



Regulatory Release 10/2019

May 28, 2019

## **Better Collective establishes strong position in the US market with the acquisition of the RotoGrinders Network**

Better Collective, the world's leading developer of digital platforms for bookmaker information, iGaming communities, and betting tips, has today completed an acquisition of 60% of the shares in Rical LLC ("RotoGrinders") (which operates rotogrinders.com, pocketfives.com, sportshandle.com, usbets.com, and pennbets.com) for 21 million USD. In the period 2022-2024, Better Collective will acquire the remaining 40% of the shares of RotoGrinders at a valuation based upon an EBITDA multiple between 5x and 10x. The valuation will be determined by the future growth and profitability of RotoGrinders and Better Collective's other business in the United States.

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### **RotoGrinders strongly positioned within US iGaming**

Founded in 2009 and headquartered in Nashville, Tennessee, RotoGrinders owns a strong network of platforms for sports betting and daily fantasy sports ("DFS") in the US, including rotogrinders.com, pocketfives.com, sportshandle.com, usbets.com and pennbets.com. In 2018, RotoGrinders generated revenue of >8 million USD and operating earnings of >3 million USD (EBITA) (un-audited). RotoGrinders has historically focused on DFS, however, with the changing regulation in the US market since 2018, the business focus has increasingly been directed towards affiliation to sports betting and other online gambling. Combined with Better Collective's current business, the total (annualised) revenue from the US market is expected to exceed 10 million USD in 2019.

The remaining 40% of the shares in RotoGrinders are held by the company's three founders and certain key employees. The three founders will continue managing the daily business of RotoGrinders. The company has approximately 50 employees.

### **Better Collective US boosted by acquisition**

Better Collective has had US-focused products up and running for some time, leading to revenue streams from online sports betting since last year. Building a presence and taking part in this new market opportunity is now boosted by the acquisition of RotoGrinders. Better Collective intends that RotoGrinders will remain headquartered in Nashville, Tennessee and be the centre for operating US focused products and business. Furthermore, Better Collective USA, Inc. ("Better Collective USA") has opened an office in New York, which will coordinate all of Better Collective's activities in the US, including sales and marketing activities. Better Collective USA will be managed by VP of Business Development and Sales, Marc Pedersen.

Better Collective USA key points after the acquisition:

- Expected revenue of > 10 million USD in 2019 (annualised)
- Anticipated profitable business with strong foundation in both DFS and online gambling
- Organisation with > 50 employees specialised in US Sports and affiliate marketing
- Founder-led organisation in RotoGrinders with significant ownership until 2022-2024
- Offices in Nashville and New York

### **The transaction**

Pursuant to a purchase agreement entered into on this date, Better Collective USA, a wholly owned subsidiary of Better Collective A/S, has acquired 60% of the shares of RotoGrinders for 17.85 million USD in cash and shares of Better Collective A/S with an approx. market value of 3.15 million USD to be issued no later than June 17, 2019. The share price of 75.66 SEK is determined as a weighted average over 10 trading days prior to closing. In addition thereto, it has been agreed, that Better Collective in the period 2022-2024 will acquire the remaining 40% of the shares of RotoGrinders at a valuation based upon EBITDA multiple between 5x and 10x. The multiple is determined by future profitability of RotoGrinders and certain aspects of Better Collective's business in the United States.

Up to 35% of the future payments may be paid in the form of shares in Better Collective, at the discretion of Better Collective. The new shares to be issued as part of the initial payment as well as any shares paid as part of the future payments will be subject to a 12-month lock-up period from the date of the respective share issue.

RotoGrinders will be fully (100%) consolidated into the Better Collective accounts as from June 1, 2019. The value of the assets and remaining committed tranche payments will be included in the accounts at an estimated fair value.

### **Market development in the US**

On May 19, 2018, the Supreme Court of the United States repealed the Professional and Amateur Sports Protection Act (PASPA), making the legal status of sports betting a state matter, thereby removing the previous federal ban. Since then, several states that have been in favour of repealing the act, including New Jersey, have legalised sports betting within their state. While some states may abstain from legalising sports betting, Better Collective anticipates that most states will do so over the coming years. Dependent on this process, various market sources expect the regulated US sports betting market to surpass 6 billion USD in five years.

Better Collective has been licensed in New Jersey since 2014, and the market share is growing. There are still only a few operators live within sports betting, but more are expected to come online during the next 3-6 months. In 2019, West Virginia, Rhode Island, and Pennsylvania are expected to launch online sports betting, thereby increasing the market potential. In addition, Indiana, Iowa, Montana and Tennessee recently enacted sports betting laws, many of which are expected to include online sports betting.

### **Jesper Søgaard, CEO of Better Collective:**

"Since PASPA was repealed by the US Supreme Court last year, we have carefully evaluated how best to establish Better Collective in the growing US market. We have assessed various acquisition opportunities, searching for access to strong products and dedicated people with insight into this market. We strongly believe that we found exactly that in RotoGrinders, where we see a strong and dedicated management team and talented employees. Management and key employees remain shareholders in RotoGrinders for the coming years, in which the US market is expected to unfold, whereby management and key employees on the one side and Better Collective on the other to a large extent share the potential risks and upside. We are truly excited about this opportunity."

### **Calvin Spears, CEO and co-founder of RotoGrinders**

"Joining the Better Collective group will help us fully realize the potential we've created with the RotoGrinders network. Regulated online sports betting will create an enormous affiliate marketing opportunity in the US. We feel Better Collective is the perfect partner for us as this opportunity unfolds. The experience, resources, and technology they've built up over the past 15 years in European sports betting will prove incredibly valuable here. Our combined goal is to be the largest US sports betting affiliate and we're in a great position to make it happen."

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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 7.00 a.m CEST on May 28, 2019.

**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, among other [bettingexpert.com](http://bettingexpert.com), the trusted home of tips from expert tipsters and in depth betting theory.