BETTER COLLECTIVE

Q3 2018

January 1 – September 30

Interim report

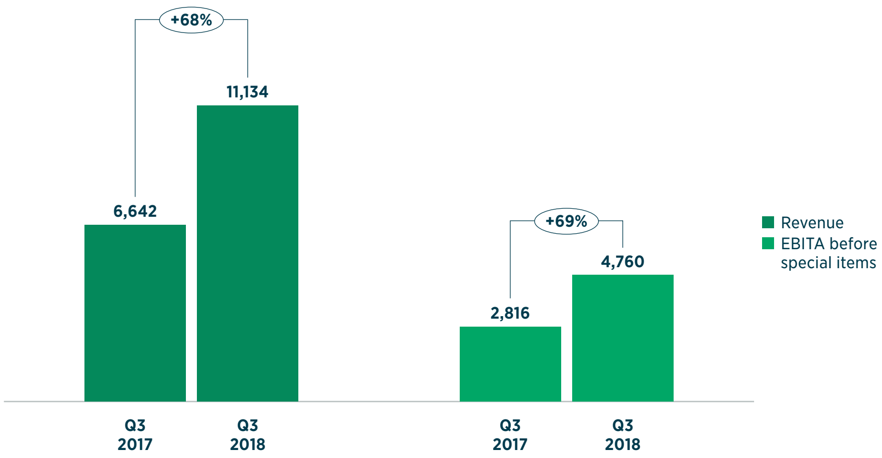
Highlights Q3 2018

- Q3 revenue growth; total 68%, organic 15%
- Q3 earnings; EBITA margin before special items; 43%
- Q3 NDCs; > 67.000 = growth of >100%
- First revenue from US online sports betting

Interim Report January - September 2018

Revenue and EBITA before special items

tEUR



Highlights third quarter 2018

- Q3 Revenue grew by 68% to 11,134 tEUR (Q3 2017: 6,642 tEUR). Organic revenue growth was 15%.
- Q3 EBITA before special items increased 69% to 4,760 tEUR (Q3 2017: 2,816 tEUR). The EBITA-margin before special items increased from 40% in Q2 to 43%. Special items was -113 tEUR, resulting in an EBITA after special items of 4,647 tEUR.
- Cash Flow from operations before special items was 3,532 tEUR (Q3 2017: 3,169 tEUR), an increase of 11%. The cash conversion rate adjusted for special items was 71%. The cash flow was negatively impacted from increased working capital in the quarter.
- New Depositing Customers (NDCs) exceeded 67,000 in the quarter (growth 102%)
- On July 31, 2018, the leading Greek sports betting affiliate was taken over, at a price of up to 4.4 mEUR, net of cash and working capital adjustment.
- First revenue from US online sports betting recognised.

Financial highlights first nine months 2018

- In the first nine months of 2018, revenue grew by 68% to 28,348 tEUR (YTD 2017: 16,889 tEUR). Organic revenue growth was 19%.
- In the first nine months of 2018, EBITA before special items increased 45% to 10,690 tEUR (YTD 2017: 7,378 tEUR). The EBITA-margin before special items was 38% for the first nine months, resulting from 28% in Q1, growing to 40% in Q2, and 43% in Q3. Special items was -3,966 tEUR, resulting in an EBITA after special items of 6,724 tEUR.
- Cash Flow from operations before special items was 9,747 tEUR (YTD 2017: 6,775 tEUR), an increase of 44%. The cash conversion rate before special items was 85%.

Contents

Conference call

A conference call for investors, analysts and media will be held today, November 23, 2018, at 10:00 a.m. CET and can be joined online at www.bettercollective.com. Presentation material for the call will be available on the website one hour before the call.

To participate, please dial:
Confirmation code **3538267**
The UK: +44 (0)330 336 9411
Denmark: +45 35 15 81 21
Sweden: +46 (0)8 5065 3942

Financial calendar

February 19, 2019
Interim financial report Q4, 2018

March 20, 2019
Annual report

April 25, 2019
Annual General Meeting

Financial targets

In connection with the IPO the Board of Directors decided upon the following Financial Targets for the short-medium term (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 Interest Bearing Debt/EBITDA < 2,5.

Revenue will expectedly fluctuate between quarters based on NDC-growth, specific events and sports outcomes, why the above targets are to be seen over short-medium term rather than for each quarter. The comparisons for the upcoming quarters, namely Q4 2017 and Q1 2018, are examples of quarters significantly above and below average, respectively. Year-on-year growth for each quarter may not be within the above range.

tEUR	Target 2018-2020	Comments	2017	YTD 2018
Revenue growth p.a.(%)	30-50%	Incl. M&A and double-digit organic growth	51%	68%
Operating margin (EBITA)*	> 40%		42%	38%
Capital structure; Net Interest Bearing Debt/EBITDA*	< 2.5		1.05	-0.41

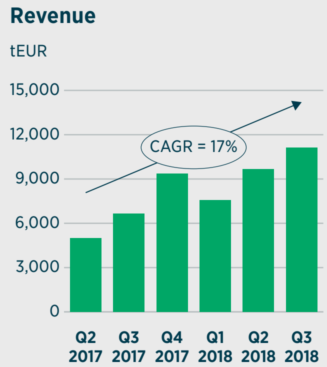
* Before special items.

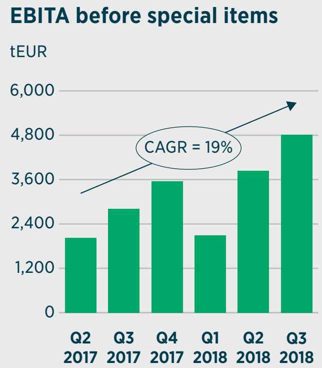
Significant events after the closure of the period

None

Double-digit quarterly growth

(average)





Financial highlights and key figures

tEUR	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Income Statement					
Revenue	11,134	6,642	28,348	16,889	26,257
Revenue Growth (%)	68%	49%	68%	28%	51%
Organic Revenue Growth (%)	15%	14%	19%	14%	28%
Operating profit before depreciation, amortisations, and special items (EBITDA before special items)	4,812	2,827	10,806	7,405	10,979
Depreciation	52	11	115	27	45
Operating profit before amortisations and special items (EBITA before special items)	4,760	2,816	10,690	7,378	10,934
Special items, net	-113	-276	-3,966	-276	-385
Operating profit before amortisations (EBITA)	4,647	2,540	6,724	7,103	10,549
Amortisations	1,034	260	1,879	327	677
Operating profit	3,613	2,280	4,845	6,776	9,873
Result of financial items	-210	-72	-446	-197	-87
Profit before tax	3,403	2,208	4,399	6,580	9,786
Profit after tax	2,464	1,687	2,341	5,064	7,446
Earnings per share (in EUR)	0.06	0.06	0.07	0.18	0.27
Diluted earnings per share (in EUR)	0.06	0.06	0.06	0.18	0.26
Balance sheet					
Balance Sheet Total	127,397	38,037	127,397	38,037	38,705
Equity	82,199	12,273	82,199	12,273	14,775
Current assets	38,388	6,201	38,388	6,201	6,860
Current liabilities	17,757	19,952	17,757	19,952	17,660
Net interest bearing debt	-5,907	13,539	-5,907	13,539	11,535
Cashflow					
Cash flow from operations before special items	3,532	3,169	9,747	6,775	9,492
Cash flow from operations	1,863	2,894	4,305	6,499	9,107
Investments in tangible assets	1,806	-5	531	-107	-16
Cash flow from investment activities	-4,622	-7,748	-48,519	-17,847	-18,519
Cash flow from financing activities	-29	6,634	73,957	8,764	6,932
Financial ratios					
Operating profit before amortisations and special items margin (%)	43%	42%	38%	44%	42%
Operating profit before amortisations margin (%)	42%	38%	24%	42%	40%
Operating profit margin (%)	32%	34%	17%	40%	38%
Net Interest Bearing Debt / EBITDA before special items	-0.46	-	-0.41	-	1.05
Liquidity ratio	2.16	0.31	2.16	0.31	0.39
Equity to assets ratio (%)	65%	32%	65%	32%	38%
Cash conversion rate before special items (%)	71%	112%	85%	93%	87%
Average number of full-time employees	223	114	192	94	116

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

CEO Comments

Continued profitable growth while increasing US focus

We are in a very attractive marketplace and our recent IPO allows us to capitalise on all parameters.

Business performance

In Q3, we continued to recognise significant and profitable growth, where we, once again, managed to increase the operational earnings-margin, while at the same time launching a number of new US focused products. I am very pleased with the significant growth in NDCs (New Depositing Customers) – a growth that was disproportionately higher compared to the revenue growth. As most NDCs are on revenue-share based contracts I expect this to support future growth.

US opportunity potentially the biggest growth driver in the years to come

While the "PASPA-act" was repealed by the US Supreme Court last quarter, no longer preventing sports betting in a broader scale, this quarter has generated the first sports betting revenue to us from US operators. The vast number and variety of stakeholders currently preparing to make their mark on the US sports betting markets as the individual states start regulating is a testament to the expected size of the market, once fully regulated. In Better Collective, we have been preparing for entering the US market for quite some time and we already have US-focused products in place which generated the first revenue streams late in the quarter. 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 create new business organically as well as through collaborations and acquisitions.

Strong pipeline for continued consolidation

We continued executing our M&A strategy during the quarter. Most recently, we completed the Greek acquisition, establishing Better Collective as the leading sports betting affiliate in Greece. The current pipeline of new M&A-targets is the biggest we have seen since we added this leg to our growth strategy. I expect us to be able to add interesting businesses and new colleagues to the Better Collective family in the coming months.

Recognition of growth

Better Collective has been awarded its eighth consecutive "Gazelle-prize" by the Danish financial newspaper 'Børsen'. The "Gazelle" recognises Danish companies who experience positive growth and have doubled the turnover over a four-year period. The excitement and pride we feel every year receiving the "Gazelle" grow in tandem with the numbers we are judged on. As our company expands and our market matures, we know that the time will come where this "Gazelle" style growth is not realistic - but that does not stop us from trying to keep the award-winning momentum going. This award is a testament to our dedication, ambition, and, most of all, every employee at Better Collective.

Jesper Søgaard
CEO

"We believe that Better Collective has a unique offering in terms of technology and know-how in order for us to find attractive business in this new and potentially very big US market".

Jesper Søgaard
CEO

102%

NDC growth

New depositing customers in Q3 2018

Management report

Financial performance third quarter 2018

Revenue, growth and the increased profitability were above our expectations and the Financial Targets which we established ahead of the IPO. At the same time, we have been able to deliver new assets focused on the US sports betting market and deliver a high number of NDCs.

General

Better Collective continued to generate high numbers of NDCs (New Depositing Customers) in Q3, a growth which comes on the back of a slow-down in 2017, where temporary compliance measures dampened the NDC conversion rates. It is highly satisfactory that the NDC performance is back at an even higher level than before the impact from compliance measures. Thus, the NDC-growth rates by far exceed the revenue growth-rates during the first nine months. While the numbers themselves are highly satisfying, it is worth noting that due to sign up bonuses, there will typically be a delay of several months in revenue generation which, all other things being equal, dampens the revenue growth. Irrespective of this delay, NDCs are added to the bank of players, generating revenue throughout their lifetime on our revenue share contracts.

The performance of the acquired companies and assets continue to outperform our expectations, and we continue to seek new acquisitions that fit our strategy. The M&A pipeline is larger than ever and has expanded also with US targets.

Revenue

Quarterly revenue amounted to 11,134 tEUR (Q3 2017: 6,642 tEUR). The growth was 68% of which organic growth was 15%. Acquired companies and assets have been consolidated into the Group from the day of acquisition, meaning that Bola Webinformation GmbH has been consolidated with full effect in Q3 and the Greek acquisition of WBS P.C./KAPA was included as from August 1, 2018.

The revenue growth was influenced by acquisitions and Q3 offered the finalisation of the FIFA World Cup and a late start of the major European football leagues. The sports results in major markets (in the UK in particular) were unfavourable compared to last year. Overall, the revenue growth was satisfactory. Revenue share accounted for 84% of the revenue (90% of player-related revenue) with 10% coming from CPA and 6% from other income.

The number of NDCs was more than 67.000, corresponding to a growth of 102%, supporting future growth, as these mostly are transferred to revenue share contracts. The NDC-growth exceeded our expectations.

Cost

Quarterly costs excluding special items amounted to 7,408 tEUR (Q3 2017: 4,086 tEUR). Special items of 113 tEUR include cost relating to M&As and IPO. Furthermore, depreciation and amortisations amounted to 1,086 tEUR (Q3 2017: 271 tEUR). Excluding the growth in amortisations and depreciation the remaining cost base increased by 2,507 tEUR or 66%. The cost base includes added cost through acquired companies and cost related to the launch of new US-focused products.

Direct costs relating to revenue increased to 1,226 tEUR (Q3 2017: 820 tEUR), an increase of 49%. Direct costs include hosting fees of websites, content generation, external development, etc.

Personnel costs in Q3 were almost unchanged compared to the two previous quarters despite the acquisitions in Austria and Greece and amounted to 3,259 tEUR (Q3 2017: 2,046 tEUR), an increase of 59%. The average number of employees increased to 223 (Q3 2017: 114). Personnel costs included cost of warrants of 51 tEUR. We continue to expand our operation in Niš, Serbia, currently at 70 employees, and we have decided to move to a new and larger office space to accommodate future growth.

Other external costs increased 888 tEUR or 94% to 1,837 tEUR (Q3 2017: 949 tEUR). These include administrative costs, travel, facility costs, promotion costs, etc.

Depreciation and amortisations amounted to 1,086 tEUR (Q3 2017: 271 tEUR), mainly attributable to acquisitions.

Earnings (EBITA)
Q3 EBITA before special items increased 69% to 4,760 tEUR (Q3 2017: 2,816 tEUR). The EBITA-margin before special items was 43% (Q3 2017: 42%).

Including special items, the reported EBITA was 4,647 tEUR. (Q3 2017: 2,540 tEUR)

Operating profit (EBIT)
Q3 EBIT before special items increased 46% to 3,726 tEUR (Q3 2017: 2,556 tEUR).

Including special items, the reported operating profit was 3,613 tEUR (Q3 2017: 2,280 tEUR).

Net financial items
Net financial costs amounted to 210 tEUR (Q3 2017: 72 tEUR) and included net interest and fees relating to 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 and Serbia.

Income tax for Q3 amounted to 939 tEUR (Q3 2017: 521 tEUR). The Effective Tax Rate was (ETR) 27.6% (Q3 2017: 23.6%). The increase in tax rate is primarily due to higher share of pre-tax income from tax jurisdictions with a higher tax rate.

Net profit
Net profit after tax was 2,464 tEUR (Q3 2017: 1,687 tEUR).

Management report

Financial performance first nine months 2018

Revenue
First nine months revenue amounted to 28,348 tEUR (YTD 2017: 16,889 tEUR). The growth was 68% (YTD 2017: 28%) of which organic growth was 19% (YTD 2017: 14%).

The first nine months revenue growth has been influenced by a relatively high number of NDCs compared to the year before, which lowers revenue short term as players receive sign-up bonuses from operators. Q2 benefited from high activity level in connection with the FIFA World cup in Football, which to a lesser extent influenced Q3.

Revenue share accounted for 81% of the revenue (87% of player-related revenue) with 12% coming from CPA and 7% from other income.

Based on data from Q2 2018, management estimates the current geographical split of revenue to be UK (32%), Germany (23%), and rest of world 45%. The share in UK and Germany declined from 35% and 27%, respectively, in Q1 2018.

The number of NDCs was more than 180.000, with an implied growth of 192%.

Cost
YTD costs amounted to 19,536 tEUR (YTD 2017: 9,837 tEUR). Amortisation and depreciation amounted to 1,994 tEUR (YTD 2017: 353 tEUR). Excluding the growth in amortisation and depreciation the remaining cost base increased by 8,058 tEUR or 85%. The cost base has increased ahead of the IPO and with the acquisitive growth.

Direct costs relating to revenue increased to 3,032 tEUR (YTD 2017: 2,109 tEUR), an increase of 44%. Direct costs comprise hosting fees of websites, content generation, external programming, etc.

Personnel costs amounted to 9,560 tEUR (YTD 2017: 5,045 tEUR), an increase of 89%. The average number of employees increased to 192 (YTD 2017: 94). Personnel costs included cost of warrants of 269 tEUR.

Other external costs increased 2,620 tEUR or 112% to 4,950 tEUR (YTD 2017: 2,329 tEUR). The increase reflects the effect of added acquisitions as well as the full year effect of the increased cost level to support the future growth. These costs include administrative costs, travel, facility costs, promotion costs, etc.

Depreciation and amortisation amounted to 1,994 tEUR (YTD 2017: 353 tEUR), mainly attributable to acquisitions.

Earnings (EBITA)
EBITA before special items in the first nine months of 2018 increased 45% to 10,690 tEUR (YTD 2017: 7,378 tEUR). The EBITA-margin before special items was 38% (YTD 2017: 44%). As expected, the EBITA-margin before special items has increased during the first nine months; in Q1 28%, in Q2 40% and in Q3 43% as a result of partly organic growth, a relatively stable cost base since the IPO, and operational leverage from acquisitions.

Including special items, the reported EBITA was 6,724 tEUR. (YTD 2017: 7,103 tEUR)

Operating profit (EBIT)
YTD EBIT before special items increased 25% to 8,811 tEUR (YTD 2017: 7,052 tEUR).

Including special items, the reported operating profit was 4,845 tEUR (YTD 2017: 6,776 tEUR).

Net financial items
Net financial costs amounted to 446 tEUR (YTD 2017: 197 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, and Serbia.

Income tax for the first nine months of 2018 amounted to 2,058 tEUR (YTD 2017: 1,516 tEUR). The Effective Tax Rate (ETR) of 47% was impacted by non-deductible costs for IPO and M&A. Adjusted for the impact of non-deductable IPO and M&A costs, the effective tax rate was 25%.

Net profit
YTD Net profit after tax was 2,341 tEUR (YTD 2017: 5,064 tEUR).

Equity
The equity increased to 82,199 tEUR as per September 30, 2018 from 14.775 tEUR on December 31, 2017. Besides the YTD profit of 2,341 tEUR, the proceeds from the IPO in June, as well as warrant related transactions, impacted the Equity during the period.

Balance sheet end September 2018
Total assets amounted to 127,397 tEUR (YTD 2017: 38,037 tEUR), with an equity of 82,199 tEUR (YTD 2017: 12,273). This corresponds to an Equity to assets ratio of 65% (YTD 2017: 32%). The liquidity ratio was 2.16 resulting from current assets of 38,388 tEUR and current liabilities of 17,757 tEUR.

Investments
In Q3 4,439 tEUR was spent on acquisitions (business combinations and intangible assets), of which 1,172 tEUR are deferred and expected earn-out payments. The purchase prices are net of cash in acquired companies and cover accounts (player databases), websites, domains, and other intangible assets. In addition, 1,200 tEUR was paid as settlement of deferred payments from acquisitions prior to Q3.

For the first nine months, 50,599 tEUR was spent on acquisitions (business combinations and intangible assets), of which 10,329 tEUR are deferred and expected earn-out payments. In addition, 7,677 tEUR were paid as settlement of deferred payments from acquisitions made in 2017.

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 price of the acquisition was 3.4 mEUR paid upfront, a deferred payment of 0.9 mEUR, plus a conditional purchase price of maximum 0.4 mEUR.

Investments in tangible assets were 118 tEUR in Q3 and 535 tEUR YTD.

Cash flow and financing
Cash Flow from operations before special items for Q3 2018 was 3,532 tEUR (Q3 2017: 3,169 tEUR). YTD Cash Flow from operations before special items was 9,747 tEUR (YTD 2017: 6,775 tEUR).

Acquisitions and other investments reduced cash flow with 48,519 of which 4,622 tEUR was in Q3.

Net proceeds from increase of share capital (IPO) was 67,112 tEUR of which 2,350 tEUR was paid as settlement of warrants in connection with the IPO.

Better Collective has bank credit facilities of total 40 mEUR, of which 13 mEUR was drawn up end of September 2018.

As of September 30, 2018, cash and unused credit facilities, amounted to approximately 57 mEUR.

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

Q3 revenue grew by 5% to 5,582 tEUR (Q3 2017: 5,313 tEUR). YTD revenue grew 16% to 17,594 tEUR (YTD 2017: 15,208 tEUR)

Total costs in Q3 2018 increased to 4,924 tEUR (Q3 2017: 3,369 tEUR) due to several upgrades throughout the company to support the future growth. YTD costs increased to 14,688 tEUR (YTD 2017: 8,952 tEUR), reflecting full year effect of the upgrades.

Profit after tax in Q3 was 222 tEUR (Q3 2017: 1,486 tEUR). YTD profit after tax was -1,449 tEUR, impacted by special items of -3,381 tEUR (profit after tax YTD 2017: 4,733 tEUR)

Total Equity ended at 77,168 tEUR by September 30, 2018 (Q3 2017: 11,834 tEUR). The equity in the parent company was impacted by the proceeds from the IPO, warrants related transactions, and the liquidation of dormant subsidiaries Ploomo ApS and Scatterweb ApS.

Other

Shares and share capital
Better Collective A/S is listed on Nasdaq Stockholm main market. The shares are traded under the ticker "BETCO". As per November 23, 2018, share capital amounted to 404,871.11 EUR, and the total number of issued shares was 40,487,111. The company has one (1) class of shares. Each share entitles the holder to one vote at the general meetings.

Shareholder structure
As of September 30, 2018, the total number of shareholders was 808. A list of top 10 shareholders in Better Collective A/S can be found on the company's website.

Nomination committee appointed
Better Collective's nomination committee shall consist of four members, representing the three largest shareholders as per the end of august each year, together with the chairman of the board of directors. The nomination committee was appointed in Q3 following the company's listing earlier this year and details can be found on the company's website.

Incentive programs
In order to attract and retain key competences, the company has established a warrant program for key employees and board members. The current program was established ahead of the IPO and as of September 30, 2018, 34,020 warrants are outstanding, all with rights to subscribe for 54 ordinary shares, due to the share split that was made in connection with the IPO. If all outstanding warrants are subscribed, then the maximum shareholders dilution will be approximately 4%.

The vesting periods range from 2018-2022. The exercise price is 700 DKK (~94 EUR) per 54 shares.

Risk management
Through an Enterprise Risk Management process, a number of gross risks in Better Collective are identified. Each risk is described, including current risk mitigation in place or planned mitigating actions. The subsequent analysis of the identified risks includes an inherent risk evaluation based on two main parameters: probability of occurrence and impact on future Earnings and Cash Flow.

Better Collective's management continuously monitors risk development in the Better Collective Group. The Risk Evaluation is presented to the Board of Directors annually, for discussion of and any further mitigating actions required. The Board evaluates risk dynamically to cater for this variation in risk impact.

The policies and guidelines in place stipulate how Better Collective management must work with risk management. Better Collective's compliance with these policies and guidelines is also monitored by the management on an ongoing basis.

Better Collective seeks to identify and understand risks and mitigate them accordingly. Also, the company's close and long standing relationships with customers allow Better Collective to anticipate and respond to market movements and new regulations including compliance requirements from authorities and operators (customers).

Key risk factors are described in the Annual Report 2017.

Market development
US
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, including New Jersey, have already legalised sports betting within their state. While some states may abstain from legalising altogether, the majority of states are expected to do so over the coming years. Dependent on this process, the US online sports betting market may surpass the European market in terms of gross gaming revenue in five to 10 years.

For Better Collective, US activities have started generating revenue, growing at high rates, although from small numbers. The organic growth in the US market is so far built on new US-focused products that have been developed within the current framework and cost base. In addition to the "organic approach", we are seeking different kinds of ways to generate business in the US market, both through acquisitions and collaborations. In preparation, Better Collective has incorporated a legal entity in the US, Better Collective US Inc. Currently, all US business is driven by a dedicated team from Better Collective in Denmark and Paris, however we expect to establish a permanent presence in the US in 2019.

Germany
For online casino, there are currently regional inconsistencies in how the laws are enforced which currently creates a 'regulatory limbo'. As the situation seems unsustainable, we expect the German casino market to re-regulate at some point and become a key market. Better Collective's current exposure to online casino in Germany is limited, whilst holding a strong position within sports betting. We view sports betting as a regulated market where there might be a future framework with more operators present.

Italy
In 2019, a ban on advertising for gambling and related products and services is expected to come into force. It is currently uncertain what this will entail. Better Collective's current exposure in Italy is limited, so no immediate effects are expected.

Sweden
In 2019, new regulation expectedly comes into place in Sweden, with taxation on gambling at 18%. Better Collective's current exposure in Sweden is limited, so no immediate effects are expected. However, a change in market dynamics is to be expected, which we believe will fuel a growing market, and we consider Sweden as one of the most interesting markets for online sports betting in Europe.

UK
With effect from October 2019, the gross-gaming tax on online casino is increased from 15 to 21%, whereas taxation on betting (sports betting) remains unchanged. Revenue from the UK amounted to 32% of total revenue during the first half year and will expectedly decline proportionally due to the recent acquisitions. The vast majority of the company's revenue from UK is coming from sports betting, so the increased taxation on online casino will expectedly only have little impact.

Contact

CEO: Jesper Søgaard
CFO: Flemming Pedersen

Investor Relations: Christina Bastius Thomsen, +45 2363 8844, investor@bettercollective.com

This information is such information as Better Collective A/S is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 8.00 a.m. CET on November 23, 2018.

About Better Collective

Better Collective's vision is to empower iGamers through transparency and technology – this is what has made them the world's leading developer of digital platforms for betting tips, bookmaker information and iGaming communities. Better Collective's portfolio includes more than 2,000+ websites and products. This includes bettingexpert.com, the trusted home of tips from expert tipsters and in-depth betting theory, and SmartBets, the odds comparison platform made personal.

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.

Statement by the Board of Directors and the Executive Management

Statement by the Board of Directors and the Executive Management on the condensed consolidated interim financial statements and the parent company condensed interim financial statements for the period 1 January – 30 September 2018

Today, the Board of Directors and the Executive Management have discussed and approved the condensed consolidated interim financial statements and the parent company condensed interim financial statements of Better Collective A/S for the period 1 January – 30 September 2018.

The condensed consolidated interim financial statements for the period 1 January – 30 September 2018 are prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and additional requirements of the Danish Financial Statements Act. The parent company condensed interim financial statements has been included according to the Danish Executive Order on the Preparation of Interim Financial Reports.

In our opinion, the condensed consolidated interim financial statements and the parent company condensed interim financial statements give a true and fair view of the Group's and Parent Company's assets, liabilities and financial position at 30 September 2018 and of the results of the Group's and Parent Company's operations and the Group's cash flows for the period 1 January – 30 September 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 operations and financial matters and the results of the Group's and the Parent Company's operations and financial position, as well as a description of the major risks and uncertainties, the Group and the Parent Company are facing.

Copenhagen, November 23, 2018

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 auditor's report

To the shareholders of Better Collective A/S

We have reviewed the condensed consolidated interim financial statements of Better Collective A/S for the period 1 January – 30 September 2018, which comprise a consolidated income statement, consolidated statement of other comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and notes as presented on page 14 – 31. The condensed consolidated interim financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU, and additional requirements of the Danish Financial Statements Act.

Management's responsibilities for the condensed consolidated interim financial statements

Management is responsible for the preparation of condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*, 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 condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements applicable in Denmark.

This requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU, and additional requirements of the Danish Financial Statements Act. This standard also requires us to comply with ethical requirements.

A review of the condensed consolidated interim financial statements in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures primarily consisting of making enquiries of Management and others within the company, as appropriate, applying analytical procedures and evaluate the evidence obtained.

The procedures performed in a review are substantially less that those performed in an audit conducted in accordance with the International Standards on Auditing. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Other matters

The condensed consolidated interim financial statements of Better Collective A/S for the period 1 January – 30 September 2018 contain comparative figures for the period 1 January – 30 September 2017. Further, the condensed consolidated interim financial statements contain actual figures for the period 1 July – 30 September 2018 (Q3 2018), together with comparative figures for the period 1 July – 30 September 2017 (Q3 2017). The actual figures for Q3 2018, the comparative figures for Q3 2017 and the comparative figures for the period 1 January – 30 September 2017 have not been subject to review. Accordingly, we do not express an opinion or any other form of assurance on the actual Q3 2018 figures or on any of the comparative figures.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU, and additional requirements of the Danish Financial Statements Act.

Copenhagen, 23 November 2018

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen
State Authorised Public Accountant
mne33717

Peter Andersen
State Authorised Public Accountant
mne34313

Financial statements for the period January 1 – September 30

Consolidated income statement

	tEUR	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
2	**Revenue**	**11,134**	**6,642**	**28,348**	**16,889**	**26,257**
	Direct costs related to revenue	1,226	820	3,032	2,109	2,950
3	Staff costs	3,259	2,046	9,560	5,045	7,568
	Amortisation/depreciation and impairment	1,086	271	1,994	353	722
	Other external expenses	1,837	949	4,950	2,329	4,760
	Operating profit before special items	**3,726**	**2,556**	**8,811**	**7,052**	**10,257**
4	Special items, net	-113	-276	-3,966	-276	-385
	Operating profit	**3,613**	**2,280**	**4,845**	**6,776**	**9,872**
	Financial income	7	0	40	0	7
	Financial expenses	217	72	486	197	93
	Profit before tax	**3,403**	**2,208**	**4,399**	**6,580**	**9,786**
5	Tax on profit for the period	939	521	2,058	1,516	2,340
	Profit for the period	**2,464**	**1,687**	**2,341**	**5,064**	**7,446**
	Earnings per share attributable to equity holders of the company					
	Average number of shares*	40,487,111	27,503,442	34,018,470	27,503,442	27,503,442
	Average number of warrants - converted to number of shares	1,913,220	1,236,141	2,026,890	1,265,463	1,402,974
	Earnings per share (in EUR)	0.06	0.06	0.07	0.18	0.27
	Diluted earnings per share (in EUR)	0.06	0.06	0.06	0.18	0.26

*Historic numbers updated with share-split 1:54

Consolidated statement of other comprehensive income

tEUR	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Profit for the period	**2,464**	**1,687**	**2,341**	**5,064**	**7,446**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Currency translation to presentation currency	47	1	52	-11	-15
Income tax	0	0	0	0	0
Net other comprehensive income/loss	47	1	52	-11	-15
Total other comprehensive income/(loss) for the period, net of tax	**2,511**	**1,688**	**2,393**	**5,053**	**7,430**
Attributable to:					
Shareholders of the parent	2,511	1,688	2,393	5,053	7,430

Financial statements for the period January 1 – September 30

Consolidated balance sheet

	tEUR	Q3 2018	Q3 2017	2017
	Assets			
	Non-current assets			
6	**Intangible assets**			
	Goodwill	21,693	7,178	7,178
	Domains and websites	55,718	19,890	20,085
	Accounts and other intangible assets	10,022	3,752	3,475
		87,432	30,819	30,738
	Property, plant and equipment			
	Land and buildings	741	760	756
	Fixtures and fittings, other plant and equipment	582	64	141
		1,324	824	897
	Other non-current assets			
	Deposits	253	193	210
		253	193	210
	Total non-current assets	**89,009**	**31,836**	**31,846**
	Current assets			
	Trade and other receivables	7,646	3,395	4,405
	Receivables from associates	0	33	0
	Corporation tax receivable	418	282	0
	Prepayments	420	90	325
	Cash	29,905	2,401	2,129
	Total current assets	**38,388**	**6,201**	**6,860**
	Total assets	**127,397**	**38,037**	**38,705**

Financial statements for the period January 1 – September 30

Consolidated balance sheet

	tEUR	Q3 2018	Q3 2017	2017
	Equity and liabilities			
	Equity			
	Share Capital	405	69	69
	Share Premium	67,364	381	381
	Translation Reserve	56	8	4
	Treasury shares	0	0	0
	Retained Earnings	14,374	11,815	14,322
	Total equity	**82,199**	**12,273**	**14,775**
	Non-current Liabilities			
	Debt to mortgage credit institutions	550	0	566
7	Debt to credit institutions	13,058	0	0
7	Deferred tax liabilities	13,662	5,811	5,655
7	Other long-term financial liabilities	170	0	50
	Total non-current liabilities	**27,441**	**5,811**	**6,270**
	Current Liabilities			
	Prepayments received from customers	795	675	1,036
	Trade and other payables	3,989	1,993	1,879
	Corporation tax payable	2,755	1,344	1,697
	Other financial liabilities	10,199	8,184	7,706
	Debt to mortgage credit institutions	20	0	20
	Debt to credit institutions	0	7,757	5,323
	Total current liabilities	**17,757**	**19,952**	**17,660**
	Total liabilities	**45,198**	**25,764**	**23,930**
	Total equity and liabilities	**127,397**	**38,037**	**38,705**

Financial statements for the period January 1 – September 30

Consolidated statement of changes in equity

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity
As at January 1, 2018	**69**	**381**	**4**	**0**	**14,322**	**0**	**14,775**
Result for the period					2,341		2,341
Other comprehensive income							
Currency translation to presentation currency			52				52
Tax on other comprehensive income			0				0
Total other comprehensive income	0	0	52	0	0	0	52
Total comprehensive income for the year	**0**	**0**	**52**	**0**	**2,341**	**0**	**2,393**
Transactions with owners							
Capital Increase	336	66,983			-207		67,112
Disposal of warrants					22		22
Shared based payments					269		269
Cash settlement of warrants					-2,373		-2,373
Total transactions with owners	**336**	**66,983**	**0**	**0**	**-2,288**	**0**	**65,030**
At September 30, 2018	**405**	**67,364**	**56**	**0**	**14,374**	**0**	**82,199**

During the period no dividend was paid.

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity
As at January 1, 2017	**68**	**249**	**19**	**-309**	**6,010**	**0**	**6,038**
Result for the year					5,064		5,064
Other comprehensive income							
Currency translation to presentation currency			-11				-11
Tax on other comprehensive income							0
Total other comprehensive income	0	0	-11	0	0	0	-11
Total comprehensive income for the year	**0**	**0**	**-11**	**0**	**5,064**	**0**	**5,053**
Transactions with owners							
Capital increase	0	132					132
Acquisition/disposal of treasury shares				309	566		876
Share based payments					175		175
Total transactions with owners	**0**	**132**	**0**	**309**	**741**	**0**	**1,183**
At September 30, 2017	**69**	**381**	**8**	**0**	**11,815**	**0**	**12,273**

During the period no dividend was paid

Financial statements for the period January 1 – September 30

Consolidated statement of changes in equity

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

During the period no dividend was paid.

Financial statements for the period January 1 – September 30

Consolidated statement of cash flows

	tEUR	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
	Profit before tax	3,403	2,208	4,399	6,580	9,786
	Adjustment for finance items	210	72	446	197	87
	Adjustment for special items	113	276	3,966	276	385
	Operating Profit for the period before special items	3,726	2,556	8,811	7,052	10,257
	Depreciation and amortisation	1,086	271	1,994	353	722
	Other adjustments of non cash operating items	51	172	269	175	283
	Cash flow from operations before changes in working capital and special items	4,862	2,998	11,075	7,580	11,262
	Change in working capital	-1,331	171	-1,328	-805	-1,770
	Cash flow from operations before special items	3,532	3,169	9,747	6,775	9,492
	Special items, cash flow	-1,725	-276	-5,442	-276	-385
	Cash flow from operations	1,806	2,894	4,305	6,499	9,107
	Interest income, received	7	0	40	0	25
	Interest expenses, paid	-217	-72	-486	-197	-246
	Cash flow from ordinary activities before tax	1,596	2,821	3,859	6,302	8,886
	Income tax paid	-825	-135	-1,574	-299	-644
	Cash flow from operating activities	**771**	**2,686**	**2,285**	**6,004**	**8,242**
8	Acquisition of business combinations*	-3,326	-5,056	-39,122	-14,720	-14,720
	Acquisition of intangible assets*	-1,140	-2,663	-8,825	-3,199	-3,897
	Acquisition of property, plant and equipment	-118	-4	-535	-12	-102
	Sale of property, plant and equipment	2	9	4	119	119
	Acquisition and disposal of associates, net	0	0	0	0	134
	Change in rental deposits	-39	-34	-41	-35	-52
	Cash flow from investing activities	**-4,622**	**-7,748**	**-48,519**	**-17,847**	**-18,519**
	Repayment of borrowings	-29	0	-5,323	0	0
	Proceeds from borrowings	0	5,627	13,043	7,757	5,908
	Other financial borrowings	0	0	0	0	0
	Capital increase	0	1,008	68,588	1,008	1,024
	Warrant settlement, sale of warrants	0	0	-2,350	0	0
	Cash flow from financing activities	**-29**	**6,634**	**73,957**	**8,764**	**6,932**
	Cash flows for the period	-3,880	1,573	27,723	-3,078	-3,345
	Cash and cash equivalents at beginning	33,772	827	2,129	5,490	5,490
	Foreign currency translation of cash and cash equivalents	13	2	52	-11	-16
	Cash and cash equivalents period end	**29,905**	**2,401**	**29,905**	**2,401**	**2,129**
	*** Business combinations and intangible assets:**					
	Net Cash outflow from business combinations during the period (see note 8)	-3,326	-5,056	-31,906	-14,720	-14,720
	Deferred payments - business combinations from prior periods			-7,216		
	Acquisitions through asset transactions (see note 6)	60	-3,646	-12,047	-4,182	-4,436
	Deferred payments related to acquisition value		983	3,713	983	539
	Deferred payments - acquisitions from prior periods	-1,200		-492		
	Total cashflow from business combinations and intangible assets	**-4,466**	**-7,719**	**-47,947**	**-17,919**	**-18,617**

Financial statements for the period January 1 – September 30

Income statement – Parent company

tEUR	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Revenue	**5,582**	**5,313**	**17,594**	**15,208**	**22,103**
Direct costs related to revenue	707	652	1,992	1,792	2,527
Staff costs	2,262	1,743	7,063	4,660	6,476
Amortisation/depreciation and impairment	224	62	578	84	172
Other external expenses	1,731	911	5,055	2,416	4,594
Operating profit before special items	**658**	**1,944**	**2,907**	**6,256**	**8,334**
Special items, net	-124	-10	-3,381	-10	-62
Operating profit	**534**	**1,934**	**-474**	**6,246**	**8,272**
Financial income	7	0	28	0	3
Financial expenses	223	105	524	226	130
Profit before tax	**318**	**1,829**	**-970**	**6,020**	**8,145**
Tax on profit for the period	97	343	479	1,288	1,850
Profit for the period	**222**	**1,486**	**-1,449**	**4,733**	**6,295**

Statement of other comprehensive income

tEUR	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Profit for the period	**222**	**1,486**	**-1,449**	**4,733**	**6,295**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Currency translation to presentation currency	-7	0	-22	-14	-13
Income tax	0	0	0	0	0
Net other comprehensive income/loss	-7	0	-22	-14	-13
Total other comprehensive income/(loss) for the period, net of tax	**215**	**1,486**	**-1,471**	**4,719**	**6,281**

Financial statements for the period January 1 – September 30

Balance sheet – Parent company

tEUR	**Q3 2018**	Q3 2017	2017
Assets			
Non-current assets			
Intangible assets			
Goodwill	0	0	0
Domains and websites	14,399	3,574	3,769
Accounts and other intangible assets	1,711	798	792
	16,110	4,372	4,562
Property, plant and equipment			
Land and building	741	760	756
Fixtures and fittings, other plant and equipment	390	30	112
	1,131	790	867
Financial assets			
Investments in subsidiaries	65,328	23,931	23,982
Deposits	153	150	150
	65,482	24,081	24,133
Total non-current assets	**82,723**	**29,243**	**29,562**
Current assets			
Trade and other receivables	3,616	1,948	2,914
Receivables from subsidiaries	144	139	144
Receivables from associates	0	33	0
Corporation tax receivable	4	210	0
Prepayments	284	90	275
Cash	22,760	1,506	1,547
Total current assets	**26,807**	**3,926**	**4,880**
Total assets	**109,530**	**33,169**	**34,442**

Financial statements for the period January 1 – September 30

Balance sheet – Parent company

tEUR	Q3 2018	Q3 2017	2017
Equity and liabilities			
Equity			
Share Capital	405	69	69
Share Premium	67,364	381	381
Translation Reserve	-16	5	6
Treasury shares	0	0	0
Retained Earnings	9,416	11,380	13,066
Total equity	**77,168**	**11,834**	**13,521**
Non-current Liabilities			
Debt to mortgage credit institutions	526	0	566
Debt to credit institutions	13,082	0	0
Deferred tax liabilities	184	37	67
Other non-current financial liabilities	170	0	50
Total non-current liabilities	**13,963**	**37**	**682**
Current Liabilities			
Prepayments received from customers	406	675	917
Trade and other payables	2,177	1,382	1,479
Payables to subsidiaries	4,303	2,035	3,449
Corporation tax payable	1,295	1,265	1,345
Other current financial liabilities	10,199	7,534	7,706
Debt to mortgage credit institutions	20	0	20
Debt to credit institutions	0	8,407	5,323
Total current liabilities	**18,399**	**21,298**	**20,238**
Total liabilities	**32,362**	**21,335**	**20,921**
Total equity and liabilities	**109,530**	**33,169**	**34,442**

Financial statements for the period January 1 – September 30

Statement of changes in equity – Parent company

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity
As at January 1, 2018	**69**	**381**	**6**	**0**	**13,066**	**0**	**13,521**
Result for the period	0	0	0	0	-1,449	0	-1,449
Other comprehensive income							
Currency translation to presentation currency			-22				-22
Tax on other comprehensive income							0
Total other comprehensive income	0	0	-22	0	0	0	-22
Total comprehensive income for the year	**0**	**0**	**-22**	**0**	**-1,449**	**0**	**-1,471**
Transactions with owners							
Capital Increase	336	66,983			-207		67,112
Acquisition/disposal of treasury shares and warrants					22		22
Share based payments					269		269
Cash settlement of warrants					-2,373		-2,373
Merger - Subsidiaries*					87		87
Total transactions with owners	**336**	**66,983**	**0**	**0**	**-2,201**	**0**	**65,117**
At September 30, 2018	**405**	**67,364**	**-16**	**0**	**9,416**	**0**	**77,168**

* Liquidation of dormant subsidiaries Ploomo ApS and Scatterweb ApS

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity
As at January 1, 2017	**68**	**249**	**19**	**-309**	**5,905**	**0**	**5,933**
Result for the period	0	0	0	0	4,733	0	4,733
Other comprehensive income							
Currency translation to presentation currency	0	0	-14	0	0	0	-14
Tax on other comprehensive income							0
Total other comprehensive income	0	0	-14	0	0	0	-14
Total comprehensive income for the year	**0**	**0**	**-14**	**0**	**4,733**	**0**	**4,719**
Transactions with owners							
Capital increase	0	132					132
Acquisition/disposal of treasury shares				309	566		876
Share based payments					175		175
Total transactions with owners	**0**	**132**	**0**	**309**	**741**	**0**	**1,183**
At September 30, 2017	**69**	**381**	**5**	**0**	**11,380**	**0**	**11,834**

Financial statements for the period January 1 – September 30

Statement of changes in equity – Parent company

tEUR	Share capital	Share premium	Currency translation reserve	Treasury shares	Retained earnings	Proposed dividend	Total equity
As at January 1, 2017	**68**	**249**	**19**	**-309**	**5,905**	**0**	**5,933**
Result for the year	0	0	0	0	6,295	0	6,295
Other comprehensive income							
Currency translation to presentation currency			-13				-13
Tax on other comprehensive income							0
Total other comprehensive income	0	0	-13	0	0	0	-13
Total comprehensive income for the year	**0**	**0**	**-13**	**0**	**6,295**	**0**	**6,281**
Transactions with owners							
Capital increase	0	132					132
Acquisition/disposal of treasury shares				309	582		892
Share based payments					283		283
Total transactions with owners	**0**	**132**	**0**	**309**	**865**	**0**	**1,307**
At December 31, 2017	**69**	**381**	**6**	**0**	**13,066**	**0**	**13,521**

Notes

1 General information

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

Basis of preparation
The Interim Report (condensed consolidated interim financial statements) for the period January 1 - September 30 2018 has been prepared in accordance with IAS 34 "Interim financial statements" as adopted by the EU and additional requirements in the Danish Financial Statements Act. Parent company income statement of comprehensive income and balance sheet has been included according to Swedish regulation.

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

Accounting policies
Except for the changes below, the condensed consolidated interim financial statements have been prepared using the same accounting policies as set out in note 1 of the 2017 annual report which contains a full description of the accounting policies for the Group and the parent company. The annual report for 2017 can be found on Better Collective's web-site: https://bettercollective.com/wp-content/uploads/2018/01/BetterCollective_AR17_web.pdf.

Changes in accounting policies:

Effective January 1, 2018 Better Collective has adopted the following new relevant standards and interpretations:

- IFRS 9 Financial instruments
- IFRS 15 Revenue from contracts with customers (the modified retrospective method)
- IFRS 2 Classification and Measurement of Share based Payment Transactions – Amendments to IFRS 2
- Improvements to International Financial Reporting Standards - 2014-2016 cycle (issued in December 2016)

None of the above standards and interpretations had a material effect on recognition and measurement and has only lead to further disclosures.

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

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. The use of special items is a change from the 2017 Annual Report and the interim financial statements for January 1, 2018 - March 31, 2018. For details of the impact of special items, refer to note 4.

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

The significant accounting judgements, estimates and assumptions applied in these consolidated interim financial statements are the same as disclosed in note 2 in the annual report for 2017 which contains a full description of significant accounting judgements, estimates and assumptions.

Notes

2 Revenue specification – affiliate model

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

tEUR	Q3 2018	YTD 2018	Q3 %-split	YTD %-split
Revenue				
Revenue share	9,309	23,026	84	81
CPA	1,074	3,441	10	12
Other	750	1,880	7	7
Total Revenue	**11,134**	**28,348**	**100**	**100**

3 Share-based payment plans

During the third quarter of 2018, the Company did not grant any warrants.

During the first nine months of 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.

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 settlement of 9,185 warrants. Given the extraordinary nature of the settlement the amount has been charged directly to the equity.

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 Q3, 2018 is 51 tEUR (YTD 2018: 269 tEUR), and for Q3 2017 is 172 tEUR (YTD 2017: 175 tEUR).

4 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	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Operating profit	**3,613**	**2,280**	**4,845**	**6,776**	**9,872**
Special items related to IPO	-120	-10	-3,377	-10	-62
Special items related to M&A	8	-265	-589	-265	-322
Operating profit before special items	**3,726**	**2,556**	**8,811**	**7,052**	**10,257**
Amortisations	1,034	260	1,879	327	677
Operating profit before amortisations and special items (EBITA before special items)	**4,760**	**2,816**	**10,690**	**7,378**	**10,934**
Depreciation	52	11	115	27	45
Operating profit before depreciation, amortisations, and special items (EBITDA before special items)	**4,812**	**2,827**	**10,806**	**7,405**	**10,979**

Notes

5 Income tax

Total tax for the year is specified as follows:

tEUR	**Q3 2018**	Q3 2017	**YTD 2018**	YTD 2017	2017
Tax for the period	939	521	2,058	1,516	2,340
Tax on other comprehensive income	0	0	0	0	0
Total	**939**	**521**	**2,058**	**1,516**	**2,340**

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

tEUR	**Q3 2018**	Q3 2017	**YTD 2018**	YTD 2017	2017
Deferred tax	-180	-99	-142	-64	-143
Current tax	1,119	620	2,200	1,579	2,483
Adjustment from prior years	0	0	0	0	0
Total	**939**	**521**	**2,058**	**1,516**	**2,340**

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

tEUR	**Q3 2018**	Q3 2017	**YTD 2018**	YTD 2017	2017
Profit for the year:					
Calculated 22% tax of the result before tax	749	486	968	1,448	2,153
Adjustment of the tax rates in foreign subsidiaries relative to the 22%	155	28	306	34	80
Tax effect of:					
Non-taxable income	-1	-3	-47	-3	-45
Non-deductible costs	37	11	832	37	152
Adjustment of tax relating to prior years					
	939	**521**	**2,058**	**1,516**	**2,340**
Effective tax rate	**27.6%**	**23.6%**	**46.8%**	**23.0%**	**23.9%**

Notes

6 Intangible assets

tEUR	Goodwill	Domains and websites	Accounts and other intangible assets	Total
2018				
Cost or valuation				
At January 1, 2018	**7,178**	**20,085**	**4,162**	**31,425**
Acquisitions through asset transactions	0	10,621	1,426	12,047
Acquisitions through business combinations	14,515	25,019	7,000	46,534
Disposals	0	0	0	0
Currency Translation	0	-7	-1	-9
At September 30, 2018	**21,693**	**55,718**	**12,586**	**89,997**
Amortisation and impairment				
At January 1, 2018	**0**	**0**	**686**	**686**
Amortisation for the period	0	0	1,879	1,879
Amortisation on disposed assets	0	0	0	0
Currency translation	0	0	0	0
At September 30, 2018	**0**	**0**	**2,565**	**2,565**
Carrying Value				
At September 30, 2018	21,693	55,718	10,022	87,432
At September 30, 2017	7,178	19,890	3,752	30,819

tEUR	Goodwill	Domains and websites	Accounts and other intangible assets	Total
2017				
Cost or valuation				
At January 1, 2017	**0**	**266**	**30**	**296**
Acquisitions through asset transactions		3,324	858	4,182
Acquisitions through business combinations	7,178	16,300	3,200	26,678
Disposals				0
Currency Translation				0
At September 30, 2017	**7,178**	**19,890**	**4,088**	**31,155**
Amortisation and impairment				
At January 1, 2017	**0**	**0**	**10**	**10**
Amortisation for the period			327	327
Amortisation on disposed assets				0
Currency translation				0
At September 30, 2017	**0**	**0**	**336**	**336**
Carrying Value				
At January 1, 2017	0	266	20	286
At January 1, 2018	7,178	20,085	3,475	30,738

Notes

7 Non-current liabilities

Debt to credit institutions
As per September 30, 2018 Better Collective has drawn 13 mEUR on the credit facility established with Nordea.

Deferred Tax
Deferred tax as of September amounted to 13.7 mEUR. The increase of 8.0 mEUR since January 1, 2018 originates from deferred tax liabilities following the acquisitions of Bola Webinformation GmbH, WBS I.K.E. Online Marketing Services Ltd., and KAPA Ltd.

Other long-term financial liabilities
As per September 30, 2018 other long-term financial liabilities amounted to 0.2 mEUR due to part of the variable payment related to the acquisition of WBS I.K.E. Online Marketing Services Ltd., and KAPA Ltd.

8 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	Fair value determined at acquisition
Acquired net assets at the time of the acquisition	
Domains and websites	22,019
Accounts & other intangible assets	6,600
Tangible assets	11
Corporate tax receivables	134
Trade and other receivables	1,084
Cash and cash equivalents	2,265
Deferred tax liabilities	-7,150
Trade and other payables	-1,314
Identified net assets	**23,649**
Goodwill	**12,639**
Total consideration	36,288

Notes

8 Business combinations, continued

A goodwill of 12,639 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.

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

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 mounted to 32,853 tEUR and result after tax YTD would have mounted to 3,804 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	Fair value determined at acquisition
Acquired net assets at the time of the acquisition	
Domains and websites	3,000
Accounts & other intangible assets	400
Tangible assets	0
Trade and other receivables	382
Cash and cash equivalents	78
Deferred tax liabilities	-999
Corporate tax payables	-147
Trade and other payables	-13
Identified net assets	**2,700**
Goodwill	**1,876**
Total consideration	4,576

Notes

8 Business combinations, continued

A goodwill of 1.876 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.

tEUR	
Effect on cash flow regarding acquisition of Bola	
Purchase amount	4,576
Regards to:	
Cash and cash equivalents	78
Deferred payment	1,172
Net cash outflow	3,326

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 250 tEUR. The maximum value 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 mounted to 29,015 tEUR and result after tax YTD would have mounted to 2,582 tEUR.

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

Definitions

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

Organic revenue growth	=	Revenue growth compared to same period previous year. Organic growth from acquired companies or assets are calculated from the date of acquisition measured against historical baseline performance
Operating profit before amortisations and special items margin (%)	=	Operating profit before amortisations and special items / Revenue
Special items	=	Costs related to IPO and acquisitions
Operating profit before amortisations (EBITA)	=	Operating profit plus amortisations
Operating profit before amortisations margin (%)	=	Operating profit before amortisations / Revenue
Operating profit margin (%)	=	Operating profit margin / Revenue
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)
Net interest bearing debt	=	Interest bearing debt, including deferred payments and earn-outs from acquisitions, minus cash and cash equivalents
Net interest bearing debt / EBITDA before special items	=	Interest bearing debt, including deferred payments and earn-outs from acquisitions, minus cash and cash equivalents / EBITDA before special items on rolling twelve months basis
Liquidity ratio	=	Current assets / Current liabilities
Equity to assets ratio	=	Equity / Total assets

Cash conversion rate = $\dfrac{\text{(Cash from operations + Cash from CAPEX)}}{\text{Operating profit before depreciations and amortisations}}$

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

Board = The Board of Directors of the company.

Executive management = Executives that are registered with the Danish Company register.

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

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

Group / Better Collective = The company and its subsidiaries.

NDC = New Depositing Customers

SEO = Search Engine Optimisation

CPA = Cost Per Acquisition

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