

THE NEXT WITH XST CAPITAL

DIGITAL GAMING INDUSTRY: CEO INTERVIEW SERIES

Volume 6: We talk to Betsperts CEO Reid Rooney



Betsperts has experienced very steady growth in the last few years and in my view is still fairly under the radar. What brought you into the sports media and bet tracking industry, and where do you see yourself fitting into the market?

Thanks for saying that. We actually intentionally stay under the radar a bit. We are focused on executing our plans and we have found doing it quickly and quietly to have been an effective strategy. My cofounder and I believed that sports betting was going to be more social than people thought 6 years ago so we set out to build a social community where bettors could connect with other bettors. We were correct in that thesis, but the funny part is that through our journey and pivots, now pick tracking is a small part of the

organization. We very strongly believe in community-based properties or businesses though. Fantasy players and sports bettors want to be part of a community, and we are striving to do that at each one of our properties.

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Betsperts Group owns a collection of brands in the digital gaming space. For the readers that aren't familiar, can you give a brief breakdown of those brands and what spaces they belong to in the digital gaming ecosystem?

Absolutely. We have created two properties and acquired four.

We created the Betsperts App which was our first property and a social media platform for sports Bettors. Then we acquired Matthew Berry's Fantasy Life App which was one of the largest social media platforms in the world for fantasy football. We then turned our attention to subscription businesses where we acquired 4for4 and Dynasty League Football which are both incredible subscription businesses focusing on fantasy football and betting. We then started Betsperts Golf for golf bettors and DFS players. Our last acquisition was Bleacher Nation which is an incredible website creating a ton of content and has nearly 20M visitors a year. Earlier this year we combined Betsperts and Fantasy Life App into one app and rebranded it as Bleacher Nation Fantasy. So currently we have 4for4, Dynasty League Football, Betsperts Golf, Bleacher Nation, and Bleacher Nation Fantasy in our portfolio of companies.

Betsperts Group utilizes a roll-up strategy to expand and scale its audience. Where do you see opportunities for expansion, and what sub-verticals within gaming are you looking to move into? Is iGaming an area where you plan to spend more time going forward?

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Great question. We absolutely plan to continue to roll up businesses. We have found great success in doing so. We strongly believe in the iGaming vertical moving forward, but we want to make sure that we are acquiring high retention revenue businesses or businesses with significant community-based traffic. We want to make sure that we are capturing our user's attention every day and throughout the day. Maintaining our user's attention is imperative to our strategy as we grow our affiliate and subscription revenues and iGaming legalization comes closer.

Betsperts' brands range from free community to subscription content. How does this strategy work towards your multi-brand strategy and scaling your audience? How do you contrast that with some of the competition out there, at least from a pricing perspective?

If we treat the customer right and provide a quality product, service, and community for affordable prices we believe we will continue to see our retention rates be very high.

Each property has a bit of a different strategy on paid vs free content and we try to optimize for each property's userbase. We use free content on subscription platforms as an organic marketing tool making sure we are maximizing our reach and SEO capabilities. We also have multiple categories of revenue with affiliate, subscription, advertising, and our DFS game so each piece of content needs to have a goal behind it whether it is for one of those revenue categories or for user retention. Our subscription pricing is typically on the less expensive side compared to competitors. We value the opportunity for new users to try the subscription at those price points as well as the high retention rates that come with our price points. It has always been a conversation point internally, but if we treat the customer right and provide a quality product, service, and community for affordable prices we believe we will continue to see our retention rates be very high.

You place a strong emphasis on content and social media, and its ability to create a community. How do you see the social aspect of gaming affecting the industry? As a follow on, some might argue that social media giants (ex: Meta and X) could easily move into creating communities for sports fans and bettors. In terms of social engagement and content, how do you compare Betsperts Media to these platforms, and where do you differentiate?

The social side of the business is more prevalent than I think a lot of people might even realize already. The amount of bets or plays that are made as a group or following someone in their network is incredibly high (especially parlays). It will only continue to grow as the business continues to become more and more mainstream and widely available. I don't believe Meta or X will focus enough efforts to create those specific communities because I don't believe it starts with technology. To me it starts with creators, influencers, friends, or people with similar interests. They might meet on X or Meta and even stay there in DMs but when you find the community you want to be part of you will have pretty endless platforms to host that community. Our focus is to be communities that can easily be found, welcoming, and worthwhile to stay and engage. We focus more on the quality of communities vs where they are hosted because if you have a good one people will find it and want to participate wherever we are hosting it.

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Betsperts partners with many sports betting and DFS providers, including 11 of the top sportsbooks. How are you working with these providers to deliver accurate and engaging content to your users, and how are you differentiating your product?

We try to differentiate by the quality of content, tools, and analysis. If we do provide high quality products then we will have high quality readers, users, followers, and subscribers. Working with sportsbooks and DFS providers we want to send quality traffic to quality partners, so it is a win for the player, a win for the partner, and a win for us. We don't focus on sending the most traffic, rather we focus on channels and strategies that send quality traffic to help us ensure we stay partners with those businesses and our users trust us in the partners we recommend and work with.

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Betsperts Group has launched a real money fantasy game in the Bleacher Nation Fantasy app. What is the transition from media and technology to real money games like, and what challenges have you faced?

I wouldn't say we are transitioning. We are still a profitable media business that has an opportunity to provide our fantasy players with a unique game. As we have just soft launched it this month, we are still learning a lot of the challenges, but we have had a great start so far. Our focus is to expose the unique gameplay to our users and ensure that they enjoy this style of game. As we grow the gaming side of the business it will allow us to continue to pursue growth on our media side whether that is through organic growth or further M&A.

You have acquired an audience of 22M unique users, 50K paying subscribers, and average 11K app engagements per day. How do you approach user acquisition and how are you working to improve retention?

We actually do little to no paid marketing right now. We believe in quality content and products. A lot of our growth has been from SEO or referrals from our current user base. We do need at least one major unique hook on every platform to ensure that we are needed by our customers during their fantasy or betting processes. That dramatically helps our retention.

As we have gotten to know each other in recent years you have been diligent about achieving steady growth, engaging in cost-effective M&A, and balancing that with the state of the capital markets. How is BetSperts positioned for and or evaluating its next capital raise juxtaposed with an eventual exit?

When we started to build this business, we often thought about how to build it for an exit or what acquirers might be looking for. In the last 18-24 months that perspective has changed. We are focused on building the best and most profitable business we can while treating our loyal customers and users the right way. At some point there may come an exit or acquisition, but that will come because of how we execute and not because we are building it specifically for that reason.

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Reid, I know you are a big golfer and love to get out on the links in your occasional downtime; what are the 2 or 3 favorite courses you have played recently and what's on the agenda for destination golf in 2025?

I love my home course in Chicago which is Flossmoor Golf Club (no it's not a dentist club... It is the name of the town) and I really enjoyed a trip to Cabot Cliffs recently. It is as beautiful as Instagram makes it out to be.

I have a group trip out to Utah which I think will be unique for golf, but I would really like to get back to Sand Valley. It is one of my favorite stay and play properties I have ever been to and only a couple hours from Chicago.



Reid Rooney - Biography

Reid comes from the Chicagoland area and still lives there with his wife of 7 years. He attended Central Michigan University while playing baseball for the Chippewas and got a Masters in Entrepreneurship. After college Reid worked at a small 10 person company in a sales role to see entrepreneurship in action. Then he jumped to a Fortune 250 company managing about \$200M of annual sales. There, he met his future co-founder. 6 years ago, they started Betsperts and have raised \$12.5M and made 4 acquisitions in that time. Reid is obsessed with golf, the White Sox (sadly), Tottenham, and traveling as much as he can. He has gotten very into Canadian culture because his wife is from Canada, and he has a life goal to move to London someday.

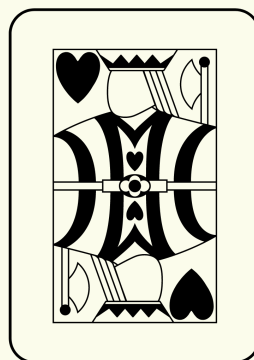
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