



SHARE-BASED PAYMENT PLANS

The Group has one warrant program from 2017 that grants employees and directors stockoptions 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.

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
Share options outstanding at January 1 2018	12.715	-	28.335	41.050	91
Granted	600	5.086	570	6.256	94
Forfeited/expired	-	-	4.191	4.191	94
Exercised	-	-	9.185	9.185	29
Transferred	-	-	-	-	-
Share options outstanding at December 31 2018	13.315	5.086	15.529	33.930	94
Of this exercisable at the end of the period	-	-	-	-	-

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		Board members	
	2018	2017	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 140 - 282	EUR 121	EUR 140	EUR 121
Exercise price	EUR 94	EUR 94	EUR 94	EUR 94
Fair Value at grant date	22 - 125 EUR	22 EUR	16 - 37 EUR	16 EUR