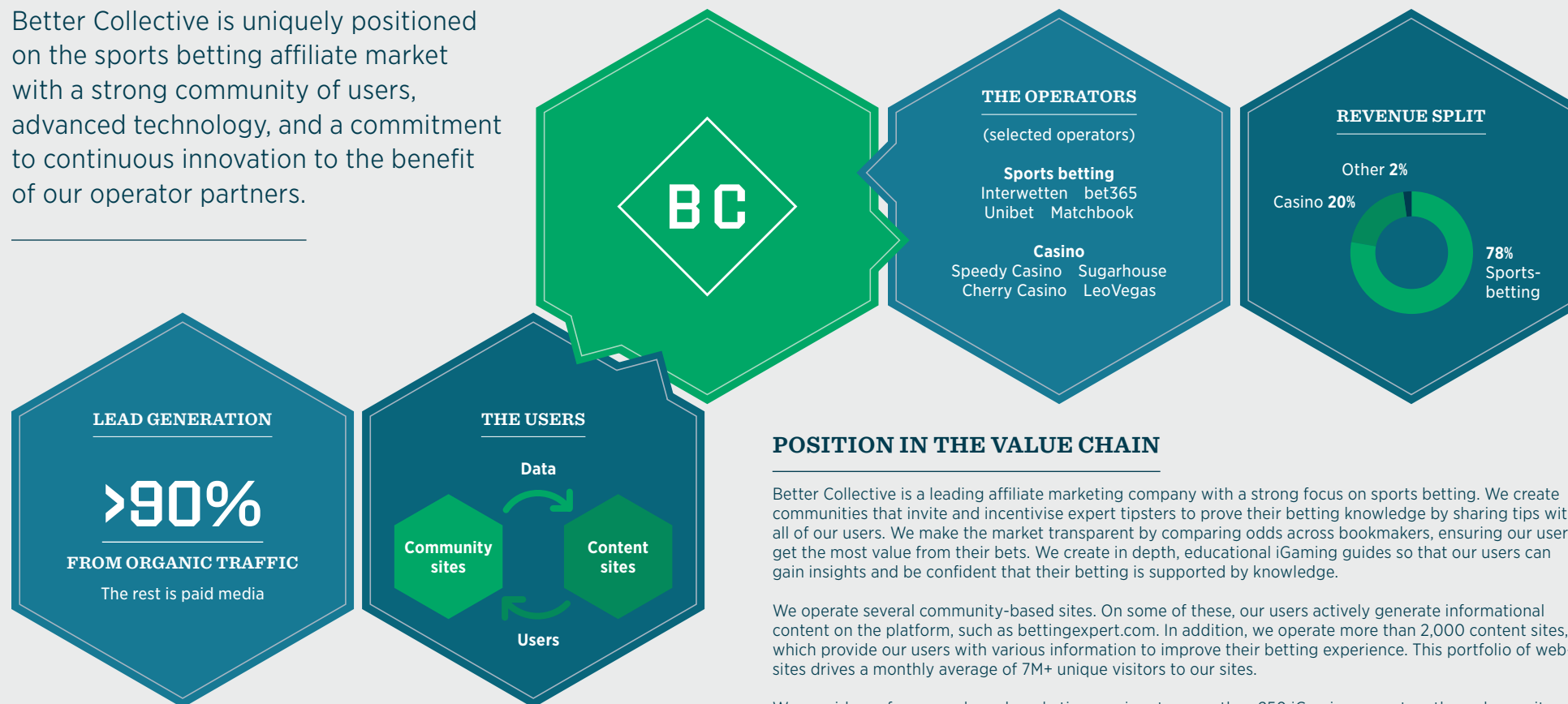
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## Business model

# A LEADING SPORTS BETTING AFFILIATE

Better Collective is uniquely positioned on the sports betting affiliate market with a strong community of users, advanced technology, and a commitment to continuous innovation to the benefit of our operator partners.



## POSITION IN THE VALUE CHAIN

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

We operate several community-based sites. On some of these, our users actively generate informational content on the platform, such as bettingexpert.com. In addition, we operate more than 2,000 content sites, which provide our users with various information to improve their betting experience. This portfolio of web-sites drives a monthly average of 7M+ unique visitors to our sites.

We provide performance-based marketing services to more than 250 iGaming operators through our sites. Our users are referred to operators, who convert them into players, and we are in turn remunerated on a revenue share basis, a cost per acquisition (CPA) model, or a hybrid of the two.

As the majority of our revenue is generated through affiliate marketing, it allows us to give our products away for free, and thus enriches the online betting and casino experience for as many users as possible.

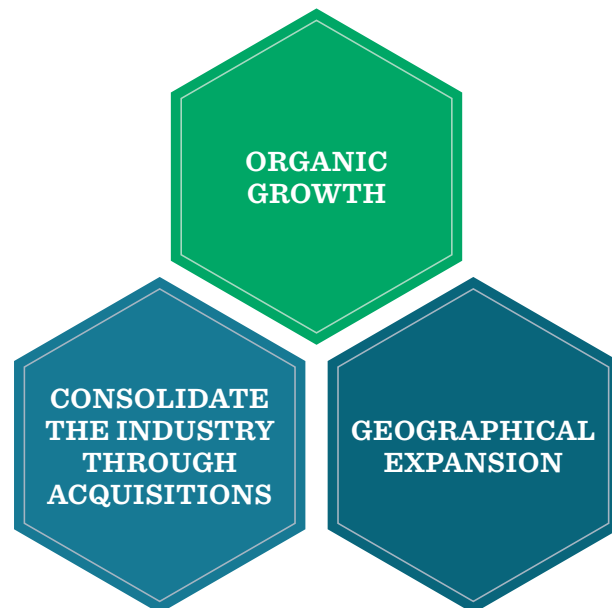




## Strategy

# CONTINUING THE GROWTH JOURNEY

Better Collective has historically exhibited impressive growth, and 2018 was no different. In order to achieve continued growth, the initiatives in our strategy are all designed to strengthen our position as the #1 sports betting affiliate in the world.



## STRATEGIC FOCUS AREAS

The Gaming 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 will build on our expertise to create the best products for sports betting and casino. We will attract users and continue to deliver quality leads to our operators, ensuring our status as preferred partner.

### Acquisitions

Throughout 2017 and 2018, we have proven our acquisition model. The IPO in 2018 provided the financial foundation to continue our M&A strategy and our strong pipeline is sure to offer attractive additions to the Better Collective family in 2019.

### Geographical expansion

In the short to medium term, Better Collective is focused on expanding to the US market, as 2018 saw the repeal of the PASPA Act. This means that the legal status of online sports betting has become a matter of state legislation, and the majority of states are expected to open for betting in the coming years. Already active in the US, we expect to find new business from the organic approach as well as through collaborations and acquisitions.

## PROVEN ACQUISITION MODEL

Better Collective has completed 13 acquisitions in 2017 and 2018, with a majority of targets focused on online sports betting. In 2018, acquisitions of assets and business combinations reached a total value of 85 mEUR, including net working capital. Due to our strong technological platform and scale benefits, we believe that we can improve the offering of acquisition targets and add value through both revenue and cost synergies. Better Collective's APIs allow for seamless integration to the technological platform. Once a target has been integrated, we can utilise our broad range of relevant content and other technological features to accelerate the growth of the acquired target.

## INTEGRATION OF ACQUIRED COMPANIES

- Establish local office (when applicable)
- Fast integration with BC tech (APIs)
- Unique data from our community sites added to target
- Traffic driven from target to community sites
- Advanced BI framework applied to acquired companies

Better Collective has a strong reputation within the affiliate market, enabling a constructive dialogue with potential targets. We actively monitor many affiliates and have been in contact with several potential targets since 2017. The current focus includes the following preferred characteristics:

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





**Market and regulation**

# PROSPEROUS IGAMING AND AFFILIATE MARKETS

The iGaming market is a highly attractive growth market on which the iGaming affiliate market is based. It has been fundamentally supported by technological advances, as well as increased online and mobile penetration.

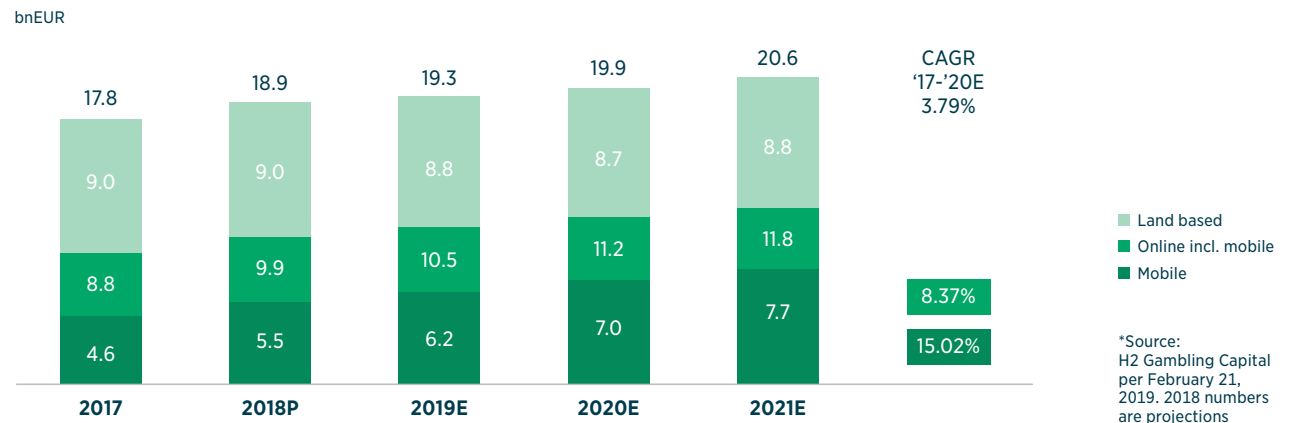
**TRENDS**

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

While the market for online casino is characterised by a large number of operators, the complexity of sports betting data has resulted in a more concentrated market with a comparably smaller number of established operators.

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.

**EUROPEAN SPORTS BETTING MARKET DEVELOPMENT**



**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. The online percentage was 17.5% in 2018 of a total global sports betting and casino market of 195.7 bnEUR.

**EUROPEAN SPORTS BETTING MARKET**

In general, we can see that many European countries are adapting regulation that allows online betting as it limits

black economies, provide national tax revenue, and not least provide the best possible environment for sound betting behavior. Based on these macro trends we expect to see continued strong growth.

The online sports betting market amounted to 9.9 bnEUR in 2018 and is expected to grow at a CAGR of 5.8 percent from 2018-2021 to reach 11.8 bnEUR in 2021. The mobile sports betting market amounted to 5.5 bnEUR in 2018 and is expected to grow at a CAGR of 11.6 percent from 2018-2021 to reach 7.7 bnEUR in 2021\*.

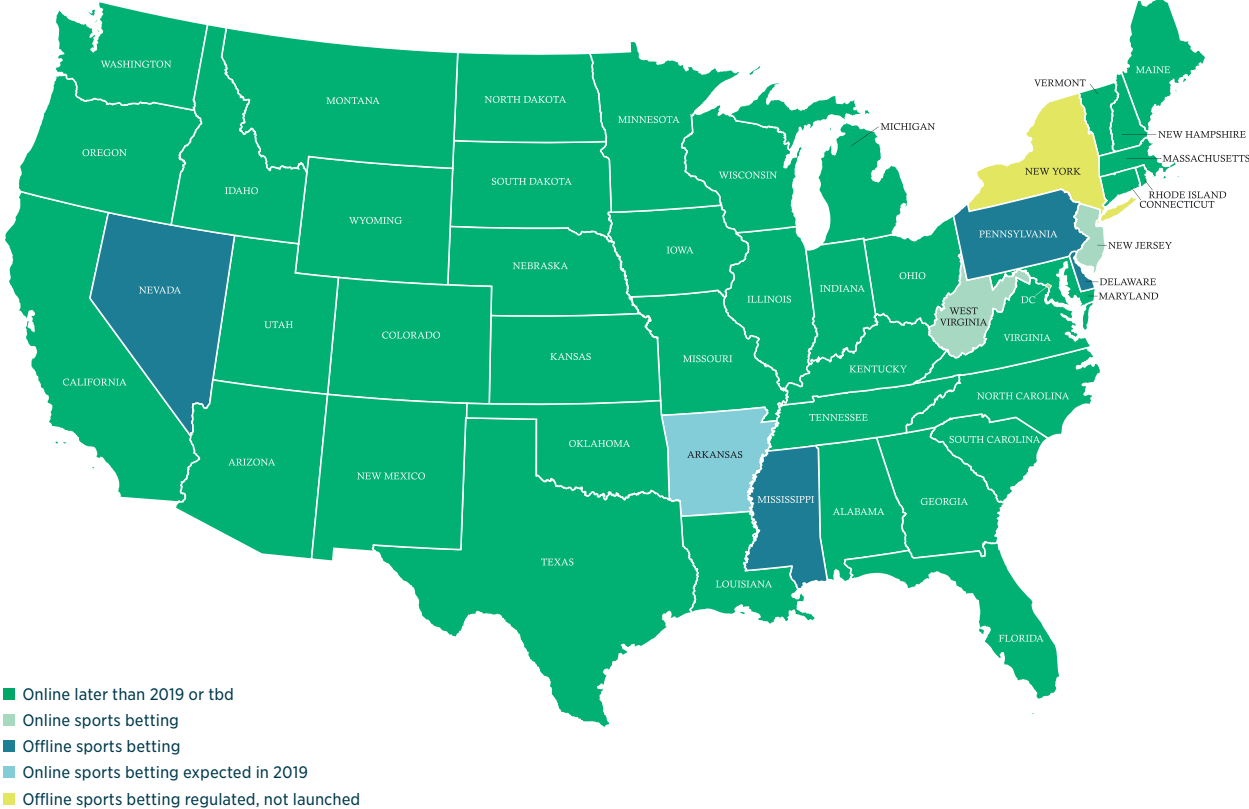
Recent regulations on the European markets driving new opportunities include Sweden, The Netherlands, and Slovakia, while dynamics are expected to change in Germany, Italy, and the UK as a result of upcoming regulation and legislation.

**THE US SPORTS BETTING MARKET**

On May 19, 2018, the Supreme Court of the United States repealed the PASPA Act, making the legal status of sports betting a discretion of state legislation, thereby removing a federal ban. Multiple states who have been in favour of repealing the act, led by the state of New Jersey, are in the proces of legalising sports betting within their state. While some states may abstain from legalising altogether, the majority of states are expected to do so over the coming years. Dependent on this process, the US online sports betting market may surpass the European market in terms of sport betting turnover in five to 10 years.

The US market is characterized by high player values; however, we expect that it needs a different and dedicated approach in order to unlock this big potential. We view each state as an individual country, with different regulation, different operators and often with different views on individual sports. Some products can work for the entire US market, whereas some need to be tailored to the single state.

**THE US SPORTS BETTING MARKET**





# FINANCIAL REVIEW

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## Financial review

# FINANCIAL PERFORMANCE

## REVENUE

Revenue amounted to 40,483tEUR (2017: 26,257 tEUR). The growth was 54% (2017: 51%) of which organic growth was 9% (2017: 28%).

The revenue growth has been influenced by a relatively high number of NDCs compared to the year before which lowers revenue short term, as sign-up bonus on new NDCs is offset against revenue share on existing depositors.

Revenue share accounted for 82% of the revenue (88% of player-related revenue) with 11% coming from CPA and 7% from other income.

The number of NDCs was more than 260,000, with an implied growth of 123%.

## COST

Costs amounted to 27,335 tEUR (2017: 16,000 tEUR). Amortisation and depreciation amounted to 3,092 tEUR (2017: 722 tEUR). Excluding the growth in amortisation and depreciation the remaining cost base increased by 8,965 tEUR or 59%. The cost base increased ahead of the IPO and with the acquisitive growth.

Direct costs relating to revenue increased to 4,350 tEUR (2017: 2,950 tEUR), an increase of 47%. Direct costs com-

prise hosting fees of websites, content generation, and external programming.

Personnel costs amounted to 12,990 tEUR (2017: 7,568 tEUR), an increase of 72%. The average number of employees increased to 198 (2017: 116). Personnel costs included cost of warrants of 319 tEUR.

Other external costs increased 2,143 tEUR or 45% to 6,903 tEUR (2017: 4,760 tEUR).

Depreciation and amortisation amounted to 3,092 tEUR (2017: 722 tEUR), mainly attributable to acquisitions.

## EARNINGS (EBITA)

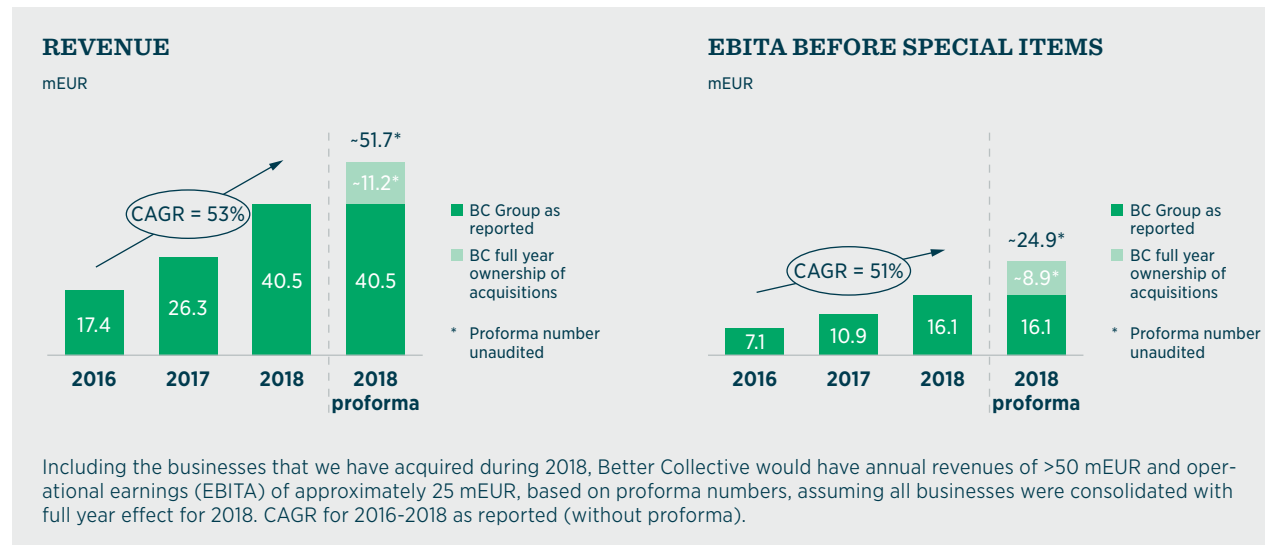
EBITA before special items in 2018 increased 47% to 16,072 tEUR (2017: 10,934 tEUR). The EBITA-margin before special items was 40% (2017: 42%). As expected, the EBITA-margin before special items increased during the year; in Q2 40%, in Q3 43% and in Q4 44% as a result of partly organic growth, tight cost control, and operational leverage from acquisitions.

Including special items, the reported EBITA was 11,992 tEUR. (2017: 10,549 tEUR).

## OPERATING PROFIT (EBIT)

EBIT before special items increased 28% to 13,148 tEUR (2017: 10,257 tEUR).

Including special items, the reported operating profit was 9,068 tEUR (2017: 9,872 tEUR).





## NET FINANCIAL ITEMS

Net financial costs amounted to 618 tEUR (2017: 87 tEUR) and included net interest and fees relating to committed bank credit lines.

## INCOME TAX

Better Collective pays taxes in the places where the company is incorporated, which are Denmark (where the parent company is incorporated), Austria, France, Greece Romania, Serbia, and Sweden.

Income tax for 2018 amounted to 3,004 tEUR (2017: 2,340 tEUR). The Effective Tax Rate (ETR) of 35.5% was impacted by non-deductible costs for IPO and M&A. Adjusted for these impacts of non-deductible IPO and M&A costs, the effective tax rate was 25.8%.

## NET PROFIT

Net profit after tax was 5,446 tEUR (2017: 7,446 tEUR).

## EQUITY

The equity increased to 85,858 tEUR as per December 31, 2018 from 14,775 tEUR on December 31, 2017. Besides the full year profit of 5,446 tEUR, the proceeds from the IPO in June as well as warrant related transactions impacted the Equity during the period.

## BALANCE SHEET

Total assets amounted to 148,636 tEUR (2017: 38,705 tEUR), with an equity of 85,858 tEUR (2017: 14,775 tEUR). This corresponds to an Equity to assets ratio of 58% (2017: 38%). Intangible assets amounted to 122,086 tEUR (2017: 30,738 tEUR) and have been tested for impairment with no write-down - see further in note 13. The liquidity ratio was 1.03 resulting from current assets of 24,942 tEUR and current liabilities of 24,263 tEUR.

## INVESTMENTS

In 2018, Better Collective acquired companies and assets at a total value of 85 mEUR, including net working capital. The purchase prices are net of cash that will be paid on top of the agreed acquisition price. The total cash flow impact from acquisitions of assets and business combinations was 60 mEUR in the year, including 7.7 mEUR paid related to transactions completed prior to 2018.

Investments in tangible assets were 134 tEUR in Q4 and 669 tEUR full year. This amount includes preparations for a new office facility in Nis, Serbia for Better Collective's Serbian operations.

## CASH FLOW AND FINANCING

Cash Flow from operations before special items was 15,158 tEUR (2017: 9,492 tEUR).

Acquisitions and other investments reduced cash flow with 60,629 tEUR.

Proceeds from increase of share capital (IPO) was 68,547 tEUR of which 2,349 tEUR was paid as settlement of warrants in connection with the IPO.

Better Collective has bank credit facilities of total 43.6 mEUR, of which 8.5 mEUR was drawn up end of December 2018.

As of December 31, 2018, cash and unused credit facilities, amounted to approximately 51 mEUR.

## THE PARENT COMPANY

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

2018 Revenue grew by 7% to 23,715 tEUR (2017: 22,103 tEUR).

Other operating income was 2,944 in 2018 (2017: 0 tEUR). It comprises management fees for subsidiaries according to new transfer pricing policy implemented in 2018.

Total costs in 2018 increased to 19,637 tEUR vs. 2017, mainly due to the full year effect of the organisational upgrade to prepare for the IPO (2017: 13,769 tEUR).

Profit after tax was 1,551 tEUR (2017: 6,295 tEUR).

Total Equity ended at 80,626 tEUR by December 31, 2018 (2017: 13,521 tEUR). The equity in the parent company was impacted by the proceeds from the IPO and warrants related transactions.



# OUTLOOK

## FINANCIAL TARGETS AND DRIVERS FOR SHAREHOLDER RETURN

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

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

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

## 2018 PERFORMANCE

In 2018, the revenue growth of 54% exceeded the 2018-2020 target. Organic growth was 9% and thereby slightly below the target of double-digit growth due to lower revenue-commission rates, affected by sports results and a strong growth in NDCs which lowers revenue short term on revenue-share terms as sign-up bonus on new NDCs is offset against revenue share on existing depositors. The operating margin and capital structure were both in line with the 2018-2020 target.

## 2019 OUTLOOK

Supported by a strong underlying organic growth in relevant KPIs such as NDCs, player's deposits and sports betting turnover, it is expected that the organic revenue growth will be stronger in 2019, implying that 2018 and 2019 combined will be above the financial target.

## DISCLAIMER

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

In order to achieve continued growth, we rely on our ability to attract users and deliver quality leads to further organic growth. For acquisitive growth, we rely on our pipeline to continue to offer attractive additions to Better Collective. Finally, for our geographical expansion, in particular the US market, the pace by which the individual states and markets open for online sports betting will affect our operations and growth derived from it. See also Key risk factors on page 26.

| tEUR   | Target<br>2018-2020 | Comments                                  | 2017 | 2018 |
|--|---------------------|---|------|------|
| Revenue growth p.a.(%)                               | 30-50%              | Incl. M&A and double-digit organic growth | 51%  | 54%  |
| Operating margin (EBITA)*                            | > 40%               |   | 42%  | 40%  |
| Capital structure; Net Interest Bearing Debt/EBITDA* | < 2.5               |   | 1.05 | 1.37 |

\* Before special items.



# CORPORATE MATTERS

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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 is listed on Nasdaq Stockholm since June 8, 2018, in the Mid Cap segment

## FRAMEWORK FOR CORPORATE GOVERNANCE IN BETTER COLLECTIVE

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

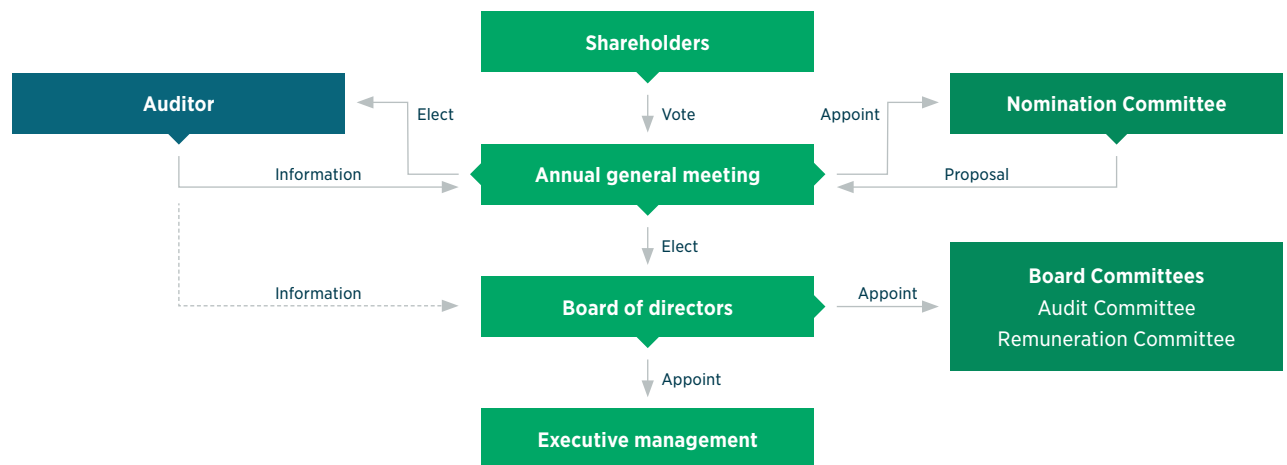
Council's good practices in the stock market, the Swedish Code of Corporate Governance (the Code, available from [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se)) and Better Collective guidelines such as the Articles of Association, policies, and guidelines. Better Collective has resolved that it will comply with the Swedish Code instead of the Danish recommendations on Corporate Governance, as is customary for companies listed on Nasdaq Stockholm. The main corporate laws and rules on governance relevant for shareholders in a Danish public limited liability company that is listed on Nasdaq Stockholm, and complying with the Code, are to a large extent materially similar to

the corresponding Swedish rules that would apply for a Swedish public limited liability company under the same circumstances.

## THE SHARE AND SHAREHOLDERS

Better Collective A/S was listed on Nasdaq Stockholm in the Mid Cap segment on June 8, 2018. The number of shares outstanding on December 31, 2018 was 40,487,111. Each share entitles the holder to one vote. The number of shareholders on December 31, 2018 was 791 which is an increase from the 661 shareholders at the time of the listing. The largest shareholders on December 31, 2018 were

## BETTER COLLECTIVE CORPORATE GOVERNANCE STRUCTURE





Chr. Dam Holding and J. Søgaard Holding (the co-founders of Better Collective) with each 12,171,168 shares and each representing 30% 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 30 as well as on the company's website.

## GENERAL MEETING

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

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

### Time and place

The annual general meeting must be held at a date that allows sufficient time to send the Danish Business Authority a copy of the audited and adopted annual report within four months of the end of the financial year. In addition to the annual general meeting, extraordinary general

meetings may be convened and held when required. According to the Company's articles of association, general meetings must be held in Greater Copenhagen, Gothenburg or Stockholm.

### Notice

According to the Company's articles of association, general meetings must be convened by the board of directors giving written notice no earlier than five weeks and no later than three weeks prior to the general meeting. Pursuant to the Danish Companies Act, notices convening general meetings shall be made public on the Company's website. If requested, shareholders shall receive written notices of the general meetings as the case may be. The Company expects simultaneously to publish an advertisement in the Swedish daily newspaper Svenska Dagbladet that notice convening the meeting has been given.

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

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

## 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 CSR 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.*

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.

### **GENERAL MEETINGS IN 2018**

The Annual General Meeting 2018 was held on April 26, 2018 and approved the 2017 annual report, discharged the Board and Executive Management, and re-elected all the current board members and current auditor. Three extraordinary general meetings were held in 2018: On

February 2, a meeting was held to elect Petra von Rohr as additional new member of the board of directors of Better Collective until the close of the next annual general meeting. On May 18, the shareholders resolved on items required in preparations for a listing on Nasdaq Stockholm, including instructions and rules of procedure for the nomination committee, amendment of the denomination and currency of the company's shares, and to authorize the board to carry out a share increase, limited to the over-allotment option (valid until December 31, 2018). The meeting on June 7 resolved to carry out a share increase.

### **Annual general meeting 2019**

The annual general meeting 2019 will take place on April 25, 2019 at 16.00 at Better Collective, Toldbodgade 12 in Copenhagen, Denmark. For more information, see section on Annual general meeting on the company's website.

### **NOMINATION COMMITTEE**

According to the Code, the Company shall have a nomination committee, the duties of which shall include the preparation and drafting of proposals regarding the election of members of the board of directors, the chairman of the board of directors, the chairman of the general meeting and auditors. In addition, the nomination committee shall propose fees for board members and the auditor. At the extraordinary meeting held on 18 May 2018, it was resolved to adopt instructions and rules of procedure for the nomination committee according to which the nomination committee shall consist of four members representing the three largest shareholders per the end of August, together with the chairman of the board of directors. The names of the members of the nomination committee must be published by the Company no later than six months prior to the annual general meeting.

On August 31, 2018, the two largest shareholders were Bumble Ventures and Better Partners which due to their

interlinked ownership are grouped. In accordance with shareholders' decision, the nomination committee was appointed and is composed by four members in total:

- Daniel Nyvang Mariussen, appointed by Bumble Ventures and Better Partners and chairman of the nomination committee
- Martin Jonasson, appointed by Andra AP Fonden
- Michael Knutsson, appointed by Knutsson Holdings
- Jens Bager, Chairman of the board of directors, Better Collective

In all, the nomination committee represented 68,4% of the total number of shares in Better Collective, based on ownership data as per August 31, 2018.

### **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 2019, the nomination committee has held four meetings, all of which with full attendance. No fees have been paid for work on the committee.

### **BOARD OF DIRECTORS**

After the general meeting, the board of directors is the most superior decision-making body of the Company. The duties of the board of directors are set forth in the Danish Companies Act, the Company's articles of association, the Code and the written rules of procedure adopted by the

board of directors, which are revised annually. The rules of procedure regulate, inter alia, the practice of the board of directors, tasks, decision-making within the Company, the board of directors' meeting agenda, the chairman's duties and allocation of responsibilities between the board of directors and the executive management. Rules of procedure for the executive management, including instruction for financial reporting to the board of directors, are also adopted by the board of directors.

The board of directors meets according to a pre-determined annual schedule. At least five ordinary board meetings shall be held between each annual general meeting. In addition to these meetings, extraordinary meetings can be convened for processing matters which cannot be referred to any of the ordinary meetings. In 2018, 12 meetings were held.

### **Composition of the board**

The members of the board of directors are elected annually at the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the board of directors shall consist of no less than three and no more than seven board members. Furthermore, the Code stipulates that no deputy members may be appointed. Currently, the board of directors is comprised of five ordinary board members elected by the general meeting: Jens Bager (Chairman), Klaus Holse, Søren Jørgensen, Leif Nørgaard, and Petra von Rohr. The board attended Nasdaq's stock market training course for board and management prior to the listing in 2018. For information about the board members see page 28.

### **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 2018, the chairman conducted a self-assessment of the board's work, including the collaboration with the executive management. The evaluation was supplemented with individual interviews with the board members, conducted by the nomination committee. The overall conclusion was that the board has a well-balanced mix of competencies and the board's performance and efficiency is found to be satisfactory.

### **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 minimum two members of the underrepresented gender elected by the general meeting. In 2018, it was decided to expand the board from four to five members. The search for a new board member in 2018 had candidates of both genders and Petra von Rohr, until recently Head of Group Communications at Com Hem, was elected. Currently, the board consists of four men and one woman, why the target figure was not reached in 2018. 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. CFO Flemming Pedersen joined the executive management in 2018, as he was

assessed to be the strongest candidate. For the other management levels in the company, the gender split in 2018 was 86% men and 14% women. Recruitment and promotion of managers in 2018 was performed with an aim of increasing diversity, resulting in new managers of both genders. We will continually work to increase the share of the underrepresented gender at all management levels, on average, aiming for a target of 35% women over the coming years and by 2023 at the latest.

### **Board committees**

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

#### **Audit committee**

The audit committee is comprised of Leif Nørgaard (chairman), Søren Jørgensen, and Petra von Rohr. The audit committee's role is mainly to monitor the Company's financial position, to monitor the effectiveness of the Company's internal control and risk management, to be informed about the audit of the annual report and the consolidated financial statements, to review and monitor the auditor's impartiality and independence and to monitor the Company's compliance with law and regulations related to financial matters. The audit committee has an annual work plan and has held five meetings in 2018.

#### **Remuneration committee**

The remuneration committee is comprised 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 two meetings in 2018.

#### **ATTENDANCE AT BOARD AND COMMITTEE MEETINGS**

| Name                  | Board Meeting | Audit Committee | Remuneration Committee |
|-----------------------|---------------|-----------------|------------------------|
| Jens Bager (chairman) | 12/12         | -               | 2/2                    |
| Klaus Holse           | 11/12         | -               | 2/2                    |
| Leif Nørgaard         | 12/12         | 5/5             | -                      |
| Søren Jørgensen       | 12/12         | 5/5             | -                      |
| Petra von Rohr*       | 10/12         | 2/5             | -                      |

\* PvR joined the board on February 12, 2018 and joined the Audit Committee following the AGM on April 25, 2018.

#### **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 29.

The duties and responsibilities of the executive management are governed by the Danish Companies Act, the Company's articles of association, the rules of procedures for the executive management adopted by the board of directors, other instructions given by the board as well as other applicable laws and regulations. The executive management's duties and responsibilities include, inter alia, ensuring that the Company maintains adequate accounting records and procedures, that the board of directors'

resolutions are implemented in the daily management of the Company, that the board of directors are up to date on all matters of importance to the Company and that the day-to-day management of the Company is carried out.

#### **REMUNERATION TO THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT**

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

Fees and other remuneration to board members elected by the general meeting are resolved by the annual general meeting. At the annual general meeting held on 26 April 2018, it was resolved that fees of DKK 300,000 is to be paid to the chairman and that fees of DKK 100,000 is to be paid to each of the other board members. The work in a board committee is remunerated with DKK 50,000 for a chairmanship and 25,000 for a regular member (in each case paid out proportionally for the period from the time of the listing to the next annual general meeting).

For the financial year 2018, the board of directors received remuneration as set out in note 5 on page 55.

##### **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 2018, the executive management received remuneration as set out in note 5 on page 56.

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

At an extraordinary general meeting on 18 May 2018, it was resolved to adopt guidelines with the following main content. The overall purpose of the guidelines is to attract, motivate and retain qualified members of the board of directors and the executive management.

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

Cash bonus schemes for executive management may consist of an annual bonus, which the individual member of the executive management can receive if specific targets 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 or not to establish a long-term incentive program (LTI program).

#### **INTERNAL CONTROL**

The board of directors has the overall responsibility for the internal control of the Company. The main purpose of the internal control is to ensure that the Company's strategies and objectives can be implemented within the business, that there are effective systems for monitoring and control of the Company's business and the risks associated with the Company and its business, and to ensure that the financial reporting has been prepared in accordance with applicable laws, accounting standards and other requirements imposed on listed companies. The board



of director's responsibility for the internal control and financial reporting is governed by the Danish Financial Statements Act, the Danish Companies Act and the Code. In addition, the board of directors has implemented an internal control framework based on the COSO standard, which focuses on the five areas *control environment, risk assessment, control activities, information and communication and monitoring*.

### **Control environment**

In order to create and maintain a functioning control environment, the board of directors has adopted a number of steering documents and policies, including rules of procedure for the board of directors, the board committees and the executive management with instruction for financial reporting to the board of directors. The policies include a tax policy, treasury policy, IT policy, information policy, insider policy, instruction for insider lists and a code of conduct. The Company also has a group accounting manual which contains principles, guidelines and processes for accounting and financial reporting.

The division of roles and responsibilities within the rules of procedure for the board of directors and the executive management aim to facilitate an effective management of the Company's risks. The board of directors has also established an audit committee whose main task is to monitor the effectiveness of the Company's internal control, internal audit and risk management, to be informed about the audit of the annual report and consolidated financial statements, and to review and monitor the auditor's impartiality and independence. The board evaluates the need for an internal audit function annually. In 2018, given the size of the company, it was decided that an internal audit function is not currently needed.

The Company applies an internal "signing & approval" framework to ensure a clear and formalised distribution and limitation of power, and to define and govern guidelines for the delegation of authority to sign on behalf of the Company. The Company has furthermore established an IT governance structure to ensure that all major IT projects supports the Company's business goals and that existing IT system 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. In March 2018, the executive management initiated an internal risk management assessment that will be followed-up throughout the year and presented to the board of directors as a final report ahead of the preparation of the 2018 annual report.

With regards to financial reporting, the CFO and the finance department annually prepares a report for the audit committee, including a review of items subject to special risks and significant accounting estimates and

judgements, allowing the audit committee to monitor the financial reporting process. The audit committee also evaluates the need for an internal audit function annually and makes recommendation to the board of directors.

### **Control activities**

Control activities are performed for the purpose of preventing, detecting and correcting any errors and irregularities, including fraud. Control activities are implemented in the Company's systems and procedures, including financial reporting systems and procedures. Control activities include, for example, physical and 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 newsletters, including a code of conduct that serves as an overall guiding principle for employees in all communication, an information policy that governs internal and external information as well as an insider policy to ensure appropriate handling of insider information that has not yet been disclosed to the public. The Group's CEO has the overall responsibility for the handling of matters regarding insider information.

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

## KEY RISK FACTORS

Key risk factors are described below. The risk factors are not listed in any order of priority.

| RISK ITEM                    | DESCRIPTION  | RISK MANAGEMENT   |
|------------------------------|--|---|
| <b>Market regulation</b>     | Changes to applicable laws and regulations could lead to an increased burden of compliance, which could be costly and time-consuming to maintain efficiently. In addition, the uncertainty that characterises the legal framework for iGaming means that iGaming operators must devote significant time and resources to monitor the regulatory development. | Changes in regulation may involve imposing license requirements, marketing restrictions and local taxation but can also imply a liberalisation of the market. iGaming regulation provides transparency to the legal framework, which in turn enhances predictability. We believe that iGaming regulation typically has a positive impact on the growth of the iGaming market. |
| <b>Markets and customers</b> | 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.   | Extensive market research and industry analysis allow Better Collective to anticipate and respond to market movements and new requirements.   |
| <b>Products and users</b>    | Better Collective constantly aims at offering the best and most innovative products. Failure to be ahead of development in the industry poses a risk, as the competitive landscape encourages novelty and edge in products.  | Better Collective conducts a systematic prioritisation of user, customer, and market requirements. Updates include enhanced system functionality and improved technical infrastructure.   |
| <b>M&amp;A</b>               | Better Collective participates actively in market consolidation to increase relevance to its customers and to reduce the exposure to single products and customers. M&A activity poses risk in that targets need to be qualified, deals negotiated, and businesses integrated.   | Better Collective has proven its acquisition model throughout 2018 and continue to work diligently in the evaluation and building of its M&A pipeline. Integration of new assets and/or entities create valuable synergies due to Better Collective's APIs and processes.   |

| RISK ITEM                | DESCRIPTION   | RISK MANAGEMENT   |
|--------------------------|---|---|
| <b>Corporate Culture</b> | People remain the key drivers in everything that we do at Better Collective as 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.   | Our company values and the notion of work/life balance serve as strong tools for recruitment of talent as we have, naturally, found that talented people are happy to stay with a company that treats them with respect and give freedom. See also our CSR report on page 33.                       |
| <b>Legal</b>             | 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 with respect to, for instance, data protection, confidentiality agreements, IPR, and fraud constitutes a risk.  | 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 and compliance are being imposed.   |
| <b>IT</b>                | 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 particular 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. | Better Collective's IT department continuously monitors its global technical infrastructure, aiming to identify and minimise risk to the company's production and operation. Through well-established procedures and solutions, Better Collective can quickly restore critical business operations. |
| <b>Financial</b>         | Generally, financial reporting involves the risk of non-compliance with applicable legislation and potential business risk. There is also a risk of inadequate internal controls designed to avoid significant errors and omissions in financial reporting.   | Better Collective has established a group finance function that oversees all financial policies, procedures and controls. See also note 20 Financial risks on page 63.  |

## Monitoring

Compliance and effectiveness of internal controls are continuously monitored. The executive management ensures that the board of directors receives continuous reports on the development of the Company's activities, including the Company's financial results and position, and information about important events, such as key contracts. The executive management also reports on such matters at each board meeting.

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

Every year a self-evaluation of the efficiency of the key controls is performed and a risk report prepared and presented to the board of directors that summarizes the

performed evaluations and accounts for any deviations that must be managed. In April 2018, a review of internal controls was performed with the purpose of reviewing compliance with processes and internal controls covering key areas and process flows according to the Company's group accounting manual. The report concluded that the Company's financial internal controls are 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 26 April 2018, Ernst & Young Godkendt Revisionspartnerselskab was re-elected as the Company's auditor with Jan C. Olsen as the lead auditor. It was also resolved that the fees to the auditor should be paid in accordance with normal charging standards and approved invoice. The total fee paid to the Company's auditor for the financial year 2018 amounted to 589 tEUR, of which 47 tEUR regarded the audit assignment, and 543 tEUR regarded other assignments.

## SHAREHOLDINGS AND WARRANTS

| Name              | Jens Bager            | Klaus Holse  | Søren Jørgensen | Leif Nørgaard | Petra von Rohr | Jesper Søgaard | Christian Kirk Rasmussen | Flemming Pedersen |
|-------------------|-----------------------|--------------|-----------------|---------------|----------------|----------------|--------------------------|-------------------|
| Position          | Chairman of the board | Board member | Board member    | Board member  | Board member   | CEO            | COO                      | CFO               |
| No. of shares*    | 726,530               | 124,074      | 186,257         | 345,591       | -              | 12,171,168     | 12,171,168               | 137,322           |
| No. of warrants** | 5,086                 | 2,543        | 2,543           | 2,543         | 600            | -              | -                        | 5,086             |

\* Shareholding in Better Collective, own and closely related, as per December 31, 2018

\*\* Each warrant entitles the holder to subscribe for 54 new shares in the company



# BOARD OF DIRECTORS



## JENS BAGER

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

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

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

**Other assignments:** Board chairman of Ambu A/S. Member of the executive board of Bukkebalte Invest ApS, Jens Bager Advisory ApS and 56\* NORTH Equity Partners ApS.

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

### Independence in relation to:

- shareholders Yes  
- the company Yes



## KLAUS HOLSE

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

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

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

**Other assignments:** Board chairman of EG A/S, Delegate A/S, AX IV EG Holding III ApS. Member of the board of director of The Scandinavian ApS. CEO of Simcorp A/S. Member of the executive board of Khaboom Aps.

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

### Independence in relation to:

- shareholders Yes  
- the company Yes



## SØREN JØRGENSEN

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

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

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

**Other assignments:** Board chairman of Rostra Kommunikation og Research A/S, Rostra Holding 2010 ApS, ToTec Holdings ApS, Orlo ApS, BHS Logistics A/S, Studsgaard Holding A/S, BHS Service Center A/S, Killer Kebab ApS and NCI Advisory A/S. Board member of Totaltec Oilfield Services Ltd. Member of the executive board of Emmamo ApS and Eupry Invest ApS.

**Previous assignments (past five years):** Board chairman of Welltec A/S, Ibstic International A/S, JH Holding, Allerød, ApS, Ibstic Technologies Denmark A/S, Welltec Holding ApS, Welltec International ApS, Orlo ApS and Spektral Experience ApS. Board member of Klampenborg Galopbane A/S, Vips Transport ApS, Klampenborg Venues Holding ApS and Nordic Seaweed ApS. Partner of Bruun & Hjejle I/S.

### Independence in relation to:

- shareholders Yes  
- the company Yes



## LEIF NØRGAARD

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

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

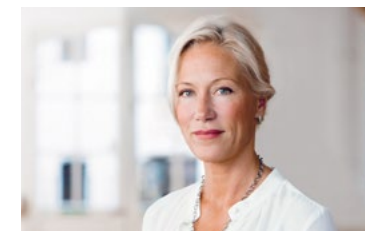
**Professional background:** LN has held senior positions in global companies, incl. CFO for Chr. Hansen Group, CFO for Dako Group, CFO for Teleca Group, and has served on boards in several countries. LN is a professional investor and part-time CFO in start-up companies. He has extensive experience in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

**Other assignments:** Board chairman of K/S Sunset Boulevard, Esbjerg. Board deputy chairman of Scion DTU A/S. Member of the executive board of Nøller Invest ApS, 2XL2016 ApS, Komplementarsel. Landshut ApS and Sunset Boulevard, Esbjerg Komplementar ApS.

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

### Independence in relation to:

- shareholders Yes  
- the company Yes



## PETRA VON ROHR

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

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

**Professional background:** PVR 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: -

### Previous assignments (past five years):

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

### Independence in relation to:

- shareholders Yes  
- the company Yes





# MANAGEMENT

## EXECUTIVE MANAGEMENT



### JESPER SØGAARD

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

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

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

**Other assignments:** Member of the board of directors of Ejendomsselskabet Algade 30-32 A/S, MM Properties, Symmetry Invest A/S and BetterNow Worldwide ApS. CEO of J. Søgaard Holding ApS. Member of the executive board of Bumble ventures A/S and Better Partners ApS.

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



### CHRISTIAN KIRK RASMUSSEN

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

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

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

**Other assignments:** Member of the board of directors of Ejendomsselskabet Algade 30-32 A/S, Omnigame ApS and MM Properties ApS. CEO of YellowSunmedia ApS. Member of the executive board of Chr. Dam Holding ApS, Bumble Ventures A/S and Better Partners ApS.

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



### FLEMMING PEDERSEN

CFO  
Born 1965  
Nationality DK  
Present position since 2018

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

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

**Other assignments:** 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-steam 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 list. The company's ticker is BETCO.

### SHARE PRICE AND TRADING

The closing price for the BETCO share on December 31, 2018 was 62.05 SEK, corresponding to a market cap of approximately 2,512 mSEK. During the period from the time of listing on June 8, 2018 to December 31, 2018, a total of 6,380,734 BETCO shares were traded on the

Nasdaq Stockholm exchange at a total value of 434 mSEK, corresponding to approximately 16% 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 45,000, corresponding to a value of 3 mSEK. An average 95 trades were completed per trading day. The highest price paid during the period June 8, 2018 to December 31, 2018 was 89.99 SEK on July 24 and the lowest price paid was 51.74 SEK on October 25. During the period from June 8, 2018 to December 31, 2018, Better Collective's share price increased 14.9% from the IPO share price on the first day of trading, while the OMX Mid Cap list decreased by 8.57%.

### 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          | 40,487,111 shares   |
| Highest closing price paid in 2018 | 89.99 SEK (July 24) |
| Lowest closing price paid in 2018  | 51.74 (Oct 25)      |
| Last price paid 2018               | 62.05 SEK           |
| Share price development in 2018    | +14.9%              |

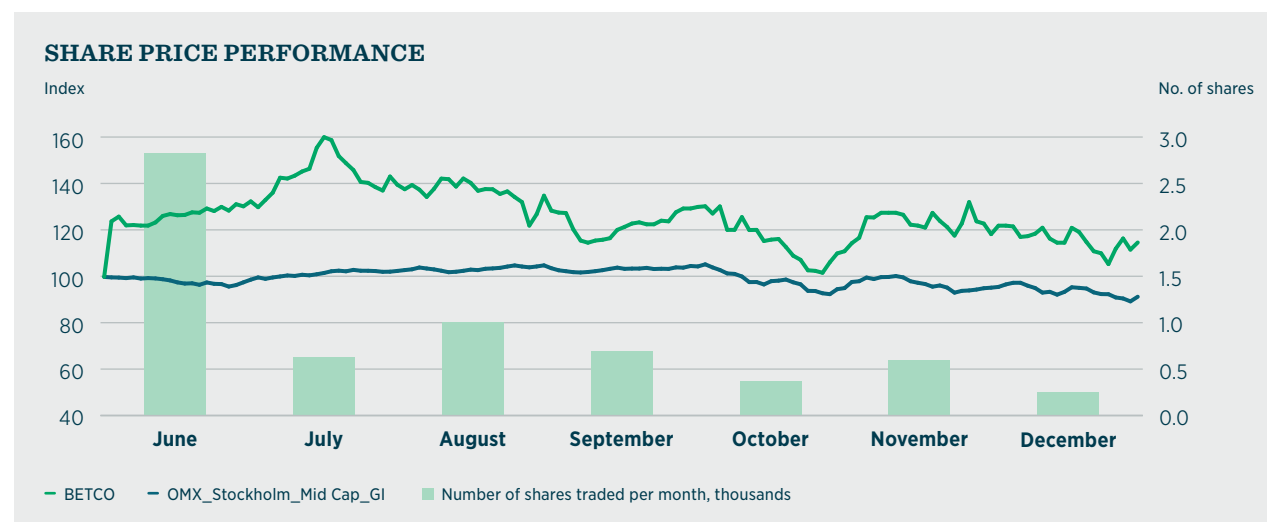
### Analysts

#### Nordea Markets

Christian Hellman  
(christian.hellman@nordea.com)

#### SEB

Mathias Lundberg (mathias.lundberg@seb.se)



## SHAREHOLDERS

On December 31, 2018, most of the share capital was owned by the company's founders and institutions predominantly in Sweden, Denmark, and Europe. On December 31, 2018, Better Collective had 791 shareholders, corresponding to a 20% increase from the 661 shareholders at the time of listing. The ten largest shareholders accounted for 77.82% of the votes and share capital. The members of Better Collective's board of directors held a total of 1,382,452 BETCO shares. The holdings of the individual members can be found on page 27. The executive management held a total of 24,479,658 BETCO shares. Each executive's shareholding can be found on page 27.

### TOP 10 LARGEST SHAREHOLDERS AS AT DECEMBER 31, 2018

| Owner                              | Number of shares  | Capital and votes, % |
|------------------------------------|-------------------|----------------------|
| Chr. Dam Holding                   | 9,906,786         | 24.47                |
| J.Søgaard Holding                  | 9,906,786         | 24.47                |
| Better Partners*                   | 5,236,409         | 12.93                |
| Chr. Augustinus Fabrikker          | 1,984,006         | 4.90                 |
| Andra AP-Fonden                    | 1,000,000         | 2.47                 |
| Knutsson Holdings                  | 1,000,000         | 2.47                 |
| Jens Bager                         | 726,530           | 1.79                 |
| Öhman Bank                         | 617,000           | 1.52                 |
| Tredje AP-Fonden                   | 584,702           | 1.44                 |
| Danica Pension                     | 550,000           | 1.36                 |
| <b>Top 10 largest shareholders</b> | <b>31,512,219</b> | <b>77.82</b>         |
| Other shareholders                 | 8,974,892         | 22.18                |
| <b>Total number of shares</b>      | <b>40,487,111</b> | <b>100.00</b>        |

\* Bumble Ventures holds 80% of Better Partners ApS. Jesper Søgaard and Christian Kirk Rasmussen each hold 50% of the shares in Bumble Ventures A/S through wholly-owned companies.

## SHARE CAPITAL AND CAPITAL STRUCTURE

On 31 December 2018, the share capital amounted to 404,871,11 EUR. The total number of shares amounted to 40,487,111. All shares in the market hold equal voting rights and equal rights to the company's earnings and capital.

### Dividend policy

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

## 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. In 2018, the board adopted an information policy, an insider policy and guidelines for insider lists in preparation for the IPO.

### ANNUAL GENERAL MEETING 2019

The annual general meeting (AGM) 2019 will take place on April 25, 2019 at 16.00 at Better Collective, Toldbodgade 12 in Copenhagen, Denmark. For more information, see section on Annual general meeting 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, i.e. in direct connection with the decision being taken, the election taking place or the event becoming known to Better Collective. The Better Collective website, [www.bettercollective.com](http://www.bettercollective.com), contains relevant material for shareholders, including the current share price, press and 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 will not meet with financial media, analysts or investors.

### Key investor relations activities during the year included

|           |  |
|-----------|--|
| June      | IPO roadshow in Copenhagen, Frankfurt, Gothenburg, Helsinki, London, Oslo, and Stockholm.  |
| August    | Q2 interim report webcast/call.<br>Q2 results roadshow, Brussels, Copenhagen, Frankfurt, Geneva, London, Oslo, Paris, Stockholm, and Zurich. |
| September | Investor conferences, Stockholm.   |
| November  | Q3 interim report webcast/call.<br>Q3 results roadshow, Copenhagen and Stockholm.  |
| December  | Investor conference, Copenhagen.   |



### IR contact

Christina Bastius Thomsen, IR Manager  
Phone: +45 2363 8844  
e-mail: [investor@bettercollective.com](mailto:investor@bettercollective.com)





Statement on CSR, cf. Section 99 a of the Danish Financial Statements Act

# TAKING A STAND ON RESPONSIBLE GAMBLING

Better Collective's mission is to make online sports betting and gambling entertaining, transparent and fair. Being a prominent affiliate in the iGaming industry, we recognise our responsibility and we are aware of the impact we have on the global iGaming industry, the rest of society and Better Collective's other stakeholders. We want to use our position to influence and support responsible gambling for the benefit of our users and partners. Our strategy and approach are based on our core values and a clear objective not to facilitate irresponsible gambling behaviour, money laundering, and the like.

## REPORT SCOPE

This is Better Collective's first annual CSR (Corporate Social Responsibility) report, covering the 2018 calendar year. It is based on our efforts so far and describes our focus areas and ambitions. Going forward, we expect

to enhance our reporting and disclosures with policies, specific achievements, and targets. This report forms part of the management report in the company's annual report in compliance with the Danish Financial Statements Act, Section 99a and Section 99b.

We consider our most important stakeholders for sustainability to be our shareholders, our partners and users, our employees, and regulatory authorities. The topics included in this report were selected and prioritised by Better Collective's management and the CSR team based on dialogue over time with partners, shareholders, and employees.

## BUSINESS MODEL

Better Collective connects bettors with iGaming operators through innovative digital platforms, empowering the global sports betting community. In brief, Better Collective's business model is built on the iGaming affiliate model. This implies that Better Collective generates revenue by directing online traffic to our iGaming partners (operators) through our products and platforms. When an end user explores one of our platforms and clicks through from one of our sites to register with a bookmaker, we earn a commission. The affiliate business model is very common in the digital marketplace, as seen in the flight and hotel price comparison platforms. Our business model is further described on page 11 in this annual report.

## OUR FOCUS AREAS

Although CSR reporting is a new discipline for Better Collective, we have integrated CSR aspects in our business for several years – for the most part since the company was founded in 2002. The initiatives are strongly tied to our business model and our business depends on them.

### COMPLIANCE



### OUR EMPLOYEES



### RESPONSIBLE GAMBLING

## **RESPONSIBLE GAMBLING**

Better Collective views iGaming and gambling purely as a form of entertainment, and we want to make sure that our users' and employees' iGaming experiences remain as a form of fun and entertainment. This includes awareness of the fact that gambling should not be seen as a source of income, but only be practiced as a fun activity. When gambling, the sole purpose should not be to increase one's initial stake, but to set aside a stake that one is willing to lose for the sake of entertainment. That is why we strongly endorse responsible gaming. When creating content or new platforms, we always have responsible gaming in mind.

We want to make sure that our users are better suited for navigating the iGaming world by visiting a Better Collective website before registering an account with a sports betting or gambling operator. All our platforms focus on the teaching of gambling strategies and the presentation of insightful information to help our users feel more confident in their betting. However, we do not, and cannot, guarantee winning – and we will never claim to do so.

As Better Collective is not a sports betting or gambling operator, we rely on the operators, i.e. our partners, to scan for user behaviour and take action when needed. We have limited data on our users, and none on their betting behaviour, as they merely pass through our sites to place their bet with an operator. In our part of the value chain, we can educate users, making sure that they are aware of the legal gambling age and of possible negative effects of gambling and how to prevent these.

## **PREVENTING GAMBLING ADDICTION**

At Better Collective we are fully aware that there are users for whom gambling surpasses entertainment and becomes a form of addiction. To help those users, it is Better Collective's policy and goal to actively support and donate funds to support research that aims at preventing individuals from transforming the act of gambling as entertainment into an unhealthy activity. Throughout the years, and also in 2018, we have donated 0.1% of our Gross Gambling Yield (any iGaming related income) facilitated through Gamble Aware, an independent charity tasked to fund research, education and treatment services to help to reduce gambling-related harms in Great Britain. We will continue supporting research and actions to prevent gambling addiction at this level as a minimum.

## **COMPLIANCE**

Better Collective is subject to a variety of national compliance regulations in the countries, in which we operate. BC's policy is that we must always comply with applicable legislation in the countries where we are represented. We only operate in regulated markets and markets where gambling is accepted by the authorities (e.g. taxed). Some countries have yet to adopt appropriate regulation of the relatively new online segment of gambling, why the regulatory landscape is still evolving. We have processes for being constantly updated on regulation and an inhouse legal team dedicated to this area. In 2018, we revised and updated our Swedish language content to prepare for the new regulation in 2019, and we automated a number of compliance processes for our sites.

We do not engage with businesses operating in crypto currencies. When partnering with operators and reviewing acquisition targets, it is an integrated part of any due diligence process to pay careful attention to any signs of money laundering or fraud, in case of which we choose not to engage.

## **ANTI-CORRUPTION**

Better Collective condemns the acts of corruption and bribery and we believe business should be conducted without facilitation payments. Not only are they illegal; they pose a threat to our trustworthiness and risk to our relations to partners, users and authorities. We have a zero-tolerance policy to corruption which is described in our Code of Conduct. The Code of Conduct also outlines that all employees are to report on gifts, meals, and entertainment (received and offered) in order to track and prevent conflicts of interest. Our whistleblower scheme facilitates anonymous reporting and we instruct all employees to speak up – if you see something, say something. During 2018, we have not discovered or received any reports about bribery, facilitation payment or other forms of corruption nor have we received any whistleblower reports.

## **PEOPLE**

People remain the key driver in everything that we do as 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. We maintain an employment environment that promotes and



respects the rights of the individual wherever we operate. Better Collective respects and promotes human rights. In 2018, we implemented a Code of Conduct, which all employees have been introduced to. Furthermore, the Code of Conduct is an integral part of Better Collective's on-boarding program for new employees.

Our Employee Handbook guides a range of practicalities, expresses our values (as seen on page 91), and outlines our policies including health and safety. Being a Danish company, our Scandinavian heritage has a big influence on how we interact with each other and the outside world. It has given us a unique perspective on transparency in the iGaming industry, which remains at the core of all our executions. The Scandinavian heritage also serves as inspiration for attracting and retaining employees. The notion of work-life balance is actively practiced, and trust, freedom and respect play a key role in our leadership.

### **PUTTING HR POLICIES INTO ACTION**

All new employees, including those we welcome from acquired companies, are introduced to Better Collective and our policies through an extensive introductory program. In 2018, all employees were educated in the transition from being a private to becoming a public company, including training of new compliance measures for handling of inside information. We conduct bi-annual development dialogues to discuss performance and further development. In the beginning of 2019, a new leadership development initiative was implemented to ensure continuous professional development of our managers to match the ever-changing nature of our business and continued growth. We believe, that by supporting the professional and personal development of our managers, we enable them to identify and deal with challenges in their teams, ensuring the well-being of employees and making Better Collective an attractive workplace.

We are actively embracing international talent as evident by the more than 30 nationalities employed, and we encourage diversity. We give priority to health and safety at work according to the regulations and standards in the countries in which we operate. Thus, we have established a health and safety committee and implemented work place evaluations.

### **DIVERSITY**

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. For the management levels in the company, the gender split in 2018 was 86% men and 14% women. 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. The report on the underrepresented gender, cf. Section 99 b of the Danish Financial Statements Act, can be found in the Corporate Governance section on page 23.

### **CLIMATE AND ENVIRONMENT**

Our impact on the environment and climate is assessed to be relatively small due to being an online services company, and we currently have no policies for either. In all our locations, we strive for a central location of our offices. While this is not the main driver, it allows for the use of public transport or commuting by bike. In 2019, we will review our impact related to travel and energy consumption in our offices along with the need for any policies.



# STATEMENTS

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- 38 Independent auditor's report





# STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today discussed and approved the annual report of Better Collective A/S for 2018.

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, 2018 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, 2018.

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 20, 2019

## EXECUTIVE MANAGEMENT

**Jesper Søgaard**  
CEO & Co-founder

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

**Flemming Pedersen**  
CFO  
Executive Vice President

## BOARD OF DIRECTORS

**Jens Bager**  
Chairman

**Klaus Holse**

**Søren Jørgensen**

**Leif Nørgaard**

**Petra von Rohr**

# INDEPENDENT AUDITORS' REPORT

To the shareholders of  
Better Collective A/S

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## 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 2018, 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 2018 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 2018 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 3 years up until and including the financial year 2018.

## 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 2018. These matters were addressed during our audit of the financial statements as a whole and in forming our

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

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

## Valuation of goodwill, domains and websites

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

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

Refer to note 13 in the consolidated financial statements and to note 10 in the financial statements for the parent company.

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

Our audit procedures included:

- Assessment of the indefinite life assumption including examination of data provided by management and other sources as well as inquiries to management and comparison with industry practice and comparable companies.
- Evaluation of internal procedures relating to estimating future cash flows, preparation of budgets and forecasts.
- Examination of the value-in-use model prepared by Management, including consideration of the valuation methodology and the reasonableness of key assumptions and input based on our knowledge of the business and industry together with available supporting evidence such as available budgets and externally observable market data related to interest rates, etc.
- Assessment of the adequacy of disclosures about key assumptions in note 13 to the consolidated financial statements and in note 10 to the financial statements for the parent company.

#### **Accounting for acquisitions**

The Group has in 2018 completed three business combinations. Management has determined the fair value of the identifiable assets and liabilities acquired. The total acquisition price for the three business combinations amounts to EUR 76 million.

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

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

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

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

Our audit procedures included:

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

#### **STATEMENT ON THE MANAGEMENT'S REVIEW**

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

#### **MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 20 March 2019

### ERNST & YOUNG

Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

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

Peter Andersen  
State Authorised  
Public Accountant  
MNE no. mne34313





# FINANCIAL STATEMENTS

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## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

| Note | tEUR  | 2018          | 2017          |
|------|---|---------------|---------------|
| 4    | <b>Revenue</b>  | <b>40,483</b> | <b>26,257</b> |
|      | Direct costs related to revenue   | 4,350         | 2,950         |
| 5, 6 | Staff costs   | 12,990        | 7,568         |
| 14   | Depreciation  | 169           | 45            |
| 7    | Other external expenses   | 6,903         | 4,760         |
|      | <b>Operating profit before amortisations and special items</b>          | <b>16,072</b> | <b>10,934</b> |
| 12   | Amortisation and impairment   | 2,924         | 677           |
|      | <b>Operating profit before special items</b>                            | <b>13,148</b> | <b>10,257</b> |
| 8    | Special items, net  | -4,080        | -385          |
|      | <b>Operating profit</b>   | <b>9,068</b>  | <b>9,872</b>  |
| 9    | Financial income  | 39            | 7             |
| 10   | Financial expenses  | 657           | 93            |
|      | <b>Profit before tax</b>  | <b>8,450</b>  | <b>9,786</b>  |
| 11   | Tax on profit for the period  | 3,004         | 2,340         |
|      | <b>Profit for the period</b>  | <b>5,446</b>  | <b>7,446</b>  |
|      | <b>Earnings per share attributable to equity holders of the company</b> |               |               |
|      | Average number of shares*   | 34,018,470    | 27,503,442    |
|      | Average number of warrants - converted to number of shares              | 2,024,460     | 1,402,974     |
|      | Earnings per share (in EUR)   | 0.16          | 0.27          |
|      | Diluted earnings per share (in EUR)                                     | 0.15          | 0.26          |

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Note | tEUR  | 2018         | 2017         |
|------|---|--------------|--------------|
|      | Profit for the period   | 5,446        | 7,446        |
|      | <b>Other comprehensive income</b>   |              |              |
|      | <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> |              |              |
|      | Currency translation to presentation currency   | 79           | -15          |
| 11   | Income tax  | 0            | 0            |
|      | <b>Net other comprehensive income/loss</b>  | <b>79</b>    | <b>-15</b>   |
|      | <b>Total other comprehensive income/(loss) for the period, net of tax</b>                     | <b>5,526</b> | <b>7,430</b> |
|      | <b>Attributable to:</b>   |              |              |
|      | Shareholders of the parent  | 5,526        | 7,430        |



# CONSOLIDATED BALANCE SHEET

| Note                            | tEUR   | 2018           | 2017          |
|---------------------------------|--|----------------|---------------|
| <b>ASSETS</b>                   |  |                |               |
| <b>Non-current assets</b>       |  |                |               |
| 12, 13                          | <b>Intangible assets</b>                         |                |               |
|                                 | Goodwill   | 23,960         | 7,178         |
|                                 | Domains and websites                             | 86,844         | 20,085        |
|                                 | Accounts and other intangible assets             | 11,282         | 3,475         |
|                                 |  | 122,086        | 30,738        |
| 14                              | <b>Property, plant and equipment</b>             |                |               |
|                                 | Land and buildings                               | 736            | 756           |
|                                 | Fixtures and fittings, other plant and equipment | 657            | 141           |
|                                 |  | 1,393          | 897           |
| <b>Other non-current assets</b> |  |                |               |
|                                 | Deposits   | 214            | 210           |
|                                 |  | 214            | 210           |
|                                 | <b>Total non-current assets</b>                  | <b>123,694</b> | <b>31,846</b> |
| <b>Current assets</b>           |  |                |               |
| 15                              | Trade and other receivables                      | 7,705          | 4,405         |
| 11                              | Corporation tax receivable                       | 624            | 0             |
|                                 | Prepayments                                      | 636            | 325           |
| 20                              | Cash   | 15,978         | 2,129         |
|                                 | <b>Total current assets</b>                      | <b>24,942</b>  | <b>6,860</b>  |
|                                 | <b>TOTAL ASSETS</b>                              | <b>148,636</b> | <b>38,705</b> |

| Note                           | tEUR                                  | 2018           | 2017          |
|--------------------------------|---------------------------------------|----------------|---------------|
| <b>EQUITY AND LIABILITIES</b>  |                                       |                |               |
| <b>Equity</b>                  |                                       |                |               |
| 16                             | Share Capital                         | 405            | 69            |
|                                | Share Premium                         | 67,316         | 381           |
|                                | Translation Reserve                   | 84             | 4             |
|                                | Retained Earnings                     | 18,054         | 14,322        |
| 17                             | Proposed Dividends                    | 0              | 0             |
|                                | <b>Total equity</b>                   | <b>85,858</b>  | <b>14,775</b> |
| <b>Non-current Liabilities</b> |                                       |                |               |
| 20                             | Debt to mortgage credit institutions  | 544            | 566           |
| 20                             | Debt to credit institutions           | 8,500          | 0             |
| 11                             | Deferred tax liabilities              | 20,534         | 5,655         |
| 20                             | Other long-term financial liabilities | 8,937          | 50            |
|                                | <b>Total non-current liabilities</b>  | <b>38,515</b>  | <b>6,270</b>  |
| <b>Current Liabilities</b>     |                                       |                |               |
|                                | Prepayments received from customers   | 478            | 1,036         |
| 18                             | Trade and other payables              | 2,564          | 1,879         |
| 11                             | Corporation tax payable               | 954            | 1,697         |
| 20                             | Other financial liabilities           | 20,248         | 7,706         |
| 20                             | Debt to mortgage credit institutions  | 20             | 20            |
| 20                             | Debt to credit institutions           | 0              | 5,323         |
|                                | <b>Total current liabilities</b>      | <b>24,263</b>  | <b>17,660</b> |
|                                | <b>Total liabilities</b>              | <b>62,778</b>  | <b>23,930</b> |
|                                | <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>148,636</b> | <b>38,705</b> |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

During the period no dividend was paid.

| tEUR   | Share capital | Share premium | Currency translation reserve | Treasury shares | Retained earnings | Total equity  |
|--|---------------|---------------|------------------------------|-----------------|-------------------|---------------|
| <b>As at January 1, 2017</b>                   | <b>68</b>     | <b>249</b>    | <b>19</b>                    | <b>-309</b>     | <b>6,010</b>      | <b>6,038</b>  |
| Result for the year                            | 0             | 0             | 0                            | 0               | 7,446             | 7,446         |
| <b>Other comprehensive income</b>              |               |               |                              |                 |                   |               |
| Currency translation to presentation currency  | 0             | 0             | -15                          | 0               | 0                 | -15           |
| Tax on other comprehensive income              | 0             | 0             | 0                            | 0               | 0                 | 0             |
| Total other comprehensive income               | 0             | 0             | -15                          | 0               | 0                 | -15           |
| <b>Total comprehensive income for the year</b> | <b>0</b>      | <b>0</b>      | <b>-15</b>                   | <b>0</b>        | <b>7,446</b>      | <b>7,431</b>  |
| <b>Transactions with owners</b>                |               |               |                              |                 |                   |               |
| Capital increase                               | 0             | 132           | 0                            | 0               | 0                 | 132           |
| Acquisition/disposal of treasury shares        | 0             | 0             | 0                            | 309             | 582               | 892           |
| Share based payments                           | 0             | 0             | 0                            | 0               | 283               | 283           |
| <b>Total transactions with owners</b>          | <b>0</b>      | <b>132</b>    | <b>0</b>                     | <b>309</b>      | <b>865</b>        | <b>1,307</b>  |
| <b>At December 31, 2017</b>                    | <b>69</b>     | <b>381</b>    | <b>4</b>                     | <b>0</b>        | <b>14,322</b>     | <b>14,775</b> |

During the period no dividend was paid

# CONSOLIDATED STATEMENT OF CASH FLOW

| Note | tEUR  | 2018           | 2017           |
|------|---|----------------|----------------|
|      | Profit before tax   | 8,450          | 9,786          |
|      | Adjustment for finance items  | 618            | 87             |
|      | Adjustment for special items  | 4,080          | 385            |
|      | Operating Profit for the period before special items                          | 13,148         | 10,257         |
|      | Depreciation and amortisation   | 3,092          | 722            |
|      | Other adjustments of non cash operating items                                 | 319            | 283            |
|      | Cash flow from operations before changes in working capital and special items | 16,560         | 11,262         |
| 21   | Change in working capital   | -1,402         | -1,770         |
|      | Cash flow from operations before special items                                | 15,158         | 9,492          |
|      | Special items, cash flow  | -4,080         | -385           |
|      | Cash flow from operations   | 11,078         | 9,107          |
|      | Interest income, received   | 39             | 25             |
|      | Interest expenses, paid   | -657           | -246           |
|      | Cash flow from ordinary activities before tax                                 | 10,460         | 8,886          |
|      | Income tax paid   | -3,957         | -644           |
|      | <b>Cash flow from operating activities</b>                                    | <b>6,503</b>   | <b>8,242</b>   |
| 22   | Acquisition of business combinations*   | -51,117        | -14,720        |
| 12   | Acquisition of intangible assets*   | -8,853         | -3,897         |
| 14   | Acquisition of property, plant and equipment                                  | -669           | -102           |
| 14   | Sale of property, plant and equipment   | 13             | 119            |
|      | Acquisition and disposal of associates, net                                   | 0              | 134            |
|      | Change in rental deposits   | -2             | -52            |
|      | <b>Cash flow from investing activities</b>                                    | <b>-60,629</b> | <b>-18,519</b> |
| 20   | Repayment of borrowings   | -18,401        | 0              |
| 20   | Proceeds from borrowings  | 21,572         | 5,908          |
|      | Capital increase  | 68,547         | 1,024          |
|      | Transaction cost  | -1,475         | 0              |
|      | Warrant settlement, sale of warrants  | -2,349         | 0              |
|      | <b>Cash flow from financing activities</b>                                    | <b>67,895</b>  | <b>6,932</b>   |

| Note | tEUR   | 2018           | 2017           |
|------|--|----------------|----------------|
|      | Cash flows for the period                                    | 13,769         | -3,345         |
|      | Cash and cash equivalents at beginning                       | 2,129          | 5,490          |
|      | Foreign currency translation of cash and cash equivalents    | 80             | -16            |
|      | <b>Cash and cash equivalents period end</b>                  | <b>15,978</b>  | <b>2,129</b>   |
|      | * Business combinations:                                     |                |                |
| 22   | Net Cash outflow from business combinations at acquisition   | -43,114        | -14,720        |
|      | Business Combinations deferred payments from current period  | -788           | 0              |
|      | Deferred payments – business combinations from prior periods | -7,216         | 0              |
|      | <b>Total cashflow from business combinations</b>             | <b>-51,117</b> | <b>-14,720</b> |
|      | * Intangible assets:   |                |                |
| 12   | Acquisitions through asset transactions                      | -12,084        | -4,436         |
|      | Deferred payments related to acquisition value               | 3,713          | 539            |
|      | Deferred payments – acquisitions from prior periods          | -482           | 0              |
|      | <b>Total cashflow from intangible assets</b>                 | <b>-8,853</b>  | <b>-3,897</b>  |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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# NOTES

## 1 ACCOUNTING POLICIES

### GENERAL

The financial statements section of the annual report for the period January 1 - December 31, 2018 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, 2017.

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 20, 2019. The annual report will be presented to the shareholders of Better Collective A/S for adoption at the annual general meeting on April 25, 2019.

### NEW FINANCIAL REPORTING STANDARDS

The annual report for 2018 is presented in conformity with the new and revised IFRS standards and new IFRIC interpretations endorsed by the EU, which apply to financial years beginning on January 1, 2018.

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.

Better Collective has adopted IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities" and all other new, amended or revised accounting standards and interpretations endorsed by the EU effective for the accounting period beginning as of January 1 2018. Comparative figures are not restated due to either no impact or insignificant impact on the group and parent company financial statements or due to the transitional provisions in the newly adopted standards.

### IFRS 15

Adoption of IFRS 15 has been done using the modified retrospective application method.

The most significant change resulting from IFRS 15 are:

The model for revenue recognition is changed from having been based on the transfer of risks and rewards of ownership of a service to being based on the transfer of control of the service transferred to the customer

The Group has assessed that the excising accounting policy for revenue recognition (revenue share and cost per acquisition) in all material aspects are consistent with IFRS 15 and the implementation has therefore not had any impact on the retained earnings as of January 1, 2018 and no change in accounting policy has been disclosed.

### IFRS 9

IFRS 9 introduces a new impairment loss model for financial assets by replacing IAS 39's "incurred loss model" approach with a more forward-looking "expected credit loss model". Under the new model it is no longer necessary that a credit event has occurred before a credit loss is recognised. For Better Collective the new credit loss model primarily applies to trade receivables for the group and parent company and receivables from subsidiaries for the parent company. Due to high cash conversion and insignificant loss on trade receivables in the group and high liquidity ratio in subsidiaries the implementation of the new credit loss model have been insignificant and accordingly no impact on the retained earnings as of January 1, 2018 is recognised and no change in accounting policy has been disclosed.

However, both IFRS 15 and IFRS 9 has lead to further disclosure requirements and the accounting policy for revenue recognition and trade receivables has been reworded.

### 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, 2018. The Group will adopt the standards and interpretations once they become mandatory.

IFRS 16 Leases becomes effective January 1, 2019. All leases must be recognised in the balance sheet with a corresponding lease liability, except for short-term assets and low-value assets. The Group and parent company plan to apply the standard using the modified retrospective approach with optional practical expedients initially on January 1, 2019.

The cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

# NOTES

## 1 ACCOUNTING POLICIES (CONTINUED)

The impact on the financial position as at January 1, 2019 is assessed to be as follows:

Right of use assets are assessed to increase by 2.6 mEUR (Parent company: 1.4 mEUR) with a corresponding increase in liabilities of 2.6 mEUR (Parent Company: 1.4 mEUR). The estimated impact of the adoption may be subject to change until the group presents its first financial statements under the new standard (Q1 2019). The impact on the income statement in 2019 is estimated to be a reduction in rental costs of 0.5 mEUR (Parent Company: 0.3 mEUR) and an increase in amortisation of 0.4 mEUR (Parent Company: 0.3 mEUR). Hence, no material impact on EBIT in 2019. Impact on operating cash flow in 2019 is assessed to be an increase of 0.4 mEUR (Parent Company 0.3 mEUR).

Impact on interest expenses is expected to be around 0.1 mEUR (Parent Company: 0.1 mEUR).

### 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.

### Changes in accounting policies

Effective January 1, 2018 Better Collective has separately presented special items in the income statement. Reference for description and specification is made to accounting policies for special items and to note 8: Special Items.

Comparative figures have been adjusted, and for 2017, 384 tEUR has been re-classified from other external expenses.

### 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.

### Basis for consolidation

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

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

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

# NOTES

## 1 ACCOUNTING POLICIES (CONTINUED)

### **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.

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. 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.

## **INCOME STATEMENT**

### **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 mainly derived from affiliate marketing activities, as follows:

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

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

### **Other operating income**

Other operating income consists of management fees for subsidiaries and is recognised in the parent company when invoiced.

### **Dividend revenue**

Dividend revenue is recognised when the Company's right to receive the payment has been established, which is generally when shareholders approve the dividend.

### **DIRECT COSTS RELATED TO REVENUE**

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

### **STAFF COST**

Staff costs 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.



# NOTES

## 1 ACCOUNTING POLICIES (CONTINUED)

### DEPRECIATION AND AMORTISATION

The item comprises depreciation and amortisation of intangible assets and property, plant and equipment, 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 years         |
| Land   | Not depreciated |
| Buildings  | 10-50 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.

### 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, payments under operating lease, etc.

### SPECIAL ITEMS

Significant expenses which Better Collective consider non-recurring are presented in the Income statement in a separate line item labelled 'Special items' in order to distinguish these items from other income statement items. 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 the IPO as well as not capitalised expenses related to M&A, as special items.

### FINANCIAL INCOME AND EXPENSES

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

### TAX

The Company was subject to the Danish rules on mandatory joint taxation of the Bumble Ventures A/S Group's Danish subsidiaries until August 2018. 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 no longer consolidated. As of August 2018, Better Collective is no longer included in the joint taxation arrangement with Bumble Ventures A/S.

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.

## BALANCE SHEET

### GOODWILL AND INTANGIBLE ASSETS

#### Goodwill

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

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

#### Intangible assets

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

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

# NOTES

## 1 ACCOUNTING POLICIES (CONTINUED)

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 internally developed intangible assets, are not capitalised on the balance sheet but recognised in Profit and Loss in the financial year they are incurred.

### 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 other operating income or other operating expenses. Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

### OTHER NON-CURRENT ASSETS

Other non-current assets include deposits of rent, which at initial recognition are recognised at fair value and subsequently measured at amortised cost.

### INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount, the carrying amount is reduced to such lower value.

### IMPAIRMENT

The carrying amounts of goodwill, intangible assets, property, plant and equipment and investments in subsidiaries and associates 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.

### 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.

### 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.

### PREPAYMENTS

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

### CASH

Cash comprise cash at bank and on hand.

# NOTES

## 1 ACCOUNTING POLICIES (CONTINUED)

### EQUITY

#### 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".

#### 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.

### 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.

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

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

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

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

Earn-out amounts are measured at fair value.

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

### OPERATING LEASES

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

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

### SHARE-BASED PAYMENTS

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

The cost of equity-settled transactions is determined by the fair value at the grant date using an appropriate valuation model. Further details are given in note 6 (Group).

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

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

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

# NOTES

## 1 ACCOUNTING POLICIES (CONTINUED)

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.

In connection with the IPO, Better Collective paid out cash in the amount of 2.4 mEUR for the compensation of 9,185 cancelled warrants. The compensation paid up to the fair value of the awards at settlement date is accounted for as a deduction from equity as a redemption of an equity instrument.

### 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 and payment of dividends to shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and operating cash.

# NOTES

## 2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

### **BUSINESS COMBINATIONS**

The Group is required to allocate the acquisition cost of entities and activates 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.

### **GOODWILL, INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE AND IMPAIRMENT**

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

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

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

### **SHARE-BASED PAYMENTS**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumption about them.

### **CONTINGENT CONSIDERATION**

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



# NOTES

## 3 SEGMENT INFORMATION

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

## 4 REVENUE SPECIFICATION - AFFILIATE MODEL

In accordance with IFRS 15 disclosure requirements, total revenue for 2018 is split on revenue share, Cost per Acquisition (CPA), and other, as follows:

| tEUR                 | 2018          | %-split    |
|----------------------|---------------|------------|
| <b>Revenue</b>       |               |            |
| Revenue share        | 33,140        | 82         |
| CPA                  | 4,520         | 11         |
| Other                | 2,823         | 7          |
| <b>Total Revenue</b> | <b>40,483</b> | <b>100</b> |

The Group has earned 20 mEUR in revenues from one major customer, which represents 50% of the Group's revenue (2017: 64%). The effect of consolidating new acquisitions on a full year basis will be a further decline of this percentage.

## 5 STAFF COSTS

| tEUR                                       | 2018          | 2017         |
|--|---------------|--------------|
| Wages and salaries                         | 10.273        | 6.070        |
| Pensions, defined contribution             | 1.295         | 559          |
| Other social security costs                | 601           | 271          |
| Share-based payments                       | 319           | 283          |
| Other staff costs                          | 502           | 385          |
| <b>Total staff costs</b>                   | <b>12.990</b> | <b>7.568</b> |
| Average number of full-time employees      | 198           | 116          |
| <b>Remuneration to Executive Directors</b> |               |              |
| Wages and salaries                         | 800           | 183          |
| Pensions, defined contribution             | 104           | 17           |
| Other social security costs                | 1             | 1            |
| Share-based payments                       | 91            | 0            |
| <b>Total</b>                               | <b>996</b>    | <b>201</b>   |
| <b>Remuneration to Board of Directors</b>  |               |              |
| Wages and salaries                         | 105           | 63           |
| Share-based payments                       | 0             | 201          |
| <b>Total</b>                               | <b>105</b>    | <b>264</b>   |

| tEUR            | Jens Bager | Klaus Holse | Leif Nørgaard | Søren Jørgensen | Petra von Rohr | Henrik Lykkesteen | Total |
|-----------------|------------|-------------|---------------|-----------------|----------------|-------------------|-------|
| Board Fees 2018 | 44         | 15          | 17            | 15              | 14             | 0                 | 105   |
| Board Fees 2017 | 25         | 3           | 12            | 17              | 0              | 6                 | 63    |

# NOTES

## 5 STAFF COSTS (CONTINUED)

| Remuneration to Executive Directors             | Jesper Søgaard | Christian Kirk Rasmussen | Flemming Pedersen | Total      |
|---|----------------|--------------------------|-------------------|------------|
| <b>2018 Remuneration to Executive Directors</b> |                |                          |                   |            |
| Wages and salaries                              | 247            | 247                      | 306               | 800        |
| Pensions, defined contribution                  | 27             | 27                       | 49                | 104        |
| Other social security costs                     | 0              | 0                        | 0                 | 1          |
| Share-based payments                            | 0              | 0                        | 91                | 91         |
| <b>Total</b>                                    | <b>275</b>     | <b>275</b>               | <b>447</b>        | <b>996</b> |
| <b>2017 Remuneration to Executive Directors</b> |                |                          |                   |            |
| Wages and salaries                              | 91             | 91                       | 0                 | 183        |
| Pensions, defined contribution                  | 9              | 9                        | 0                 | 17         |
| Other social security costs                     | 0              | 0                        | 0                 | 1          |
| Share-based payments                            | 0              | 0                        | 0                 | 0          |
| <b>Total</b>                                    | <b>100</b>     | <b>100</b>               | <b>0</b>          | <b>201</b> |

## 6 SHARE-BASED PAYMENT PLANS

The Group has one warrant program from 2017 that grants employees and directors stock-options or warrants (equity-settled awards). As of December 31, 2018, 33.930 warrants were granted under this program (2017: 41,050).

The warrants granted to key employees under the 2017 Warrants Program were granted in three tranches, vest in three consecutive years starting on May 1, 2018 and expire in five years after the grant date. Warrants granted in 2018 were from the 2017 program.

The warrants granted to Board members under the 2017 Warrants Program were granted on August 25, 2017, October 11, 2017, February 8, 2018 and expire on July 1, 2019. As these warrants were purchased by the Board members, they vested immediately. All warrants granted to employees have a service condition attached.

During 2018 the company granted a total of 6,256 warrants, comprising 5,086 warrants to the Company's Chief Financial Officer (CFO) hired in January 2018, 600 warrants sold to the Company's new board member, and 570 warrants to other key management personnel.

## 6 SHARE-BASED PAYMENT PLANS (CONTINUED)

The warrants to the CFO and other key management personnel have an exercise price of DKK 700, were granted in three tranches, vest in three consecutive years beginning January 2018 and expire five years after the grant date. The warrants granted to the Company's new board member were granted in February 2018 and vest immediately, as these warrants were purchased by the new board member. They have an exercise price of DKK 700.

In connection with the IPO, Better Collective paid out cash in the amount of 2.4 mEUR for the compensation of 9,185 cancelled warrants. The compensation paid up to the fair value of the awards at settlement date is accounted for as a deduction from equity as a redemption of an equity instrument.

The warrant program has been updated in line with the share split in June, so each warrant gives right to 54 shares in Better Collective.

Share based compensation expense recognised for 2018 is 319 tEUR (2017: 283 tEUR).

|  | Board of Directors | Executive directors | Other key Management personnel | Total, numbers | Exercise price, weighted average EUR |
|--|--------------------|---------------------|--------------------------------|----------------|--------------------------------------|
| <b>Share options outstanding at January 1 2017</b>   | <b>0</b>           | <b>0</b>            | <b>10,912</b>                  | <b>10,912</b>  | <b>34</b>                            |
| Granted  | 12,715             | 0                   | 19,150                         | 31,865         | 94                                   |
| Forfeited/expired                                    | 0                  | 0                   | 1,427                          | 1,427          | 30                                   |
| Exercised  | 0                  | 0                   | 300                            | 300            | 27                                   |
| Transferred  | 0                  | 0                   | 0                              | 0              | 0                                    |
| <b>Share options outstanding at December 31 2017</b> | <b>12,715</b>      | <b>0</b>            | <b>28,335</b>                  | <b>41,050</b>  | <b>91</b>                            |

# NOTES

## 6 SHARE-BASED PAYMENT PLANS (CONTINUED)

|  | Board of Directors | Executive directors | Other key Management personnel | Total, numbers | Exercise price, weighted average EUR |
|--|--------------------|---------------------|--------------------------------|----------------|--------------------------------------|
| <b>Share options outstanding at January 1 2018</b>   | <b>12,715</b>      | <b>0</b>            | <b>28,335</b>                  | <b>41,050</b>  | <b>91</b>                            |
| Granted  | 600                | 5,086               | 570                            | 6,256          | 94                                   |
| Forfeited/expired                                    | 0                  | 0                   | 4,191                          | 4,191          | 94                                   |
| Settled  | 0                  | 0                   | 9,185                          | 9,185          | 29                                   |
| Transferred  | 0                  | 0                   | 0                              | 0              | 0                                    |
| <b>Share options outstanding at December 31 2018</b> | <b>13,315</b>      | <b>5,086</b>        | <b>15,529</b>                  | <b>33,930</b>  | <b>94</b>                            |
| Of this exercisable at the end of the period         | 0                  | 0                   | 0                              | 0              |                                      |

During 2018, 9,185 warrants were settled in connection with the IPO. The weighted average remaining contractual life of warrants to key employees outstanding as of December 31, 2018 and 2017 was 3.5 and 4.5 years respectively. Warrants for Board of Directors have a remaining life of 0.5 years as of December 31, 2018. The weighted exercise prices for outstanding warrants as of December 31, 2018 and 2017 was EUR 94 and EUR 91. Following the share split in connection with the IPO each warrant gives right to 54 shares.

The tables below summarise the inputs to the Black-Scholes model used to value the warrants granted - adjusted for 1:54 split:

|                                   | Employees 2018 | 2017 | Board members 2018 | 2017 |
|-----------------------------------|----------------|------|--------------------|------|
| Dividend yield (%)                | 6              | 5    | 6                  | 5    |
| Expected volatility (%)           | 30             | 30   | 30                 | 30   |
| Risk free interest rate (%)       | 1              | 1    | 1                  | 1    |
| Expected life of warrants (years) | 5              | 5    | 1.5                | 2    |
| Share price (EUR)                 | 2.59-5.22      | 2.24 | 2.59               | 2.24 |
| Exercise price (EUR)              | 1.74           | 1.74 | 1.74               | 1.74 |
| Fair value at grant date (EUR)    | 0.41-2.32      | 0.41 | 0.29-0.69          | 0.29 |

## 7 FEES PAID TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

| t.EUR                          | 2018       | 2017       |
|--------------------------------|------------|------------|
| Fee related to statutory audit | 79         | 74         |
| Fees for tax advisory services | 111        | 2          |
| Assurance engagements          | 21         | 3          |
| Other assistance               | 414        | 253        |
|                                | <b>624</b> | <b>332</b> |

Fee in relation to non-audit services from EY Denmark, EUR 356 thousand mainly consists of tax and financial due diligence, general accounting advice regarding new IFRS standards, review of condensed consolidated interim financial statements and services including comfort letter in connection with the IPO.

## 8 SPECIAL ITEMS

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

| tEUR  | 2018          | 2017          |
|---|---------------|---------------|
| Operating profit  | 9,068         | 9,872         |
| Special items related to IPO  | -3,379        | -62           |
| Special items related to M&A  | -702          | -322          |
| <b>Operating profit before special items</b>  | <b>13,148</b> | <b>10,257</b> |
| Amortisations   | 2,924         | 677           |
| <b>Operating profit before amortisations and special items (EBITA before special items)</b>                 | <b>16,072</b> | <b>10,934</b> |
| Depreciation  | 169           | 45            |
| <b>Operating profit before depreciation, amortisations, and special items (EBITDA before special items)</b> | <b>16,241</b> | <b>10,979</b> |

# NOTES

## 9 FINANCE INCOME

| tEUR                        | 2018      | 2017     |
|-----------------------------|-----------|----------|
| Exchange gains              | 26        | 6        |
| Interest Income             | 1         | 1        |
| Other financial income      | 13        | 0        |
| <b>Total finance income</b> | <b>39</b> | <b>7</b> |

## 10 FINANCE COSTS

| tEUR  | 2018       | 2017      |
|---|------------|-----------|
| Exchange losses                                   | 51         | 33        |
| Interest expenses                                 | 494        | 78        |
| Impairment of financial assets including reversal | 0          | -84       |
| Other financial costs                             | 112        | 66        |
| <b>Total finance costs</b>                        | <b>657</b> | <b>93</b> |

## 11 INCOME TAX

Total tax for the year is specified as follows:

| tEUR                              | 2018         | 2017         |
|-----------------------------------|--------------|--------------|
| Tax for the period                | 3,004        | 2,340        |
| Tax on other comprehensive income | 0            | 0            |
| <b>Total</b>                      | <b>3,004</b> | <b>2,340</b> |

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

| tEUR                        | 2018         | 2017         |
|-----------------------------|--------------|--------------|
| Deferred tax                | -98          | -143         |
| Current tax                 | 3,102        | 2,483        |
| Adjustment from prior years | 0            | 0            |
| <b>Total</b>                | <b>3,004</b> | <b>2,340</b> |

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

| tEUR  | 2018         | 2017         |
|---|--------------|--------------|
| <b>Profit for the year:</b>   |              |              |
| Calculated 22% tax of the result before tax                             | 1,859        | 2,153        |
| Adjustment of the tax rates in foreign subsidiaries relative to the 22% | 296          | 80           |
| Tax effect of:  |              |              |
| Non-taxable income  | -61          | -45          |
| Non-deductible costs  | 910          | 152          |
|   | <b>3,004</b> | <b>2,340</b> |
| <b>Effective tax rate</b>   | <b>35.5%</b> | <b>23.9%</b> |

# NOTES

## 11 INCOME TAX (CONTINUED)

| tEUR  | 2018          | 2017         |
|---|---------------|--------------|
| <b>Deferred tax</b>                                 |               |              |
| <b>Deferred tax January 1</b>                       | <b>5,655</b>  | <b>32</b>    |
| Additions from business acquisitions                | 14,978        | 5,766        |
| Adjustments of deferred tax in profit and loss      | -98           | -143         |
| <b>Deferred tax December 31</b>                     | <b>20,534</b> | <b>5,655</b> |
| Deferred tax is recognised in the balance sheet as: |               |              |
| Deferred tax asset                                  | 0             | 0            |
| Deferred tax liability                              | 20,534        | 5,655        |
| <b>Deferred tax December 31</b>                     | <b>20,534</b> | <b>5,655</b> |
| Deferred tax is related to:                         |               |              |
| Intangible assets                                   | 20,555        | 5,737        |
| Property, plant and equipment                       | -21           | -82          |
| <b>Deferred tax December 31</b>                     | <b>20,534</b> | <b>5,655</b> |
| <b>Income tax payable</b>                           |               |              |
| <b>Income tax payable January 1</b>                 | <b>1,697</b>  | <b>-487</b>  |
| Exchange differences                                |               |              |
| Current tax   | 3,102         | 2,483        |
| Additions from business acquisitions                | 13            | 345          |
| Income tax paid during the year                     | -3,957        | -644         |
| Tax payable reduction from warrant settlement       | -526          | 0            |
| <b>Income tax payable December 31</b>               | <b>330</b>    | <b>1,697</b> |

## 12 INTANGIBLE ASSETS

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



# NOTES

## 12 INTANGIBLE ASSETS (CONTINUED)

| tEUR                                       | Goodwill     | Domains and websites | Accounts and other intangible assets | Total         |
|--|--------------|----------------------|--------------------------------------|---------------|
| <b>Cost or valuation</b>                   |              |                      |                                      |               |
| <b>At January 1, 2017</b>                  | <b>0</b>     | <b>266</b>           | <b>30</b>                            | <b>296</b>    |
| Acquisitions through asset transactions    |              | 3,504                | 932                                  | 4,436         |
| Acquisitions through business combinations | 7,178        | 16,316               | 3,200                                | 26,694        |
| Disposals                                  | 0            | 0                    | 0                                    | 0             |
| Currency Translation                       | 0            | 0                    | 0                                    | 0             |
| <b>At December 31, 2017</b>                | <b>7,178</b> | <b>20,085</b>        | <b>4,162</b>                         | <b>31,425</b> |
| <b>Amortisation</b>                        |              |                      |                                      |               |
| <b>At January 1, 2017</b>                  | <b>0</b>     | <b>0</b>             | <b>10</b>                            | <b>10</b>     |
| Amortisation for the period                | 0            | 0                    | 677                                  | 677           |
| Amortisation on disposed assets            | 0            | 0                    | 0                                    | 0             |
| Currency translation                       | 0            | 0                    | 0                                    | 0             |
| <b>At December 31, 2017</b>                | <b>0</b>     | <b>0</b>             | <b>686</b>                           | <b>686</b>    |
| <b>Net book value at December 31, 2017</b> | <b>7,178</b> | <b>20,085</b>        | <b>3,475</b>                         | <b>30,738</b> |

## 13 GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIFE

The Group's goodwill and domain names and websites primarily arise from the acquisitions of business combinations Bola Webinformation GmbH, WBS I.K.E. Online Marketing Services Ltd. and KAPA Ltd., and Ribacka Group AB as described in note 22. Other asset acquisitions are also included as well as acquisitions prior to 2018.

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

### Cash-generating units

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

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

| tEUR                 | 2018   | 2017   |
|----------------------|--------|--------|
| Goodwill             | 23,960 | 7,178  |
| Domains and Websites | 86,844 | 20,085 |

As at December 31, 2017 and December 31, 2018, the directors have evaluated goodwill, domains and websites for impairment. The directors are of the view that the carrying amount of domains and goodwill is recoverable on the basis that the cashflows generated from these assets are in line, or exceed, the estimated projections made prior to the acquisitions. The directors are satisfied that the judgements made are appropriate to the circumstances.

# NOTES

## 13 GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIFE (CONTINUED)

### Recoverable amount

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

The Group has performed an impairment test on goodwill and domain names and websites as of December 31, 2017 and December 31, 2018, on a value-in-use basis. Management has based the value in use by estimating the present value of future cash flows from a four-year forecast approved by the Board of Directors and corresponding to the Group's budget for 2019. 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 2019-2022, with an effective tax rate of 25% (discount rate before tax 19.1%). The Board of Directors have approved the inputs to the impairment testing and are satisfied that the judgements made are appropriate.

Further, acquired domains and websites with indefinite life have been individually evaluated for indicators of impairment. The evaluation is based on actual traffic on the websites, as well as actual and expected revenue and NDCs generated by the accounts with operators that are linked to the websites. As per December 31, 2018 the evaluation did not indicate any need for impairment.

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

## 14 PROPERTY, PLANT AND EQUIPMENT

| tEUR                                       | Land and buildings | Fixtures and fittings, other plant and equipment | Total        |
|--|--------------------|--|--------------|
| <b>Cost or valuation</b>                   |                    |  |              |
| <b>At December 31, 2017</b>                | <b>789</b>         | <b>244</b>                                       | <b>1,034</b> |
| Additions                                  | 0                  | 669  | 669          |
| Acquisitions through business combinations | 0                  | 11   | 11           |
| Disposals                                  | 0                  | -172   | -172         |
| Currency Translation                       | -2                 | 0  | -2           |
| <b>At December 31, 2018</b>                | <b>787</b>         | <b>752</b>                                       | <b>1,539</b> |
| <b>Depreciation and impairment</b>         |                    |  |              |
| <b>At December 31, 2017</b>                | <b>34</b>          | <b>103</b>                                       | <b>137</b>   |
| Depreciation for the period                | 17                 | 142  | 160          |
| Depreciation on disposed assets            | 0                  | -151   | -151         |
| Currency translation                       | 0                  | 0  | 0            |
| <b>At December 31, 2018</b>                | <b>51</b>          | <b>95</b>  | <b>146</b>   |
| <b>Net book value at December 31, 2018</b> | <b>736</b>         | <b>657</b>                                       | <b>1,393</b> |
| <b>Cost or valuation</b>                   |                    |  |              |
| <b>At December 31, 2016</b>                | <b>790</b>         | <b>137</b>                                       | <b>927</b>   |
| Additions                                  | 0                  | 102  | 102          |
| Acquisitions through business combinations | 0                  | 151  | 151          |
| Disposals                                  | 0                  | -146   | -146         |
| Currency Translation                       | -1                 | 0  | -1           |
| <b>At December 31, 2017</b>                | <b>789</b>         | <b>244</b>                                       | <b>1,034</b> |
| <b>Depreciation and impairment</b>         |                    |  |              |
| <b>At December 31, 2016</b>                | <b>16</b>          | <b>105</b>                                       | <b>121</b>   |
| Depreciation for the period                | 18                 | 26   | 43           |
| Depreciation on disposed assets            | 0                  | -27  | -27          |
| Currency translation                       | 0                  | 0  | 0            |
| <b>At December 31, 2017</b>                | <b>34</b>          | <b>103</b>                                       | <b>137</b>   |
| <b>Net book value at December 31, 2017</b> | <b>756</b>         | <b>141</b>                                       | <b>897</b>   |

# NOTES

## 15 TRADE AND OTHER RECEIVABLES

| tEUR                     | 2018         | 2017         |
|--------------------------|--------------|--------------|
| Trade receivables        | 7,358        | 4,207        |
| Other receivables        | 347          | 199          |
| <b>Total receivables</b> | <b>7,705</b> | <b>4,405</b> |

## 16 ISSUED CAPITAL AND RESERVES

| tEUR             | 2018         | 2017        |
|------------------|--------------|-------------|
| Share capital:   |              |             |
| Opening balance  | 68.5         | 68.4        |
| Capital increase | 336.4        | 0.1         |
| <b>Total</b>     | <b>404.9</b> | <b>68.5</b> |

The share capital consists of 40.487.111 shares of nominal EUR 0.01 each. In connection with the IPO, the existing shares were converted from shares with a nominal value of 1 DKK, to the new shares with a nominal value of EUR 0.01.

|                                     | Number       | Nominal Value EUR | Share of capital | Purchase/Sales sum tEUR |
|-------------------------------------|--------------|-------------------|------------------|-------------------------|
| <b>Treasury shares:</b>             |              |                   |                  |                         |
| <b>Balance at January 1, 2017</b>   | <b>8,564</b> | <b>1</b>          | <b>1.68%</b>     | <b>0</b>                |
| Purchased in the year               | 291          | 0                 | 0.06%            | 20                      |
| Sales in the year                   | -8,855       | -1                | -1.74%           | -833                    |
| <b>Balance at December 31, 2017</b> | <b>0</b>     | <b>0</b>          | <b>0</b>         | <b>0</b>                |
| Movements in 2018                   | 0            | 0                 | 0                | 0                       |
| <b>Balance at December 31 2018</b>  | <b>0</b>     | <b>0</b>          | <b>0</b>         | <b>0</b>                |

No expenses have been incurred regarding purchase of treasury shares.

No treasury shares have been sold nor purchased in 2018

## 17 DISTRIBUTIONS MADE AND PROPOSED

| tEUR   | 2018 | 2017 |
|--|------|------|
| Declared and paid during the year on ordinary shares | 0    | 0    |
| Proposed dividend on ordinary shares                 | 0    | 0    |

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

## 18 PAYABLES

| t.EUR                 | 2018         | 2017         |
|-----------------------|--------------|--------------|
| Trade Payables        | 499          | 852          |
| Other payables        | 2,065        | 1,026        |
| <b>Total payables</b> | <b>2,564</b> | <b>1,879</b> |

## 19 COMMITMENTS AND CONTINGENCIES

### Other contingent liabilities

The Company was jointly taxed with Bumbleventures ApS, who acts as management company, until August 2018. Better Collective A/S is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2018 as well as withholding taxes on interest, royalties and dividends falling due for payment on or after December 31, 2018.

Better Collective A/S has a mortgage loan from Realkredit Danmark of 586 tEUR and the property on HC. Andersens Boulevard (book value 736 tEUR) is placed as collateral.

### Other financial obligations

Rent and lease liabilities for the group include a rent obligation totalling 1,719 tEUR with remaining contract terms of 0 - 7 years.

| tEUR                                     | 2018         | 2017       |
|--|--------------|------------|
| Rent obligation                          | 1.719        | 407        |
| <b>Total other financial obligations</b> | <b>1.719</b> | <b>407</b> |

# NOTES

## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### Market Risk

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

### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's international operating activities. The Group's revenues are mainly denominated in DKK and EUR, with limited revenues in GBP, USD, 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, and PLN. The DKK exchange 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 Group is not overly exposed to foreign currency risk.

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

### Interest rate risk

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

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

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables and cash and cash at hand. Trade and other receivables are monitored closely to determine whether there is objective evidence that an impairment loss should be recognised. Cash and cash at hand are held with leading local financial institutions.

As per January 1, 2018 the Group has 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. The effect of implementation of IFRS 9 has been assessed insignificant.

As per December 31, 2018 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                   | Loss percentage | Gross Receivable | Expected loss | Net receivable |
|------------------------|-----------------|------------------|---------------|----------------|
| Not Due                | 0.3%            | 5,512            | 18            | 5,494          |
| Less than 30 days      | 3.0%            | 810              | 24            | 786            |
| Between 31 and 60 days | 15.0%           | 607              | 91            | 516            |
| More than 61 days      | 25.0%           | 750              | 188           | 562            |
| <b>Total</b>           | <b>4.2%</b>     | <b>7,679</b>     | <b>321</b>    | <b>7,358</b>   |

As of December 31, 2017 no provision for loss on trade receivables has been recognised.

### 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 and the credit facility. The group ensures adequate liquidity through the management of cash flow forecasts and close monitoring of cash inflows and outflows.

# NOTES

## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

### Contractual cash flows:

| tEUR  | Carrying amount | Fair Value    | Total         | < 1 year      | 2 - 5 years   | > 5 years  |
|---|-----------------|---------------|---------------|---------------|---------------|------------|
| <b>2018</b>   |                 |               |               |               |               |            |
| <b>Non-derivative financial instruments:</b>            |                 |               |               |               |               |            |
| <i>Financial liabilities measure at fair value</i>      |                 |               |               |               |               |            |
| Earn-Out consideration                                  | 12,743          | 12,743        | 13,018        | 3,843         | 9,175         | 0          |
| <i>Financial liabilities measure at amortised costs</i> |                 |               |               |               |               |            |
| Trade and other payables                                | 2,564           | 2,564         | 2,564         | 2,564         | 0             | 0          |
| Deferred payment on acquisitions                        | 16,442          | 16,442        | 16,442        | 16,442        | 0             | 0          |
| Debt to mortgage credit institutions                    | 564             | 564           | 633           | 24            | 96            | 512        |
| Debt to credit institutions                             | 8,500           | 8,500         | 8,988         | 162           | 8,826         | 0          |
| <b>Total non-derivative financial instruments</b>       | <b>40,812</b>   | <b>40,812</b> | <b>41,643</b> | <b>23,034</b> | <b>18,097</b> | <b>512</b> |
| <b>Assets:</b>  |                 |               |               |               |               |            |
| Trade and other receivables                             | 7,705           | 7,705         | 7,705         | 7,705         | 0             | 0          |
| Cash  | 15,978          | 15,978        | 15,978        | 15,978        | 0             | 0          |
| <b>Total financial assets</b>                           | <b>23,683</b>   | <b>23,683</b> | <b>23,683</b> | <b>23,683</b> | <b>0</b>      | <b>0</b>   |
| <b>Net</b>  | <b>17,129</b>   | <b>17,129</b> | <b>17,961</b> | <b>-649</b>   | <b>18,097</b> | <b>512</b> |

| tEUR  | Carrying amount | Fair Value    | Total         | < 1 year      | 2 - 5 years | > 5 years  |
|---|-----------------|---------------|---------------|---------------|-------------|------------|
| <b>2017</b>   |                 |               |               |               |             |            |
| <b>Non-derivative financial instruments:</b>            |                 |               |               |               |             |            |
| <i>Financial liabilities measure at fair value</i>      |                 |               |               |               |             |            |
| Earn-Out consideration                                  | 1,250           | 1,250         | 1,250         | 1,200         | 50          | 0          |
| <i>Financial liabilities measure at amortised costs</i> |                 |               |               |               |             |            |
| Trade and other payables                                | 1,879           | 1,879         | 1,879         | 1,879         | 0           | 0          |
| Deferred payment on acquisitions                        | 3,145           | 3,145         | 3,145         | 3,145         | 0           | 0          |
| Vendor loan on acquisitions                             | 3,341           | 3,341         | 3,341         | 3,341         | 0           | 0          |
| Debt to mortgage credit institutions                    | 586             | 586           | 688           | 25            | 98          | 565        |
| Debt to credit institutions                             | 5,343           | 5,343         | 5,423         | 5,423         | 0           | 0          |
| <b>Total non-derivative financial instruments</b>       | <b>15,543</b>   | <b>15,543</b> | <b>15,725</b> | <b>15,012</b> | <b>148</b>  | <b>565</b> |
| <b>Assets</b>   |                 |               |               |               |             |            |
| Trade and other receivables                             | 4,405           | 4,405         | 4,405         | 4,405         | 0           | 0          |
| Cash  | 2,129           | 2,129         | 2,129         | 2,129         | 0           | 0          |
| <b>Total financial assets</b>                           | <b>6,535</b>    | <b>6,535</b>  | <b>6,535</b>  | <b>6,535</b>  | <b>0</b>    | <b>0</b>   |
| <b>Net</b>  | <b>9,008</b>    | <b>9,008</b>  | <b>9,190</b>  | <b>8,477</b>  | <b>148</b>  | <b>565</b> |

### Fair value of Earn-out consideration

Fair Value of Earn-Out consideration is measured based on level 3 - Valuation techniques, for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair Value of Earn-Out consideration is measured based on weighted probabilities of assessed possible payments discounted to present value.



# NOTES

## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Fair value

Financial liabilities are either current/short termed, non-current loans/overdraft facility subject to a variable interest rate, and Earn-Out consideration measured at fair value. 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.

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

### Credit facilities

Better Collective has non-current bank credit facilities of total 43.6 mEUR, of which 8.5 mEUR was drawn up end of December 2018.

As of December 31, 2018, cash and unused credit facilities, amounted to approximately 51 mEUR.

### Change in liabilities arising from financing activity

| tEUR   | 2016     | cash<br>flows<br>Net | Non<br>cash flow<br>changes | 2017         | cash<br>flows<br>Net | Non<br>cash flow<br>changes | 2018         |
|--|----------|----------------------|-----------------------------|--------------|----------------------|-----------------------------|--------------|
| Non-current financing liabilities                  | 0        | 566                  |                             | 566          | 8,494                | -15                         | 9,044        |
| Current financing liabilities                      | 0        | 5,343                |                             | 5,343        | -5,323               |                             | 20           |
| <b>Total liabilities from financing activities</b> | <b>0</b> | <b>5,908</b>         | <b>0</b>                    | <b>5,908</b> | <b>3,171</b>         | <b>-15</b>                  | <b>9,064</b> |

## 21 CHANGE IN WORKING CAPITAL

| tEUR                                    | 2018          | 2017          |
|---|---------------|---------------|
| Change in receivables                   | -3,633        | -1,908        |
| Prepaid expenses                        | -311          | -304          |
| Prepayment from customers               | -558          | 44            |
| Change in trades payable, other debt    | 3,100         | 397           |
| <b>Change in working capital, total</b> | <b>-1,402</b> | <b>-1,770</b> |

## 22 BUSINESS COMBINATIONS

### Acquisition of Bola Webinformation GmbH

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

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

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

# NOTES

## 22 ACQUISITION OF SUBSIDIARIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

# NOTES

## 22 ACQUISITION OF SUBSIDIARIES (CONTINUED)

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

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

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

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

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

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

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

### Acquisition of Ribacka Group.

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

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

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

# NOTES

## 22 ACQUISITION OF SUBSIDIARIES (CONTINUED)

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

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

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

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

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

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

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

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

## Business combinations 2017

### Sportfreunde

On May 31, 2017 Better Collective A/S acquired 100% of the shares and votes in Hebiva Beteiligungen GmbH (referred to as "Sportfreunde". Sportfreunde is an Austrian based affiliate marketing company with strong presence in the German speaking markets. The company was an attractive strategic fit with solid financial performance and it is expected that Better Collective can drive performance further on the strong foundation.

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

| tEUR   | Sportfreunde<br>Fair value determined at acquisition |
|--|--|
| Acquired net assets at the time of the acquisition |  |
| Domains and websites                               | 7,117  |
| Accounts & other intangible assets                 | 2,100  |
| Tangible assets                                    | 143  |
| Deposits   | 17   |
| Trade and other receivables                        | 546  |
| Cash and cash equivalents                          | 338  |
| Deferred tax liabilities                           | -2,345   |
| Corporate tax liabilities                          | 0  |
| Trade and other payables                           | -128   |
| <b>Identified net assets</b>                       | <b>7,788</b>   |
| Goodwill   | 4,889  |
| <b>Total consideration</b>                         | <b>12,677</b>  |

# NOTES

## 22 ACQUISITION OF SUBSIDIARIES (CONTINUED)

In relation to the acquisition of Sportfreunde a goodwill of 4,889 tEUR emerged as an effect of the difference between the transferred consideration and the fair value of acquired net assets. Goodwill is primarily connected to synergy effects that are expected to arise from the integration efficiencies and leveraging Better Collective's existing operator agreements. The goodwill is not tax deductible.

Transaction costs related to the acquisition of Sportfreunde amounts to 136 tEUR. Transaction costs are accounted for in the income statements under "special items".

The fair value of the trade receivables amounts to tEUR 373. The gross amount of trade receivables is tEUR 373. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

| tEUR  | Sportfreunde |
|---|--------------|
| Effect on cash flow regarding acquisition of Sportfreunde |              |
| Purchase amount   | 12,677       |
| <i>Regards to:</i>  |              |
| Cash and cash equivalents                                 | 338          |
| Deferred payment  | 2,675        |
| Estimated conditional purchase amount                     | 0            |
| <b>Net cash outflow</b>                                   | <b>9,664</b> |

During the seven months since the acquisition date the subsidiary contributed with 2,682 tEUR to the Group's revenue and 1,274 tEUR to the result after tax. If the acquisition would have taken place January 1, 2017 the Group's revenue would have amounted to 27,963 tEUR and result after tax would have mounted to 7,995 tEUR.

### Pull Media

On August 31, 2017 Better Collective acquired 100% of the shares and votes in Pull Media SAS (referred to as "Pull Media"). Pull Media a French based affiliate marketing company with a global presence with focus on the French speaking markets. The company was an attractive fit with solid financial performance and it is expected that Better Collective can benefit from the global presence and synergies in organisational focus, SEO optimisation and combined commercial presence.

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

| tEUR   | Pull Media<br>Fair value<br>determined<br>at acquisition |
|--|--|
| Acquired net assets at the time of the acquisition |  |
| Domains and websites                               | 9,200  |
| Accounts & other intangible assets                 | 1,100  |
| Tangible assets                                    | 8  |
| Deposits   | 43   |
| Trade and other receivables                        | 866  |
| Cash and cash equivalents                          | 1,378  |
| Deferred tax liabilities                           | -3,421   |
| Corporate tax liabilities                          | -345   |
| Trade and other payables                           | -142   |
| <b>Identified net assets</b>                       | <b>8,687</b>   |
| Goodwill   | 2,288  |
| <b>Total consideration</b>                         | <b>10,975</b>  |



# NOTES

## 22 ACQUISITION OF SUBSIDIARIES (CONTINUED)

In relation to the acquisition of Pull Media a goodwill of 2.288 tEUR emerged as an effect of the difference between the transferred consideration and the fair value of acquired net assets. Goodwill is primarily connected to synergy effects that are expected to arise from the efficiencies in SEO optimisation, knowledge sharing on business optimisation and leveraging Better Collective's existing operator agreements. The goodwill is not tax deductible.

The fair value of the trade receivables amounts to tEUR 737. The gross amount of trade receivables is tEUR 737. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

Transaction costs related to the acquisition of Pull Media amounts to 178 tEUR. Transaction costs are accounted for in the income statements under "special items".

| tEUR  | Pull Media   |
|---|--------------|
| Effect on cash flow regarding acquisition of Pull Media |              |
| Purchase amount   | 10,975       |
| <i>Regards to:</i>                                      |              |
| Cash and cash equivalents                               | 1,378        |
| Deferred payment  | 3,341        |
| Estimated conditional purchase amount                   | 1,200        |
| <b>Net cash outflow</b>                                 | <b>5,056</b> |

An additional conditional consideration depended 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 1,200 tEUR. The conditional consideration has been settled after the balance sheet date.

During the four months since the acquisition date the subsidiary contributed with 1,468 tEUR to the group's revenue and 150 tEUR to the result after tax. If the acquisition would have taken place January 1, 2017 the Group's income would have amounted to 28,860 tEUR and result would have amounted to 7,511 tEUR.

## 23 RELATED PARTY DISCLOSURES

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

- J Søgaard Holding ApS, 24,5 %, Toldbodgade 12, 1253 Copenhagen, Denmark
- Chr. Dam Holding ApS, 24,5 %, Toldbodgade 12, 1253 Copenhagen, Denmark
- Better Partners ApS, 13,0 %, Toldbodgade 12, 1253 Copenhagen, Denmark

Christian Kirk Rasmussen and Jesper Søgaard each hold 29% of the shares in Better Collective A/S, either through respective holding companies or indirect through Better Partners ApS. The remaining shares are held by other shareholders.

### Leading employees

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

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

Other transactions with related parties have been as follows:

| tEUR                                    | 2018 | 2017 |
|---|------|------|
| Capital increase - gross                | 0    | 132  |
| Sale treasury shares and warrants       | 22   | 892  |
| Sale of Investments to Better Holding   |      | 134  |
| Other transactions with related parties | 5    | 72   |

# NOTES

## 24 GROUP INFORMATION

Information about subsidiaries

### December 31, 2017

| Name                      | Ownership | Country | City       | Currency | Capital,<br>Local<br>currency |
|---------------------------|-----------|---------|------------|----------|-------------------------------|
| Scatter Web ApS**         | 100%      | Denmark | Copenhagen | tDKK     | 80                            |
| Ploomo ApS**              | 100%      | Denmark | Copenhagen | tDKK     | 50                            |
| 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                           |

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

\*\* Dormant subsidiaries Scatter Web A/S and Ploomo ApS were liquidated in 2018

### December 31, 2018

| Name                          | Ownership | Country | City         | Currency | Capital,<br>Local<br>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       | tEUR     | 1.2                           |
| Better Collective Sweden AB   | 100%      | Sweden  | Stockholm    | tSEK     | 50                            |

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

## 25 EVENTS AFTER THE RECORDING DATE

None

# PARENT COMPANY FINANCIAL STATEMENTS

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## STATEMENT OF PROFIT AND LOSS

| Note   | tEUR   | 2018          | 2017          |
|--------|--|---------------|---------------|
| 2      | <b>Revenue</b>                               | <b>23,715</b> | <b>22,103</b> |
|        | Other operating income                       | 2,944         | 0             |
|        | Direct costs related to revenue              | 2,731         | 2,527         |
| 3, 4   | Staff costs                                  | 9,284         | 6,476         |
| 11, 13 | Amortisation/depreciation and impairment     | 805           | 172           |
| 5      | Other external expenses                      | 6,817         | 4,594         |
|        | <b>Operating profit before special items</b> | <b>7,022</b>  | <b>8,334</b>  |
| 6      | Special items, net                           | -3,382        | -62           |
|        | <b>Operating profit</b>                      | <b>3,639</b>  | <b>8,272</b>  |
| 8      | Financial income                             | 26            | 3             |
| 9      | Financial expenses                           | 710           | 130           |
|        | <b>Profit before tax</b>                     | <b>2,956</b>  | <b>8,145</b>  |
| 10     | Tax on profit for the period                 | 1,405         | 1,850         |
|        | <b>Profit for the period</b>                 | <b>1,551</b>  | <b>6,295</b>  |

## STATEMENT OF COMPREHENSIVE INCOME

|    | tEUR  | 2018         | 2017         |
|----|---|--------------|--------------|
|    | <b>Profit for the period</b>  | <b>1,551</b> | <b>6,295</b> |
|    | <b>Other comprehensive income</b>   |              |              |
|    | <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> |              |              |
|    | Currency translation to presentation currency   | -90          | -13          |
| 10 | Income tax  | 0            | 0            |
|    | <b>Net other comprehensive income/loss</b>  | <b>-90</b>   | <b>-13</b>   |
|    | <b>Total other comprehensive income/(loss) for the period, net of tax</b>                     | <b>1,461</b> | <b>6,281</b> |

# BALANCE SHEET

| Note                                    | tEUR   | 2018           | 2017          |
|---|--|----------------|---------------|
| <b>ASSETS</b>                           |  |                |               |
| <b>Non-current assets</b>               |  |                |               |
| <b>11, 12 Intangible assets</b>         |  |                |               |
|   | Goodwill   | 0              | 0             |
|   | Domains and websites                             | 14,325         | 3,769         |
|   | Accounts and other intangible assets             | 1,622          | 792           |
|   |  | <b>15,947</b>  | <b>4,562</b>  |
| <b>13 Property, plant and equipment</b> |  |                |               |
|   | Land and building                                | 736            | 756           |
|   | Fixtures and fittings, other plant and equipment | 400            | 112           |
|   |  | <b>1,136</b>   | <b>867</b>    |
| <b>Financial assets</b>                 |  |                |               |
| 7                                       | Investments in subsidiaries                      | 100,088        | 23,982        |
|   | Deposits   | 153            | 150           |
|   |  | <b>100,241</b> | <b>24,133</b> |
|   | <b>Total non-current assets</b>                  | <b>117,324</b> | <b>29,562</b> |
| <b>Current assets</b>                   |  |                |               |
| 15                                      | Trade and other receivables                      | 3,026          | 2,914         |
| 18                                      | Receivables from subsidiaries                    | 3,086          | 144           |
|   | Prepayments                                      | 449            | 275           |
| 18                                      | Cash   | 2,162          | 1,547         |
|   | <b>Total current assets</b>                      | <b>8,723</b>   | <b>4,880</b>  |
|   | <b>TOTAL ASSETS</b>                              | <b>126,046</b> | <b>34,442</b> |

| Note                           | tEUR                                    | 2018           | 2017          |
|--------------------------------|---|----------------|---------------|
| <b>EQUITY AND LIABILITIES</b>  |   |                |               |
| <b>Equity</b>                  |   |                |               |
| 14                             | Share Capital                           | 405            | 69            |
|                                | Share Premium                           | 67,316         | 381           |
|                                | Translation Reserve                     | -84            | 6             |
|                                | Retained Earnings                       | 12,989         | 13,066        |
|                                | Proposed Dividends                      | 0              | 0             |
|                                | <b>Total equity</b>                     | <b>80,626</b>  | <b>13,521</b> |
| <b>Non-current Liabilities</b> |   |                |               |
| 18                             | Debt to mortgage credit institutions    | 544            | 566           |
| 18                             | Debt to credit institutions             | 8,500          | 0             |
| 10                             | Deferred tax liabilities                | 451            | 67            |
| 18                             | Other non-current financial liabilities | 8,937          | 50            |
|                                | <b>Total non-current liabilities</b>    | <b>18,432</b>  | <b>682</b>    |
| <b>Current Liabilities</b>     |   |                |               |
|                                | Prepayments received from customers     | 417            | 917           |
| 16                             | Trade and other payables                | 1,962          | 1,479         |
| 18                             | Payables to subsidiaries                | 4,209          | 3,449         |
| 10                             | Corporation tax payable                 | 133            | 1,345         |
| 18                             | Other current financial liabilities     | 20,248         | 7,706         |
| 18                             | Debt to mortgage credit institutions    | 20             | 20            |
| 18                             | Debt to credit institutions             | 0              | 5,323         |
|                                | <b>Total current liabilities</b>        | <b>26,989</b>  | <b>20,238</b> |
|                                | <b>Total liabilities</b>                | <b>45,421</b>  | <b>20,921</b> |
|                                | <b>TOTAL EQUITY AND LIABILITIES</b>     | <b>126,046</b> | <b>34,442</b> |



# STATEMENT OF CHANGES IN EQUITY

| tEUR   | Share Capital | Share Premium | Currency Translation Reserve | Treasury Shares | Retained Earnings | Proposed Dividend | Total Equity  |
|--|---------------|---------------|------------------------------|-----------------|-------------------|-------------------|---------------|
| <b>As at January 1, 2017</b>                   | <b>68</b>     | <b>249</b>    | <b>19</b>                    | <b>-309</b>     | <b>5,905</b>      | <b>0</b>          | <b>5,933</b>  |
| Result for the year                            | 0             | 0             | 0                            | 0               | 6,295             | 0                 | 6,295         |
| <b>Other comprehensive income</b>              |               |               |                              |                 |                   |                   |               |
| Currency translation to presentation currency  | 0             | 0             | -13                          | 0               | 0                 | 0                 | -13           |
| Tax on other comprehensive income              | 0             | 0             | 0                            | 0               | 0                 | 0                 | 0             |
| Total other comprehensive income               | 0             | 0             | -13                          | 0               | 0                 | 0                 | -13           |
| <b>Total comprehensive income for the year</b> | <b>0</b>      | <b>0</b>      | <b>-13</b>                   | <b>0</b>        | <b>6,295</b>      | <b>0</b>          | <b>6,281</b>  |
| <b>Transactions with owners</b>                |               |               |                              |                 |                   |                   |               |
| Capital increase                               | 0             | 132           | 0                            | 0               | 0                 | 0                 | 132           |
| Acquisition/disposal of treasury shares        | 0             | 0             | 0                            | 309             | 582               | 0                 | 892           |
| Share based payments                           | 0             | 0             | 0                            | 0               | 283               | 0                 | 283           |
| <b>Total transactions with owners</b>          | <b>0</b>      | <b>132</b>    | <b>0</b>                     | <b>309</b>      | <b>865</b>        | <b>0</b>          | <b>1,307</b>  |
| <b>At December 31, 2017</b>                    | <b>69</b>     | <b>381</b>    | <b>6</b>                     | <b>0</b>        | <b>13,066</b>     | <b>0</b>          | <b>13,521</b> |

| tEUR   | Share capital | Share premium | Currency translation reserve | Treasury shares | Retained earnings | Proposed dividend | Total equity  |
|--|---------------|---------------|------------------------------|-----------------|-------------------|-------------------|---------------|
| <b>As at January 1, 2018</b>                         | <b>69</b>     | <b>381</b>    | <b>6</b>                     | <b>0</b>        | <b>13,066</b>     | <b>0</b>          | <b>13,521</b> |
| Result for the period                                | 0             | 0             | 0                            | 0               | 1,551             | 0                 | 1,551         |
| <b>Other comprehensive income</b>                    |               |               |                              |                 |                   |                   |               |
| Currency translation to presentation currency        | 0             | 0             | -90                          | 0               | 0                 | 0                 | -90           |
| Tax on other comprehensive income                    | 0             | 0             | 0                            | 0               | 0                 | 0                 | 0             |
| Total other comprehensive income                     | 0             | 0             | -90                          | 0               | 0                 | 0                 | -90           |
| <b>Total comprehensive income for the year</b>       | <b>0</b>      | <b>0</b>      | <b>-90</b>                   | <b>0</b>        | <b>1,551</b>      | <b>0</b>          | <b>1,461</b>  |
| <b>Transactions with owners</b>                      |               |               |                              |                 |                   |                   |               |
| Capital Increase                                     | 336           | 68,410        | 0                            | 0               | -207              | 0                 | 68,539        |
| Transaction cost                                     | 0             | -1,475        | 0                            | 0               | 0                 | 0                 | -1,475        |
| Acquisition/disposal of treasury shares and warrants | 0             | 0             | 0                            | 0               | 22                | 0                 | 22            |
| Share based payments                                 | 0             | 0             | 0                            | 0               | 319               | 0                 | 319           |
| Cash settlement of warrants                          | 0             | 0             | 0                            | 0               | -2,371            | 0                 | -2,371        |
| Tax on settlement of warrants                        | 0             | 0             | 0                            | 0               | 522               | 0                 | 522           |
| Merger - Subsidiaries*                               | 0             | 0             | 0                            | 0               | 87                | 0                 | 87            |
| Proposed Dividend                                    | 0             | 0             | 0                            | 0               | 0                 | 0                 | 0             |
| <b>Total transactions with owners</b>                | <b>336</b>    | <b>66,935</b> | <b>0</b>                     | <b>0</b>        | <b>-1,627</b>     | <b>0</b>          | <b>65,644</b> |
| <b>At December 31, 2018</b>                          | <b>405</b>    | <b>67,316</b> | <b>-84</b>                   | <b>0</b>        | <b>12,989</b>     | <b>0</b>          | <b>80,626</b> |

\* Liquidation of dormant subsidiaries Ploomo ApS and Scatterweb ApS

# STATEMENT OF CASH FLOWS PARENT

| Note | tEUR  | 2018        | 2017         |
|------|---|-------------|--------------|
|      | Profit before tax   | 2,956       | 8,145        |
|      | Adjustment for finance items  | 683         | 127          |
|      | Adjustment for special items  | 3,382       | 62           |
|      | Operating Profit for the period before special items                          | 7,022       | 8,334        |
|      | Depreciation and amortisation   | 805         | 172          |
|      | Other adjustments of non cash operating items                                 | 319         | 283          |
|      | Cash flow from operations before changes in working capital and special items | 8,146       | 8,789        |
| 19   | Change in working capital   | -3,088      | -1,965       |
|      | Cash flow from operations before special items                                | 5,058       | 6,824        |
|      | Special items, cash flow  | -3,382      | -62          |
|      | Cash flow from operations   | 1,675       | 6,762        |
|      | Interest income, received   | 26          | 3            |
|      | Interest expenses, paid   | -710        | -265         |
|      | Cash flow from ordinary activities before tax                                 | 992         | 6,501        |
|      | Income tax paid   | -1,707      | 13           |
|      | <b>Cash flow from operating activities</b>                                    | <b>-715</b> | <b>6,513</b> |

| Note | tEUR  | 2018           | 2017           |
|------|---|----------------|----------------|
| 7    | Acquisition of subsidiaries                               | -58,115        | -16,750        |
| 11   | Acquisition of intangible assets                          | -8,853         | -3,897         |
| 13   | Acquisition of property, plant and equipment              | -375           | -92            |
| 13   | Sale of property, plant and equipment                     | 0              | 0              |
|      | Acquisition and disposal of associates, net               | 0              | 134            |
|      | Change in rental deposits                                 | -3             | -53            |
|      | <b>Cash flow from investing activities</b>                | <b>-67,346</b> | <b>-20,658</b> |
|      | Repayment of borrowings                                   | -18,401        | 0              |
|      | Proceeds from borrowings                                  | 21,572         | 5,909          |
|      | Group financial borrowings                                | 700            | 3,449          |
|      | Capital increase  | 68,547         | 1,024          |
|      | Transaction cost  | -1,475         | 0              |
|      | Warrant settlement, sale of warrants                      | -2,349         | 0              |
|      | <b>Cash flow from financing activities</b>                | <b>68,595</b>  | <b>10,382</b>  |
|      | Cash flows for the period                                 | 534            | -3,763         |
|      | Cash and cash equivalents at beginning                    | 1,547          | 5,329          |
|      | Foreign currency translation of cash and cash equivalents | 81             | -19            |
|      | <b>Cash and cash equivalents period end</b>               | <b>2,162</b>   | <b>1,547</b>   |

# NOTES TO THE PARENT FINANCIAL STATEMENT

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# NOTES

## 1 ACCOUNTING POLICIES

Reference is made to note 1 to the consolidated financial statements

## 2 REVENUE SPECIFICATION – AFFILIATE MODEL

In accordance with IFRS 15 disclosure requirements, total revenue for 2018 is split on revenue share, Cost per Acquisition (CPA), and other, as follows:

| tEUR                 | 2018          | 2018<br>%-split |
|----------------------|---------------|-----------------|
| <b>Revenue</b>       |               |                 |
| Revenue share        | 21,154        | 89              |
| CPA                  | 1,536         | 6               |
| Other                | 1,025         | 4               |
| <b>Total Revenue</b> | <b>23,715</b> | <b>100</b>      |

The parent company has earned 15 mEUR in revenues from one major customer, which represents 64% of the parent company's revenue (2017: 70%).

## 3 STAFF COSTS

| tEUR                                  | 2018         | 2017         |
|---------------------------------------|--------------|--------------|
| Wages and salaries                    | 7,743        | 5,281        |
| Pensions, defined contribution        | 771          | 499          |
| Other social security costs           | 98           | 82           |
| Share-based payments                  | 319          | 283          |
| Other staff costs                     | 352          | 331          |
| <b>Total staff costs</b>              | <b>9,284</b> | <b>6,476</b> |
| Average number of full-time employees | 112          | 85           |

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 5 of the consolidated financial statements

## 5 FEES PAID TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

| t.EUR                          | 2018       | 2017       |
|--------------------------------|------------|------------|
| Fee related to statutory audit | 47         | 56         |
| Fees for tax advisory services | 111        | 2          |
| Assurance engagements          | 18         | 3          |
| Other assistance               | 414        | 191        |
|                                | <b>589</b> | <b>251</b> |

Fee in relation to non-audit services from EY Denmark, EUR 356 thousand mainly consists of tax and financial due diligence, general accounting advice regarding new IFRS standards, review of condensed consolidated interim financial statements and services including comfort letter in connection with the IPO.

## 6 SPECIAL ITEMS

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

| tEUR  | 2018         | 2017         |
|---|--------------|--------------|
| Operating profit  | 3,639        | 8,272        |
| Special items related to IPO  | -3,379       | -62          |
| Special items related to M&A  | -4           | 0            |
| <b>Operating profit before special items</b>  | <b>7,022</b> | <b>8,334</b> |
| Amortisations   | 702          | 140          |
| <b>Operating profit before amortisations and special items (EBITA before special items)</b>                 | <b>7,723</b> | <b>8,475</b> |
| Depreciation  | 103          | 31           |
| <b>Operating profit before depreciation, amortisations, and special items (EBITDA before special items)</b> | <b>7,827</b> | <b>8,506</b> |

# NOTES

## 7 INVESTMENTS IN SUBSIDIARIES

| Subsidiaries | Name                          | Domicile | Interest % | 2018        |                  | 2017        |                  |
|--------------|-------------------------------|----------|------------|-------------|------------------|-------------|------------------|
|              |                               |          |            | Equity tEUR | Profit/loss tEUR | Equity tEUR | Profit/loss tEUR |
| Subsidiaries |                               |          |            |             |                  |             |                  |
|              | Scatter Web ApS*              | Denmark  | 100%       | 0           | 0                | 98          | -17              |
|              | Ploomo ApS*                   | Denmark  | 100%       | 0           | 0                | -91         | -13              |
|              | Better Collective D.o.o.      | Serbia   | 100%       | 222         | 184              | 37          | 34               |
|              | Better Collective SAS         | France   | 100%       | 3,366       | 1,199            | 2,167       | 236              |
|              | Hebiva Beteiligungen GmbH     | Austria  | 100%       | 48          | -7               | 55          | -8               |
|              | Better Collective GmbH**      | Austria  | 100%       | 4,852       | 2,397            | 2,455       | 1,588            |
|              | Bola Webinformation GmbH      | Austria  | 100%       | 5,441       | 2,241            | 0           | 0                |
|              | Better Collective Greece P.C. | Greece   | 100%       | 431         | 145              | 0           | 0                |
|              | Kapa Media Services Ltd.      | Malta    | 100%       | 76          | 62               | 0           | 0                |
|              | Better Collective Sweden AB   | Sweden   | 100%       | 4,903       | 0                | 0           | 0                |

\*) Ploomo ApS and Scatterweb ApS were liquidated in 2018

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

| tEUR                                   | 2018           | 2017          |
|--|----------------|---------------|
| <b>Subsidiaries</b>                    |                |               |
| <b>Cost at 1 January</b>               | <b>24,057</b>  | <b>86</b>     |
| Additions*                             | 76,305         | 23,971        |
| Disposal through liquidation           | -30            | 0             |
| Exchange rate to reporting currency    | -244           | 0             |
| <b>Cost at 31 December</b>             | <b>100,088</b> | <b>24,057</b> |
| <b>Value adjustment at 1 January</b>   | <b>-75</b>     | <b>-75</b>    |
| Impairment                             | 0              | 0             |
| Disposal                               | 75             | 0             |
| <b>Value adjustment at 31 December</b> | <b>0</b>       | <b>-75</b>    |
| <b>Carrying amount at 31 December</b>  | <b>100,088</b> | <b>23,982</b> |

\* Cash flow impact in 2018: 58,115 tEUR (2017: 16,750 tEUR)

Investments in subsidiaries has been assessed for impairment in 2017 and 2018. The assessment did not lead to any impairment in either 2017 or 2018.



# NOTES

## 8 FINANCE INCOME

| tEUR                        | 2018      | 2017     |
|-----------------------------|-----------|----------|
| Exchange gains              | 13        | 3        |
| Interest income             | 0         | 0        |
| Other financial income      | 13        | 0        |
| <b>Total finance income</b> | <b>26</b> | <b>3</b> |

## 9 FINANCE COSTS

| tEUR  | 2018       | 2017       |
|---|------------|------------|
| Exchange losses                                   | 34         | 29         |
| Interest expenses                                 | 494        | 78         |
| Impairment of financial assets including reversal | 0          | -59        |
| Interest expenses, group entities                 | 77         | 10         |
| Other financial costs                             | 105        | 72         |
| <b>Total finance costs</b>                        | <b>710</b> | <b>130</b> |

## 10 INCOME TAX

Total tax for the year is specified as follows:

| tEUR                              | 2018         | 2017         |
|-----------------------------------|--------------|--------------|
| Tax for the year                  | 1,405        | 1,850        |
| Tax on other comprehensive income | 0            | 0            |
| <b>Total</b>                      | <b>1,405</b> | <b>1,850</b> |

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

| tEUR                        | 2018         | 2017         |
|-----------------------------|--------------|--------------|
| Deferred tax                | 377          | 35           |
| Current tax                 | 1,020        | 1,815        |
| Adjustment from prior years | 7            | 0            |
| <b>Total</b>                | <b>1,405</b> | <b>1,850</b> |

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

| tEUR  | 2018         | 2017         |
|---|--------------|--------------|
| Profit for the year:                        |              |              |
| Calculated 22% tax of the result before tax | 650          | 1,792        |
| Tax effect of:                              |              |              |
| Non-taxable income                          | -3           | -25          |
| Non-deductible costs                        | 757          | 83           |
|   | <b>1,405</b> | <b>1,850</b> |
| <b>Effective tax rate</b>                   | <b>47.5%</b> | <b>22.7%</b> |

# NOTES

## 10 INCOME TAX (CONTINUED)

| tEUR  | 2018         | 2017         |
|---|--------------|--------------|
| <b>Deferred tax</b>                                 |              |              |
| <b>Deferred tax January 1</b>                       | <b>67</b>    | <b>32</b>    |
| Adjustments of deferred tax in profit and loss      | 385          | 35           |
| <b>Deferred tax December 31</b>                     | <b>451</b>   | <b>67</b>    |
| Deferred tax is recognised in the balance sheet as: |              |              |
| Deferred tax asset                                  | 0            | 0            |
| Deferred tax liability                              | 451          | 67           |
| <b>Deferred tax December 31</b>                     | <b>451</b>   | <b>67</b>    |
| Deferred tax is related to:                         |              |              |
| Intangible assets                                   | 472          | 115          |
| Property, plant and equipment                       | -21          | -48          |
| <b>Deferred tax December 31</b>                     | <b>451</b>   | <b>67</b>    |
| <b>Income tax payable</b>                           |              |              |
| <b>Income tax payable January 1</b>                 | <b>1,345</b> | <b>-483</b>  |
| Current tax   | 1,020        | 1,815        |
| Income tax paid during the year                     | -1,707       | 13           |
| Tax payable reduction from warrant settlement       | -526         | 0            |
| <b>Income tax payable December 31</b>               | <b>133</b>   | <b>1,345</b> |

## 11 INTANGIBLE ASSETS

| tEUR                                       | Goodwill | Domains and other websites | Accounts and other intangible assets | Total         |
|--|----------|----------------------------|--------------------------------------|---------------|
| <b>Cost or valuation</b>                   |          |                            |                                      |               |
| <b>At January 1, 2018</b>                  | <b>0</b> | <b>3,769</b>               | <b>932</b>                           | <b>4,702</b>  |
| Acquisitions through asset transactions*   | 0        | 10,569                     | 1,532                                | 12,101        |
| Disposals                                  | 0        | 0                          | 0                                    | 0             |
| Currency Translation                       | 0        | -13                        | -3                                   | -15           |
| <b>At December 31, 2018</b>                | <b>0</b> | <b>14,325</b>              | <b>2,462</b>                         | <b>16,787</b> |
| <b>Amortisation and impairment</b>         |          |                            |                                      |               |
| <b>At January 1, 2018</b>                  | <b>0</b> | <b>0</b>                   | <b>140</b>                           | <b>140</b>    |
| Amortisation for the period                | 0        | 0                          | 700                                  | 700           |
| Amortisation on disposed assets            | 0        | 0                          | 0                                    | 0             |
| Currency translation                       | 0        | 0                          | 0                                    | 0             |
| <b>At December 31, 2018</b>                | <b>0</b> | <b>0</b>                   | <b>840</b>                           | <b>840</b>    |
| <b>Net book value at December 31, 2018</b> | <b>0</b> | <b>14,325</b>              | <b>1,622</b>                         | <b>15,947</b> |
| <b>Cost or valuation</b>                   |          |                            |                                      |               |
| <b>At January 1, 2017</b>                  | <b>0</b> | <b>266</b>                 | <b>0</b>                             | <b>266</b>    |
| Acquisitions through asset transactions    | 0        | 3,504                      | 932                                  | 4,436         |
| Currency Translation                       | 0        | 0                          | 0                                    | 0             |
| <b>At December 31, 2017</b>                | <b>0</b> | <b>3,769</b>               | <b>932</b>                           | <b>4,702</b>  |
| <b>Amortisation and impairment</b>         |          |                            |                                      |               |
| <b>At January 1, 2017</b>                  | <b>0</b> | <b>0</b>                   | <b>0</b>                             | <b>0</b>      |
| Amortisation for the period                | 0        | 0                          | 140                                  | 140           |
| Currency translation                       | 0        | 0                          | 0                                    | 0             |
| <b>At December 31, 2017</b>                | <b>0</b> | <b>0</b>                   | <b>140</b>                           | <b>140</b>    |
| <b>Net book value at December 31, 2017</b> | <b>0</b> | <b>3,769</b>               | <b>792</b>                           | <b>4,562</b>  |

\* Cash flow impact in 2018: 8,853 tEUR (2017: 3,897 tEUR)

# NOTES

## 12 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                 | 2018   | 2017  |
|----------------------|--------|-------|
| Domains and Websites | 14,325 | 3,769 |

As at December 31, 2017 and December 31, 2018, domains and websites have been tested 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.

### 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, 2017 and December 31, 2018, on a value-in-use basis. Management has based the value in use by estimating the present value of future cash flows from a four-year forecast approved by the Board of Directors. Key parameters in the short-term budget and mid-term forecast are trends in revenue, margin development and growth expectations. Beyond this, Management has applied a terminal value rate of 2% per year. The cash flows assume a discount factor of 15% after tax based on the Group's weighted average cost of capital (WACC) in all years 2019-2022, with an effective tax rate of 22%-23% (pre-tax discount rate 18.5%). The Board of Directors have approved the inputs to the impairment testing and are satisfied that the judgements made are appropriate.

Further, acquired domains and websites with indefinite life have been individually evaluated for indicators of impairment. The evaluation is based on actual traffic on the websites, as well as actual and expected revenue and NDCs generated by the accounts with operators that are linked to the websites. As per December 31, 2018 the evaluation did not indicate any need for impairment.

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

# NOTES

## 13 PROPERTY, PLANT AND EQUIPMENT

| tEUR                                       | Land and buildings | Fixtures and fittings, other plant and equipment | Total        |
|--|--------------------|--|--------------|
| <b>Cost or valuation</b>                   |                    |  |              |
| <b>At December 31, 2017</b>                | <b>789</b>         | <b>203</b>                                       | <b>992</b>   |
| Additions                                  | 0                  | 374  | 374          |
| Acquisitions through business combinations | 0                  | 0  | 0            |
| Disposals                                  | 0                  | -2   | -2           |
| Currency Translation                       | -2                 | -1   | -3           |
| <b>At December 31, 2018</b>                | <b>787</b>         | <b>574</b>                                       | <b>1,361</b> |
| <b>Depreciation and impairment</b>         |                    |  |              |
| <b>At December 31, 2017</b>                | <b>34</b>          | <b>91</b>  | <b>125</b>   |
| Depreciation for the period                | 17                 | 86   | 103          |
| Depreciation on disposed assets            | 0                  | -2   | -2           |
| Currency translation                       | 0                  | 0  | 0            |
| <b>At December 31, 2018</b>                | <b>51</b>          | <b>174</b>                                       | <b>225</b>   |
| <b>Net book value at December 31, 2018</b> | <b>736</b>         | <b>400</b>                                       | <b>1,136</b> |
| <b>Cost or valuation</b>                   |                    |  |              |
| <b>At December 31, 2016</b>                | <b>790</b>         | <b>137</b>                                       | <b>927</b>   |
| Additions                                  | 0                  | 93   | 93           |
| Disposals                                  | 0                  | -27  | -27          |
| Currency Translation                       | -1                 | 0  | -1           |
| <b>At December 31, 2017</b>                | <b>789</b>         | <b>203</b>                                       | <b>992</b>   |
| <b>Depreciation and impairment</b>         |                    |  |              |
| <b>At December 31, 2016</b>                | <b>16</b>          | <b>105</b>                                       | <b>121</b>   |
| Depreciation for the period                | 18                 | 14   | 31           |
| Depreciation on disposed assets            | 0                  | -27  | -27          |
| Currency translation                       | 0                  | 0  | 0            |
| <b>At December 31, 2017</b>                | <b>34</b>          | <b>91</b>  | <b>125</b>   |
| <b>Net book value at December 31, 2017</b> | <b>756</b>         | <b>112</b>                                       | <b>867</b>   |

## 14 ISSUED CAPITAL AND RESERVES

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

## 15 TRADE AND OTHER RECEIVABLES

| tEUR                     | 2018         | 2017         |
|--------------------------|--------------|--------------|
| Trade receivables        | 2,898        | 2,770        |
| Other receivables        | 128          | 143          |
| <b>Total receivables</b> | <b>3,026</b> | <b>2,914</b> |

## 16 PAYABLES

| tEUR                  | 2018         | 2017         |
|-----------------------|--------------|--------------|
| Trade Payables        | 296          | 766          |
| Other payables        | 1,666        | 713          |
| <b>Total payables</b> | <b>1,962</b> | <b>1,479</b> |

# NOTES

## 17 COMMITMENTS AND CONTINGENCIES

### OTHER CONTINGENT LIABILITIES

The Company was jointly taxed with Bumbleventures ApS, who acts as management company, until August 2018. Better Collective A/S is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2018 as well as withholding taxes on interest, royalties and dividends falling due for payment on or after December 31, 2018.

Better Collective A/S has a mortgage loan from Realkredit Danmark of 586 tEUR and the property on HC. Andersens Boulevard (book value 736 tEUR) is placed as collateral.

### OTHER FINANCIAL OBLIGATIONS

Rent and lease liabilities include a rent obligation totalling 544 tEUR with remaining contract terms of 0 - 4 years.

| tEUR                                     | 2018       | 2017       |
|--|------------|------------|
| Rent obligation                          | 544        | 355        |
| <b>Total other financial obligations</b> | <b>544</b> | <b>355</b> |

## 18 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.

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

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The 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.



# NOTES

## 18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables and cash and cash at hand. Trade and other receivables are monitored closely to determine whether there is objective evidence that an impairment loss should be recognised. Cash and cash at hand are held with leading local financial institutions.

As per January 1, 2018 the parent company has 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. The effect of implementation of IFRS 9 has been assessed insignificant.

As per December 31, 2018 the parent company's impairment for expected loss is included in the trade receivables (ref note 15).

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

| tEUR                                 | Loss percentage | Gross Receivable | Expected loss | Net receivable |
|--------------------------------------|-----------------|------------------|---------------|----------------|
| Not Due                              | 0.1%            | 2,549            | 4             | 2,545          |
| Less than 30 days                    | 0.5%            | 0                | 0             | 0              |
| Between 31 and 60 days               | 5.0%            | 153              | 8             | 146            |
| More than 61 days                    | 10.0%           | 230              | 23            | 207            |
| <b>Total</b>                         | <b>1.2%</b>     | <b>2,932</b>     | <b>34</b>     | <b>2,898</b>   |
| <b>Receivables from subsidiaries</b> | <b>0%</b>       | <b>3,086</b>     | <b>0</b>      | <b>3,086</b>   |

As of December 31, 2017 no provision for loss on trade receivables has been recognised.

### 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.

# NOTES

## 18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

### Contractual cash flows:

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

### Contractual cash flows:

| tEUR  | Carrying amount | Fair Value    | Total         | < 1 year      | 2 - 5 years | > 5 years  |
|---|-----------------|---------------|---------------|---------------|-------------|------------|
| <b>2017</b>   |                 |               |               |               |             |            |
| <b>Non-derivative financial instruments:</b>            |                 |               |               |               |             |            |
| <i>Financial liabilities measure at fair value</i>      |                 |               |               |               |             |            |
| Earn-Out consideration                                  | 1,250           | 1,250         | 1,250         | 1,200         | 50          | 0          |
| <i>Financial liabilities measure at amortised costs</i> |                 |               |               |               |             |            |
| Trade and other payables                                | 1,479           | 1,479         | 1,479         | 1,479         | 0           | 0          |
| Deferred payment on acquisitions                        | 3,145           | 3,145         | 3,145         | 3,145         | 0           | 0          |
| Vender loan on acquisitions                             | 3,341           | 3,341         | 3,341         | 3,341         | 0           | 0          |
| Payables to subsidiaries                                | 3,449           | 3,449         | 3,518         | 3,518         | 0           | 0          |
| Debt to mortgage credit institutions                    | 586             | 586           | 688           | 25            | 98          | 565        |
| Overdraft facility                                      | 5,343           | 5,343         | 5,423         | 5,423         | 0           | 0          |
| <b>Total non-derivative financial instruments</b>       | <b>18,591</b>   | <b>18,591</b> | <b>18,842</b> | <b>18,130</b> | <b>148</b>  | <b>565</b> |
| <b>Assets:</b>  |                 |               |               |               |             |            |
| Trade and other receivables                             | 2,914           | 2,914         | 2,914         | 2,914         | 0           | 0          |
| Receivables from subsidiaries                           | 144             | 144           | 144           | 144           | 0           | 0          |
| Cash  | 1,547           | 1,547         | 1,547         | 1,547         | 0           | 0          |
| <b>Total financial assets</b>                           | <b>4,605</b>    | <b>4,605</b>  | <b>4,605</b>  | <b>4,605</b>  | <b>0</b>    | <b>0</b>   |
| <b>Net</b>  | <b>13,987</b>   | <b>13,987</b> | <b>14,238</b> | <b>13,525</b> | <b>148</b>  | <b>565</b> |

### Fair value of Earn-out consideration

Fair Value of Earn-Out consideration is measured based on level 3 - Valuation techniques, for which the lowest level input that is significant to the fair value measurement is unobservable.

# NOTES

## 18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair Value of Earn-Out consideration is measured based on weighted probabilities of assessed possible payments discounted to present value.

### Fair value

Financial liabilities are either current/short termed, non-current loans/overdraft facility subject to a variable interest rate, and Earn-Out consideration measured at fair value. 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.

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

### Credit facility

Better Collective has bank credit facilities of total 43.6 mEUR, of which 8.5 mEUR was drawn up end of December 2018.

### Change in liabilities arising from financing activity

| tEUR   | 2016     | cash flows<br>Net | Non cash flow<br>changes | 2017         | cash flows<br>Net | Non cash flow<br>changes | 2018          |
|--|----------|-------------------|--------------------------|--------------|-------------------|--------------------------|---------------|
| Non-current financing liabilities                  | 0        | 566               |                          | 566          | 8,495             | -16                      | 9,044         |
| <i>Current financing liabilities:</i>              |          |                   |                          |              |                   |                          |               |
| Payables to subsidiaries                           | 0        | 3,449             |                          | 3,449        | 700               | 0                        | 4,148         |
| Debt to credit institutions                        | 0        | 5,343             |                          | 5,343        | -5,323            | 0                        | 20            |
| <b>Total liabilities from financing activities</b> | <b>0</b> | <b>9,357</b>      | <b>0</b>                 | <b>9,357</b> | <b>3,871</b>      | <b>-16</b>               | <b>13,212</b> |

## 19 CHANGE IN WORKING CAPITAL

| tEUR                                    | 2018          | 2017          |
|---|---------------|---------------|
| Change in receivables                   | -3,068        | -1,921        |
| Prepaid expenses                        | -174          | -254          |
| Prepayment – from Customers             | -500          | -75           |
| Change in trades payable, other debt    | 654           | 285           |
| <b>Change in working capital, total</b> | <b>-3,088</b> | <b>-1,965</b> |

## 20 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.

The Company was jointly taxed with Bumbleventures ApS, who acts as management company, until August 2018. Better Collective A/S is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2018 as well as withholding taxes on interest, royalties and dividends falling due for payment on or after December 31, 2018.

Accrued corporate taxes and withholding taxes within the joint taxation are deposited in the management company. Any adjustments to the taxable joint taxation income could result in an increased liability for Better Collective A/S. Companies included in the joint taxation are not subject to withholding taxes, interest or royalties.

# NOTES

## 20 RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with related parties have been as follows:

| tEUR   | 2018  | 2017  |
|--|-------|-------|
| <b>Income Statement</b>  |       |       |
| Other Operating income (Management fee)                                      | 2,944 | 0     |
| Intercompany revenue (Invoicing by parent company on behalf of subsidiaries) | -730  | 0     |
| Purchases  | 1,362 | 585   |
| Interest expense   | 77    | 10    |
| <b>Balance Sheet</b>   |       |       |
| Receivables from subsidiaries  | 3,086 | 144   |
| Short term loans and payables to subsidiaries                                | 4,209 | 3,449 |

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

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90 Definitions

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# 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.

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

**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.

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

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

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

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

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

**Organic growth** Percentage change in sales during the past period compared to the same period the previous year. Organic growth is adjusted to exclude sales from by operations acquired during the past 12 months.

**Organic traffic** Means traffic from visitors that land on a website as a result of unpaid search results. Organic traffic is the opposite of paid traffic, which defines the visits generated by paid advertisement such as Pay-per-click (PPC).

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

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

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

# CALCULATIONS

Earnings per share (EPS) = Profit for the year / Average number of shares

Diluted earnings per share = Profit for the year / (Average number of shares + Average number of warrants)

Liquidity ratio = Current assets / Current liabilities

Equity to assets ratio = Equity / Total assets

Operating profit before amortisations margin (%) = Operating profit before amortisations / Revenue

Operating profit margin (%) = Operating profit margin / Revenue

Cash conversion rate = (Cash from operations + Cash from CAPEX) / Operating profit before depreciations and amortisations

CAGR = Cumulated Annual Growth Rate



# 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

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## TALENT

Talented employees are key to our success.



## RESPECT

We respect each other, our users and our partners.



## INNOVATION

We innovate products and processes that make a difference



## DEDICATION

We are dedicated to enrich our users' iGaming experience

# BETTER COLLECTIVE



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