



Regulatory Release no. 36/2021
November 17, 2021

Better Collective increases organic revenue by 29 percent; strong growth across US assets and media partnerships

Interim report January 1 - September 30, 2021

Highlights third quarter 2021

- Group Revenue grew by 148% to 45,413 tEUR (Q3 2020: 18,298 tEUR). Organic revenue growth was 29%. September reached a new monthly revenue record of 20,285 tEUR, equal to 45% of the total quarterly revenue.
 - The quarter showed strong underlying growth on all major KPIs, however, revenue was impacted downwards by very low sports win margins in July and August. The sports win margins were negatively affected by larger operators accelerating marketing campaigns (free-bets, retention-bonuses etc.), as well as continued strong NDC performance, where new depositors receive sign-up bonuses.
 - The US business performed strongly with Q3 2021 revenue of >5x compared to Q3 2020 revenue. Revenue for September jumped to 8.9 mEUR (>10 mUSD) reflecting a strong start of the high season for US sports and the state of Arizona opening for online sports betting. Strong performance across all US assets including the newly acquired Action Network.
 - In Germany, a long-awaited new gambling regulation came into force from July 1. The market development has been in line with our expectations; for Better Collective, September revenue from the German market was on par with the monthly average in H1. Based on the current performance in Germany, revenue for the full year 2021 is expected to exceed prior years 2019 and 2020, respectively, with expected continued revenue growth in 2022.
 - Media partnerships continued with strong performance with almost 45,000 NDCs. More media partnerships are expected to be established in various countries.
- Group EBITDA before special items increased 63% to 13,583 tEUR (Q3 2020: 8,326 tEUR). The EBITDA-margin before special items was 30% (Publishing 40% and Paid Media 9%).
- Special Items in Q3 2021 amounted to a cost of 11,588 tEUR vs. an income of 44 tEUR in Q3 2020. It includes an 11,487 tEUR adjustment of the contingent liability related to the 2019 acquisition of Rical LLC, treated as a P/L item under IFRS.



- EBITDA after special items amounted to 1,995 tEUR, a decrease of 6,375 tEUR vs. 8,370 tEUR in Q3 2020.
- Cash Flow from operations before special items was 10,498 tEUR (Q3 2020: 8,359 tEUR), an increase of 26%. The cash conversion was 76%, and was impacted by a significant increase in revenue for September vs. June driving increased trade receivables from Q2 2021. End of Q3, capital reserves stood at 64.1 mEUR including cash of 35.4 mEUR and unused bank credit facilities of 28.7 mEUR.
- New Depositing Customers (NDCs) were >200,000 in the quarter with an implied growth of 110% and a new quarterly record despite July and August being the low season for major sports.
- Better Collective acquired Soccernews.nl and Voetbalwedden.net for total 5.9 mEUR upfront payments plus deferred and earn-out payments of up to 3.75 mEUR, to gain a leading position in the newly regulated Dutch online sports betting market.
- Better Collective resolved on a directed share issue of 6.9 million shares, raising proceeds of 145 mEUR to maintain financial flexibility.
- For the fourth consecutive year, Better Collective topped the prestigious EGR Global's Power Affiliates 2021 ranking.

Financial highlights first nine months 2021

- In the first nine months of 2021, revenue grew by 128% to 124,257 tEUR (YTD 2020: 54,472 tEUR).
- In the first nine months of 2021, EBITDA before special items increased 64% to 39,439 tEUR (YTD 2020: 24,044 tEUR). The EBITDA-margin before special items was 32%.
- Special Items amounted to a cost of 17,006 tEUR vs. an income of 252 tEUR YTD 2020. It includes an 11,487 tEUR adjustment of the contingent liability related to the 2019 acquisition of Rical LLC, treated as a P/L item under IFRS, in addition to 5,784 tEUR related to M&A transactions, primarily the acquisition of Action Network in May, 2021.
- EBITDA after special items amounted to 22,433 tEUR YTD, a decrease of 1,863 tEUR vs. 24,296 tEUR YTD 2020.
- Cash Flow from operations before special items was 37,670 tEUR (YTD 2020: 28,173 tEUR), an increase of 34%. The cash conversion rate before special items was 97%. End of Q3 2021, cash and unused credit facilities amounted to 64.1 mEUR.
- New Depositing Customers exceeded 575,000 in the first nine months of 2021 (growth of 103%).
- Better Collective acquired leading US sports betting media platform, Action Network, for 196 mEUR (240 mUSD), gaining market leadership within sports betting media in the US.
- On May 26, 2021, the Board of Directors resolved on a directed share issue of 6.9 million shares, raising proceeds of 145 mEUR to maintain financial flexibility.

Significant events after the closure of the period

- October revenue reached 16.8 mEUR, with organic growth of 17% and a total growth of 34% vs. last year. The growth is achieved despite an all time low sports win margin in October.



- On November 4, the completion of the acquisition of the remaining 40% of Rotogrinders Network was announced. Since the initial share acquisition Rotogrinders has shown strong performance with expected 2021 revenue more than doubling since 2019, with a 47% compound annual growth rate. Expected 2021 EBITDA is 4.4x higher than 2019, growing at a 109% compound annual growth rate.
- In the state of New York, nine operators were recently awarded sports betting licenses. Projected to become the single largest online betting market in the US, New York presents a big opportunity for Better Collective and for our operator partners now licensed. Betting is expected to commence in January 2022, in time for the Super Bowl.
- Better Collective received an award for its efforts within compliance at the Vixio Global Regulatory Award. At the same show, Better Collective's subsidiary, Mindway AI, received two awards for its efforts within responsible gambling.

Financial targets

The full-year financial targets for 2021 for the group remain unchanged. Growth in the Publishing business exceeds prior expectations whereas Paid Media sees lower growth than anticipated, which is reflected in an adjustment of the detailed segment targets.

Jesper Søgaard, Co-founder & CEO of Better Collective, commented:

“Q3 was a great quarter closing with an all time high monthly revenue in September. This was partially the result of strong performance across all our US assets, including our recent acquisition, Action Network. September was also the beginning of the high season for US sports, which is expected to fully materialise in the Q4 results.”

Conference call

A telephone conference will be held at 10.00 a.m. CET today by CEO Jesper Søgaard and CFO Flemming Pedersen. The presentation will simultaneously be webcasted, and both the telephone conference and the webcast offer an opportunity to ask questions.

Dial in details for participants

Confirmation Code: **2393804**
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Webcast link <https://edge.media-server.com/mmc/p/7y63pxcv>

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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 person set out above on November 17, 2021 at 8.00 am CET.

About Better Collective

[Better Collective](https://www.bettercollective.com) is a global sports betting media group providing platforms that empower and enhance the betting experience for sports fans and iGamers. Aiming to make betting and gambling more entertaining, transparent and fair, Better Collective offers a range of editorial content, bookmaker information, data insights, betting tips, iGaming communities and educational tools. Its portfolio of platforms include bettingexpert.com, [VegasInsider.com](https://vegasinsider.com), [HLTV.org](https://hlto.org) and [Action Network](https://actionnetwork.com). Better Collective is headquartered in Copenhagen, Denmark, and listed on Nasdaq Stockholm (BETCO). More information at [bettercollective.com](https://www.bettercollective.com).