BETTER COLLECTIVE

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Better Collective reports Q1 2025

Interim report January 1 - March 31 2025

Regulatory release 19/2025

Flash Q1 2025 highlights:

- Revenue of 83 mEUR, in line with expectations
- Recurring revenue of 49 mEUR
- EBITDA before special items of 22 mEUR, 27% margin
- Cost efficiency program remains on track
- Full year guidance remains unchanged
- Positive trends from Brazil following the January 1, 2025 regulation, with momentum expected to build as the sports season ramps up in Q2
- A new share buyback initiated for an additional 10 mEUR

Other highlights:

- Better Collective's guidance for 2025 is unchanged as
    - Revenue of 320-350 mEUR
    - EBITDA before special items of 100-120 mEUR
    - Free cash flow of 55-75 mEUR
    - Net debt to EBITDA below 3x

Jesper Søgaard, Co-founder & Co-CEO, comments:
"Overall, our Q1 results landed in line with our expectations. As we are now building the "New BC", we are setting the stage for future growth by focusing on global scalability and streamlining our House of Brands. This marks the beginning of an exciting new chapter for Better Collective. Thanks to all my colleagues for your continued support as we continue navigating market changes."

Highlights Q1, 2025:
The financial guidance for the full year 2025 remains unchanged.

Revenue declined by 13% to 83 mEUR, with organic growth down 18%. The performance was in line with expectations. This was driven by five main factors:

1. The Brazilian business delivered 10 mEUR in revenue during Q1. The regulatory developments in the Brazilian market impacted revenue and EBITDA with 7 mEUR compared to Q1 2024.
2. The comparisons from last year's state launch in North Carolina created a 5 mEUR headwind.
3. The previously communicated decrease in activity from US partners impacted the quarter negatively with approximately 5 mEUR
4. Growth in other business areas, including full effect from acquisitions and positive exchange rate (USD) had net positive revenue impact of 7 mEUR
5. The sports win margin impacted revenue and EBITDA negatively by 2.4 mEUR.

The shift towards a regulated market in Brazil from January 1, has so far gone better than expected, where especially player migration has performed well.

Recurring revenue declined by 8%, as revenue share decreased by 13% as a natural consequence of the new Brazilian regulation. Subscription revenue remained flat, while CPM-based revenue was up by 13% due to the M&A effect from Playmaker Capital, as well as a good start to the year in the Brazilian advertising market.

Group costs decreased by 5 mEUR, corresponding to an 8% reduction. The acquisition of Playmaker Capital was closed February 6th, 2024, and consequently Playmaker Capital was only included in two months. When adjusting for this and combined with the FX impact (USD) in the quarter, the reduction in costs versus last year is 9 mEUR where more than 5 mEUR relate to savings within staff and other operational costs. The cost decrease reflects the impact of the 50 mEUR cost efficiency program initiated in October 2024 which remains on track to be fully realized during 2025.

The changes to revenue and cost resulted in an EBITDA before special items of 22 mEUR, representing a 24% decline. The EBITDA margin before special items was 27%.

Cash flow from operations before special items was 21 mEUR with a cash conversion of 93% in Q1 2025. The cashflow was positively impacted by delayed payments from 2024 received in Q1 2025. However, it was also negatively impacted by delayed payments of 9 mEUR from customers in Brazil in Q1 2025, due to the new regulations, including establishing new commercial and administrative frameworks.

Better Collective has bank credit facilities of a total of 319 mEUR. By the end of March 2025, capital reserves stood at 90 mEUR consisting of cash of 25 mEUR and unused bank credit facilities of 65 mEUR.

The Group delivered 316,000 New Depositing Customers (NDCs) during the quarter, with 80% attributed to revenue share agreements. The total number of NDCs declined by 30% compared to the same period last year primarily due to the previously mentioned factors in US and Brazil and partly offset by good developments in the rest of South America.

The Brazilian market officially launched on 1 January 2025, completing its first quarter as a fully regulated market. As anticipated, Q1 represents a seasonally low period in Brazil due to national holidays and the start of the Serie A football league commencing in late March. Revenue for Brazil in Q1 was 10 mEUR and the financial impact was as mentioned 7 mEUR on revenue and EBITDA compared to Q1 2024. Better Collective has experienced higher-than-anticipated player migration and wagering activity during the quarter. This means lower churn and better player retention. Due to regulatory restrictions prohibiting welcome bonuses, user acquisition has progressed slower than expected, resulting in fewer NDCs. Due to this, the anticipated increase in competitive activity from sportsbooks has not yet materialized. Media sales (CPM) in the market have performed well, with media inventory still sold out. As a result, efforts are currently focused on expanding brand inventory and strengthening local market presence. The Brazilian business is expected to return to growth by 2026. Better Collective maintains a strong long-term outlook for Brazil, anticipating it will return to a high-growth market, offsetting the short-term impact observed in the current transition phase.

The North American business performed in line with expectations during the first quarter, following the organizational rebasing in October 2024. North American revenue declined by 11 mEUR, with approximately 5-6 mEUR attributable to the North Carolina state launch last year. The other 5-6 mEUR is due to the lower marketing activity in the market. For the full year 2025, management maintains its expectations of revenue share contributing approximately 10–15 mEUR. As these deferred earnings materialize over time, the North American business is expected to become progressively more stable, supported by a growing recurring revenue base.

Significant events after close

By the end of April, Better Collective has embarked on a transformative journey to align our organizational structure with our long-term strategic objectives. Recognizing the need for enhanced scalability, focus, and global integration, we have transitioned to a model that better supports our growth ambitions.

Central to this transformation is the introduction of a Co-CEO leadership structure. Christian Kirk Rasmussen has joined Jesper Søgaard as Co-CEO, with Christian focusing on innovation, business development, and operational execution, while Jesper continues to spearhead external strategic initiatives and engagement with external stakeholders. Together, they form a robust leadership duo, geared to guide Better Collective into a new era of growth.

Following Christian’s transition into the Co-CEO role, we are pleased to announce the appointment of Sofie Ejlersen as Chief Operating Officer (COO). Over the past six months, we have been working closely with Sofie in a role as strategic advisor, where she played a key part in shaping and driving the transformation behind The New Better Collective. Sofie brings more than 12 years of experience from Bain & Company, where she served as a part of the management team, advising leading global companies on strategy, performance improvement, organization, transformation and M&A. She now joins Better Collective to ensure the successful implementation and integration of the transformation across the organization.

Our recent organizational restructuring is centered around the establishment of three global business units: Publishing, Paid Media, and Esports - a strategic shift away from our former geography-based structure. This new setup is designed to reduce complexity, eliminate duplication, and allow us to scale best practices more efficiently across all markets.

While these changes are critical to positioning Better Collective for long-term success, they have also resulted in a reduction of layers as we have gone from a local management structure to a global management structure.

As part of this transformation, Esports will be reported as a standalone financial segment beginning in Q2 2025. With its own leadership and dedicated business structure, this change reflects our ambition to further sharpen focus and enhance transparency in one of our most exciting and high-potential growth areas.

Lastly, we have streamlined our "House of Brands" to concentrate efforts and investments on high-potential assets, maximizing value extraction from our legacy brands.

On 3 April 2025, Better Collective announced an expansion of its digital sports audience to have increased by more than 10% from 400 to 450 million monthly visits globally.

On 22 April 2025, Better Collective completed a buyback of 10 mEUR. Better Collective held 3.3% of the company's outstanding share capital.

On 22 April 2025, Better Collective held its Annual General Meeting, where all points were approved. Amongst other things, it was decided to cancel 1.8% of the company's outstanding share capital to enhance shareholder value. Thomas Plenborg, current Chairman of DSV A/S, was elected as a new member of the Board, as Petra Rohr decided to step down.

On 21 May 2025, Better Collective announced the initiation of a new buyback of up to 10 mEUR to be executed before 26th of August 2025, or until it is completed.

About Better Collective

Better Collective owns global and national sport media, with a vision to become the leading digital sports media group. We are on a mission to excite sports fans through engaging content and foster passionate communities worldwide. Better Collective's portfolio of digital sports media brands includes; **HLTV**, **FUTBIN**, **Betarades**, **Soccernews**, **Tipsbladet**, **SvenskaFans**, **Action Network**, **Playmaker HQ**, **VegasInsider**, **Bolavip** and **Redgol**. The company is headquartered in Copenhagen, Denmark, and dual listed on Nasdaq Stockholm (BETCO) and Nasdaq Copenhagen (BETCO DKK). To learn more about Better Collective please visit **bettercollective.com**.

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