press@bettercollective.com


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# Better Collective intends to list its shares on Nasdaq Stockholm

Better Collective A/S (“Better Collective” or the “Company”), a leading affiliate in the European iGaming affiliate market, is today announcing its intention to proceed with an initial public offering (the “IPO” or the “Offering”) of the Company’s shares on Nasdaq Stockholm.

The owners and Board of Directors of Better Collective have decided to launch an initial public offering and listing of the Company’s shares on Nasdaq Stockholm. The reason for the IPO is to promote Better Collective’s development and continued growth through improved access to the capital market and diversification of the shareholder base. Capital raised through the sale of new shares will be used towards the Company’s acquisitive growth strategy going forward.

The listing committee of Nasdaq Stockholm has approved the Company’s shares for listing, subject to customary conditions. Depending on market conditions, the IPO is expected to be completed in 2018.

**Jesper Søgaard, co-founder and CEO of Better Collective:**

”Since Christian Kirk Rasmussen and I started the Better Collective journey together in 2002, we have made it our mission to make sports betting and gambling entertaining, transparent and fair. In recent years, we really went beyond the organic growth path and started executing our M&A-strategy. We have delivered solid growth, launched new innovative products, and lifted the company to new standards on all levels. We find ourselves in a strong position based on our scale, international presence, and technological expertise. We find that the time is right for accelerating our growth even further and taking a leading role in the ongoing consolidation of iGaming affiliates.

Our ambition is to empower even more iGamers around the world by strengthening our already leading position in the sports betting affiliate market through our growing portfolio of digital tools and platforms. We welcome new investors to become a part of this journey, that we, and the Better Collective team, already know to be an inspiring one.”

**Jens Bager, Chairman of the Board of Better Collective:**

”Better Collective has been on a continuous growth journey. The financial results speak for themselves, with an average revenue growth of 52% (CAGR) since 2015. Better Collective is well-positioned to leverage the many opportunities in a booming iGaming market, and we believe the IPO offers an optimal funding setup to continue the proactive acquisition strategy.

“We have prepared for the journey ahead by building a talented management team that is led by the founders, both of whom have unusually long track records in this young industry. With equally strong experience from large cap companies sitting on our board of directors, I believe Better Collective is in a great position to reach the next level.”

**About Better Collective**

Better Collective is one of the leading affiliates on the European iGaming affiliate market. The Company is primarily focused on sports betting, which represented 69 percent of revenue during 2017, while it also has a strong presence within casino, which represented 25 percent of revenue during the same period. Better Collective is a Danish registered company headquartered in Copenhagen. The Company was founded in 2002 by Jesper Søgaard and Christian Kirk Rasmussen, both of whom remain part of the executive management team as CEO and COO, respectively.

The business model is based on referring users to iGaming operators. Revenue is generated from iGaming operators and is based on a revenue share model (“**revenue share**”), cost per acquisition model (“**CPA**”), or a combination of the two. Revenue share and CPA represented 89 percent and 11 percent of revenue respectively in 2017 (revenue share includes hybrid models). Approximately 367,000 new depositing customers (“**NDCs**”) were referred to iGaming operators during the period 2015 through 2017.

The Company reported revenue of EUR 26 million in 2017, which represented an annual growth rate of 51 percent. The average annual organic growth rate between 2015 and 2017 amounted to 44.3 percent. Reported EBITA amounted to EUR 11 million in 2017, which represented an EBITA margin of 40 percent. The EBITA margin has increased by 7 percentage points between 2015 and 2017. Better Collective believes, that the Company is well-positioned to continue to grow faster than the iGaming market through organic growth as well as through acquisitive growth.

**Key strengths and competitive advantages:**

- **Present on a highly attractive growth market**
- **Industry leading and award-winning product portfolio**
- **Generating low risk and high flexibility for the iGaming operator**
- **Innovative technology developing the affiliate market**
- **Attractive financial profile**

**Present in a highly attractive growth market**

Better Collective operates in a market with high growth. The Group is primarily present in jurisdictions where iGaming is regulated, which enhances predictability. The European iGaming affiliate market is fragmented with ample opportunities for consolidation. Recently, the Supreme Court of the United States repealed the PASPA act, making the legal status of sports betting a discretion of state legislation, rather than federal. Multiple states who have been in favour of repealing the act, including New Jersey, are expected to legalise sports betting within their state in the near future, opening up new opportunities for operators and affiliates.

The European iGaming market amounted to EUR 15.4 billion in 2017 and is expected to grow at a CAGR of 8.7 percent over the period 2017 to 2020 (source: H2 Gambling Capital). The Group expects the European iGaming affiliate market, in which Better Collective operates, to grow at least in line with the underlying European iGaming market.

**Industry leading and award-winning product portfolio**

As of December 31, 2017, Better Collective's product portfolio consisted of four community sites and apps, such as bettingexpert.com where users actively generate content on platforms, and more than 2,000 content sites, with products spanning 38 languages. The broad product portfolio offers relevant content to a wide variety of user preferences, helping users discover new betting opportunities and confirm betting ideas.

**Generating low risk and high flexibility for the operator**

Better Collective offers iGaming operators an attractive performance-based marketing service by showcasing their products to a broad user base through the Group's product portfolio. iGaming operators remunerate the Group based on referrals of NDCs. In 2017, 89 percent of Group revenue was generated through revenue share. Revenue share implies low risk for iGaming operators, as remuneration only takes place when a referred NDC generates net revenue for the operator. At the same time, revenue share implies an attractive long-term revenue stream for the affiliate, often throughout the lifetime of the referred NDCs.

**Innovative technology developing the affiliate market**

Better Collective continuously develops its technology platform to efficiently increase the amount of content it generates and to display it with the highest possible degree of relevance. In-house developed software for Business Intelligence, and APIs with plugin functionality, enable site managers to efficiently evaluate and distribute content across a broad product portfolio. In addition, Better Collective enhances relevance using search engine optimisation.

A high share of organic traffic is a strong indicator of a high degree of relevance. Organic traffic accounted for more than 90 percent of the total traffic to the Group during 2017 (Non-paid traffic as share of total traffic to the Group's product portfolio).

**Attractive financial profile**

Historically, the Group has generated organic growth exceeding the growth of the European iGaming market. Better Collective believes it is well-positioned to sustain this trend through a strong position vis-à-vis small to medium sized iGaming affiliates, and by leveraging it's global footprint with products spanning 38 languages.

Better Collective added EUR 4.0 million of revenue through acquisitions during 2017 corresponding to 22.7% acquired growth before full-year effect of acquisitions made during the year. The fragmented iGaming affiliate market presents ample opportunities to continue to acquire small to medium iGaming affiliates in the short to medium-term.

**Financial targets and dividend policy**

**Growth target**

In the short to medium-term (2018–2020), the Group's target is to deliver an average annual revenue growth in the range of 30 to 50 percent, including impact from acquisitions. The timing of acquisitions is uncertain by nature, growth may fluctuate between years.

The Group's target is to deliver an annual organic revenue growth in excess of the underlying market growth. Based on the historical and forecasted growth in the European iGaming market, the Group expects organic growth to be double-digit in the short to medium-term.

**Margin target**

The Group's target is to deliver an EBITA margin in excess of 40 percent before non-recurring costs. The Group will continuously invest in its core assets in order to ensure a long term sustainable business.

**Capital structure**

Net Debt (defined as interest bearing debt, including earnouts from acquisitions, minus cash and cash equivalents) in relation to EBITDA before items affecting comparability (on a rolling 12-month basis), excluding temporary deviations, must normally not exceed 2.5 times. The Board of Directors may decide to deviate from this temporarily if it is believed to be justified.

**Dividend policy**

Better Collective aims to have an annual dividend of more than 50% of its profit for the year. However, as the Group intends to raise equity capital to expand its acquisition strategy, the Group expects no dividend before the year 2020 (pay-out in 2021). 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 Group'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.

**The Offering**

The contemplated IPO is expected to consist of a new share issuance by the Company, which will make up the main component of the Offering, as well as a secondary share sale by existing shareholders. The founders, Jesper Søgaard and Christian Kirk Rasmussen, will remain significant shareholders in the Company after the listing.

Full terms of the IPO will be included in the prospectus to be published in relation to the IPO.

**Advisors**

Nordea Bank AB (publ) and Skandinaviska Enskilda Banken AB (publ) act as Joint Global Coordinators and Joint Bookrunners in connection to the offering. Setterwalls Advokatbyrå AB and Bruun&Hjejle Advokatpartnerselskab are legal advisors to Better Collective and Advokatfirman Vinge KB is legal adviser to the Joint Global Coordinators and Joint Bookrunners.

**Further information**

Jesper Søgaard, CEO of Better Collective A/S

Flemming Pedersen, CFO of Better Collective A/S

Tel: +45 2622 1750

E-mail: investor@bettercollective.com

**Better Collective A/S**

Toldbodgade 12, 1253 Copenhagen K, Denmark

Tel: +45 2991 9965, e-mail: investor@bettercollective.com, Corp reg. no: 27652913

**Important information**

This announcement is not an offer to sell or a solicitation of any offer to buy any securities issued by Better Collective A/S in any jurisdiction where such offer or sale would be unlawful.

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Any offering of the securities referred to in this announcement will be made by means of a prospectus. This announcement is not a prospectus for the purposes of Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "**Prospectus**

**Directive**”). Investors should not invest in any securities referred to in this announcement except on the basis of information contained in the aforementioned prospectus.

In any EEA Member State other than Sweden that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State.

This communication is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**Relevant Persons**”). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as “believe”, “expect”, “anticipate”, “intends”, “estimate”, “will”, “may”, “continue”, “should” and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.

In connection with the offer or sale of securities referred to herein, the Managers may over-allot securities/conduct stabilization or effect transactions with a view to supporting the market price of the securities at a level higher than that which might otherwise prevail. Any stabilisation action or over-allotment will be conducted by the Managers in accordance with all applicable laws and rules.