



Playmaker Capital Inc.
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CORPORATE PARTICIPANTS

Jordan Gnat
Chief Executive Officer
Mike Cooke
Chief Financial Officer
Jake Cassaday
Chief Operating Officer

CONFERENCE CALL PARTICIPANTS

Matthew Lee
Canaccord Genuity
Chris Thompson
PI Financial
Rob Goff
Echelon Wealth Partners

PRESENTATION

Jake Cassaday, Chief Operating Officer

Good morning. My name is Jake Cassaday, Chief Operating Officer of Playmaker and I will be your conference operator today. I'm joined today by our Chief Executive Officer, Jordan Gnat, and our Chief Financial Officer, Mike Cooke. At this time, I would like to welcome everyone to Playmaker Capital Inc.'s Second Quarter 2021 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. We ask you to please limit yourself to one question and one follow-up question. You may re-queue if you have further questions. Before we begin, I would like to remind you that today's call will include estimates and other forward-looking information from which our actual results could differ. Please review the cautionary language in today's press release regarding various factors, assumptions and risks that could cause our actual results to differ. Furthermore, during this call, we will refer to certain non-IFRS measures. These measures do not have any standardized meaning under IFRS and our approach in calculating these measures may differ from that of other issuers and so these measures may not be directly comparable. Please see today's press release for more information about these measures.

As a reminder, this conference call is being recorded and a replay will be available on Playmaker's website.

At this time, I would like to introduce Jordan Gnat, Chief Executive Officer of Playmaker.

Jordan Gnat, Chief Executive Officer

Thank you, Jake.

I want to thank you all for taking the time to be with us this morning. This is our first quarterly earnings call as a public company and we look forward to providing you with an update on what we have accomplished to date and our ambitions as we continue to grow. Earlier this year we presented a clear vision of where we wanted to play in the emerging regulated sports betting market globally. We believe that fans are the lifeblood, the fuel, the picks and shovels of the sports betting industry. It is the coveted sports fan that purchases merchandise, buys event tickets, subscribes to services and ultimately places bets. We set out to build an ecosystem at the intersection of sports, betting, media, and technology. An ecosystem of highly engaged and loyal sports fans that rely on our content for their connection to their favourite teams and leagues, and our social presence for relevance and community as they make decisions on how and where to transact. In just six and a half months we have accomplished a lot. We have completed 2 financings, acquired 3 companies and gone public on the TSXV. Our work is just beginning.

Our strategy is clear. We are rolling up businesses that complement each other and are immediately accretive to our shareholders. We are acquiring companies that are profitable or have a clear and near-term path to profitability. We are looking for operators that want to join us on this journey. Entrepreneurs and talented teams buy into our company vision just as much as we are buying them. We are very excited about what we have done to date. Futbol Sites continues to deliver positive results. Futbol Sites' first half 2021 pro forma revenue was \$5.3m US, compared to the full year 2020 revenue of \$6.2m. Futbol Sites' pro forma EBITDA was \$1.5m compared to full year 2020 EBITDA of \$2.2m. The team is hitting on all cylinders. Our platform acquisition of Futbol Sites has provided Playmaker with scale of people, scale of audience and a technology product platform that we can leverage across other assets. We have a key leadership position among our over 65m monthly users within the US Hispanic and Latino market and within Latin America. Based on Comscore rankings, we have a larger fan base than ESPN amongst the Spanish US Hispanic market. Additionally, based on Comscore, BolaVip is the number 1 sport media web site in Brazil and Redgol is the #1 local sports media web site in Chile. We are among the market leaders in Argentina and Mexico. As these key Latin American markets begin to regulate sports betting, we are in a formidable position. Our brands are the

key media brands that betting companies and advertisers that covet the sports fan will be looking to partner with, as they already do now.

Our recent acquisition of Yardbarker and The Morning Bark in July provides us with a significant platform business in the US with key coverage of the main North American professional and collegiate sports. Yardbarker's passionate leadership team, loyal following and top tier content were the key ingredients that got us so excited about this company. The Morning Bark is a jewel. Over 360,000 subscribers have curated their personalized sports page based on their preferences and we deliver it to their inbox every morning. Imagine how valuable that can be to sports betting companies. The ability to touch a qualified sports fan with specific preferences each and every day. The Yardbarker and Futbol Sites' teams are hard at work on integration and synergies of key technologies and know how to help deliver on our plan to cross pollinate our assets with the best of what all the companies bring to the table. We have many brands, but one team. That is a core value of our company. The Yardbarker acquisition is immediately accretive to our company. Combined with Futbol Sites, the first half of 2021 pro forma revenue was US\$7.6m compared to first half 2020 revenue of \$3.0m and pro forma combined first half 2021 EBITDA of \$2.8m compared to the first half of 2020 of approximately \$350k. The growth in both Futbol Sites and Yardbarker has been organic. On a trailing twelve month basis the proforma revenue was US\$14.4m combined and the proforma trailing twelve month EBITDA was US\$6.0m. I will stop with the numbers now so I do not steal any more of Mike Cooke's thunder.

I will now hand the call over to Mike:

Mike Cooke, Chief Financial Officer

Thank you, Jordan.

Good morning and thank you for joining us today. This morning we reported our Second quarter results for the three and six month period ended June 30, 2021.

Including the results of Futbol Sites and Yardbarker on a pro forma basis, pro forma revenue was \$4.2m in Q2 2021 compared to \$1.2m in Q2 2020, an increase of \$3.0m or 244%.

For the first half of 2021, proforma revenue was \$7.6m compared to \$3.0m in the first half of 2020, an increase of \$4.6m or 152%.

We use Adjusted EBITDA as a key measure of earnings. Adjusted EBITDA is intended to present the results of our operating segment, so it excludes any one-time costs and head office costs incurred within our Corporate segment.

Pro forma adjusted EBITDA increased to \$1.6m in Q2 2021 from \$8k in Q2 2020. For the first half of 2021, pro forma adjusted EBITDA was \$2.8m compared to approximately \$350k in 2020, an increase of over 8 times.

On an IFRS basis, we produced \$3.0m of revenue and \$400k of operating income in Q2 2021. In Q2 of 2020, the Company was in a very early stage with limited operations and so we had no revenue and operating losses of \$98k in that quarter.

We finished Q2 with cash of \$23.5m and working capital of \$24.2m. As previously announced in late July, we spent \$10m in cash subsequent to quarter-end on the acquisition of Yardbarker.

I will now turn it back over to Jordan as we near the end of our call.

Jordan Gnat, Chief Executive Officer

Thanks Mike.

We have come a long way in a very short period of time but this is just the beginning. Use whatever sports analogy you want. This is the first inning, the start of the marathon, or the puck just dropped. We are just getting started. We are focused on building a great company made up of great people and great assets. We will continue to be very disciplined in how we evaluate companies, ensuring that they bring tangible and quantifiable value to the company, our team and our shareholders. We will be opportunistic as well. While we have a sweet spot in sport, we are not shy of size or geography. Our ambition to succeed is only matched by the caliber of the team that we have to achieve those ambitions.

With that I want to conclude with a comment about our team. I cannot say enough about the Playmaker family that we have built to date and will continue to build. We have quickly built a culture

of cooperation, respect, accountability, excellence in execution and fun. We are laser focused on our objectives as a team and I could not be prouder of them. That ends our prepared remarks. Jake, if you could go ahead and open up the line for questions.

Jake Cassaday, Chief Operating Officer

Thank you. Participants, to ask a question, please unmute your line, state your name and affiliation, ask your question and then kindly mute your line again.

QUESTION AND ANSWER SESSION

Matthew Lee, Canaccord Genuity

Hi, good morning, guys. It's Matt Lee from Canaccord. Congrats on the great quarter. So just wanted to start with thinking about revenue cadence, you know, I look at revenue of \$3 million and pro forma revenue was \$4.2 million. Baking in all the acquisitions and going forward, are you expecting it to be more like \$4 million a quarter? Or is \$3 million more representative of how you think of run rate?

Jordan Gnat, Chief Executive Officer

I can take that. So I think, Matt, when you look at our, historical trending, ignoring, of course, though, that we had a COVID hiccup last year in q2 - in the case of Futbol Sites and Yardbarker, there is a stronger weighting to revenue in the second half of the year, we see that just as part of the general seasonality of the way traditional sports leagues tend to work. In particular with our Yardbarker acquisition, and the strong coverage we have in the North American sports. So I think what you'd find is that the first half of the year is probably 40-45% of revenue tends to be the trend, and the second half of the year is the balance.

Matthew Lee, Canaccord Genuity

Okay, so then, you know, thinking about revenue for 2018 to 20 million is not outlandish?

Jordan Gnat, Chief Executive Officer

Well, I think we've put up our earnout targets for 2021 and 2022. So those, and we've given you the trailing twelve-month revenue of \$14.4 million. Based on those numbers and what you see as our forecast, that was sort of the earnout calculations, ultimately, we think we are providing enough information for you guys to give a good, educated, and informed, thoughtful decision on where you think we'll end up in 2021 and 2022.

Matthew Lee, Canaccord Genuity

Alright, that's fair. And then maybe just a follow up question in terms of EBITDA, margin, I mean, great expansion quarter over quarter, are you planning to maintain a 30% range EBITDA margin going forward? Is there going to be some reinvestment in terms of marketing.

Jordan Gnat, Chief Executive Officer

Yeah, it's a great question. And, Matt, we feel very good about our profit outlook in the earn out targets. But we're going to invest in growth, you know, we're currently year to date at a margin of approximately, Mike, keep me honest, 37% on a pro forma basis. And we believe that's giving us the profitability targets we want to hit, but it was also allowing us to have enough flexibility to continue to invest in the growth of the business for the long term.

Matthew Lee, Canaccord Genuity

Alright, thanks, guys. That's it for me.

Jordan Gnat, Chief Executive Officer

Thanks, Matt. Anyone else with any questions?

Chris Thompson, PI Financial

Hey, guys. It's Chris Thompson. PI. How are you?

Jordan Gnat, Chief Executive Officer

Great, Chris, how are you?

Chris Thompson, PI Financial

Good. Thanks for taking my questions. Listen, just some high-level stuff. Jordan, I'd love to hear your general thoughts on Penn National Gaming, the acquisition of Score Media, and how you think about that in your sector?

Jordan Gnat, Chief Executive Officer

Yeah, appreciate it. Listen, if there's anything that validates the value of fans, it's Penn's view on TheScore, for us. Now when we look at both our Canadian, US and Latin American opportunities, we've looked at TheScore and their playbook for quite a while. And we have always believed and continue to believe that fans are at the core of what it is that we are building for, for this industry. And I think what Penn acquisition of TheScore really validates our business model. And our core business model is to build out a very immersive and inclusive fan ecosystem. TheScore has done a tremendous job on that. They've built an incredible app. They've built incredible community. And at the end of the day, they got they got fairly rewarded for that, we're just getting started doing something very similar in terms of building an audience. Our focus is on profitability. That's something that is very important to us as well. We are not looking to raise capital for operations, we still have today over \$13 million US in the bank. And that's going to be available for us for future acquisitions. And we continue to make profit every single month. And so we're having that flexibility, having a playbook and being able to look at what others have done is something that we are very excited about. And then when you look at the Latin American market, and in particular, you look at how regulation, sports betting regulation is opening up new. Canada is just getting started, Argentina is just going to be adding licenses begin to operate in September, Brazil will be issuing licenses towards the end of the year. You know, in Latin America, where the brand, BOLAVIP is the brand, RedGol is the brand. We're TheScore. We're the ESPN, that's who we are in those particular markets. Now ESPN partnered with Caesars, NBC in the US partnered with PointsBet, FOX partnered with the Stars Group, that's who we are in the Latin American market. And that's where our big opportunities lie at some point in the future. And we're very focused on that.

And on the Canadian market. Now, we're continuing to focus on our M&A pipeline, we're focusing on finding a platform acquisition in the Canadian market for us, in addition to focusing the Yardbarker site, which has traditionally been focused on the US market, but actually using our internal SEO skills to point it at the Canadian market in a very meaningful way.

Chris Thompson, PI Financial

Okay, that's very helpful. And, you know, just on the acquisition discipline, I mean, if you look at the Penn National multiple, it's pretty lofty. How do we think about your discipline there? What metrics are you guys trying to work towards? And when might you make some exceptions to those metrics?

Jordan Gnat, Chief Executive Officer

I think I'll make an exception as a seller at 24x 2022, projected revenue, I have no problem with that exception on that side of the table. On the acquisition side, we look at our acquisition strategy; a US asset was more expensive than a Latin American asset for us. But the key discipline focuses are on a business that is profitable, or a key path to profitability, we're very focused on making sure that there's a lot of alignment, that as much as we're buying a business, they are coming in to become our partners. And as long as there is a good balance between cash and equity and earnout, and usually earnouts are really the way to balance the difference between seller expectations and our rationale and discipline in buying. And the truth is, when you take a look at all of our acquisitions, what we're really looking at is, at the point in time, if everybody hits all their earnings targets, what's sort of the range that we're paying, and, you know, right now, if you take a look at even at a Yardbarker, and that acquisition, if they hit all of their earnout targets, we're paying less than five times less than 5x revenue, we're paying less than 9x-10x EBITDA so we feel very, very good about those levels for a US asset, and then we'll maintain that discipline, as we look at other businesses, we want to stay in that sweet spot. If something gets larger in scale, that's the way we've been very clear from day one, when we started this journey, that, you know, if a whale brushes up against our boat, we're going to drop our line, and we're going to take a run at it, but we're not going to do it at all costs. At the end of the day, we want to make sure that we hold true to exactly where we started, which is very opportunistic, and very disciplined.

Chris Thompson, PI Financial

And that's, that's helpful. If I could just sneak one more in seems like there's no one else in the queue. Just on your outlook and your earnouts. Are you modeling more on the number of impressions, or are you assuming some lifts in the CPMs?

Jordan Gnat, Chief Executive Officer

Jake, do you want to take that?

Jake Cassaday, Chief Operating Officer

Sure. Really, it's a combination of both. We've seen great momentum within both Futbol Sites and Yardbarker over the years, looking back and as we went through our diligence process, looking back, you know, six-eight quarters in terms of the growth of impressions and the relative growth in their eCPMs. One of the things that we get really excited about around integration is the technology stack that we've developed, and you'll see it referenced in the new investor presentation that's live on our website now. It's a platform that we're calling Playmaker Bench. And really, this is a best-in-class cloud based proprietary software that's really a collection of tools around BI, data, UI/UX, and engagement and most importantly, monetization. Everything that we're doing from a monetization perspective, we are bringing in house. And this is thanks to the technology that's been built over 15 years within Futbol Sites. And so, we do believe that we have best in class monetization. And as we continue to make subsequent acquisitions, Yardbarker included, we'll be plugging into that platform to supercharge our monetization. So, we do forecast some relative growth, nothing aggressive by any stretch, but just staying on the trendlines that we've seen appreciating over time, within the inventory that we're selling through our technology stack.

Chris Thompson, PI Financial

That's helpful. Jake. Thanks a lot, and I'll go to your website and check out the deck. Thanks again, guys.

Have a great day.

Jake Cassaday, Chief Operating Officer

Great, thank you.

Rob Goff, Echelon Wealth Partners

Good morning, guys. It's Rob Goff here with Echelon. Congratulations on your quarter. And thanks for posting the deck. I'm actually just looking at slide 12 on your deck. And I wanted to ask you about your session growth and your monetization, just in looking at the year-on-year trend in the US, you know, 5.7 ads per session going to 19.8. And also, a very strong trend internationally, going from 5.6 to 8.5. How do you see that trending? How do you see your monetization efforts yielding greater results?

Jake Cassaday, Chief Operating Officer

Yeah, so you're referring to the combined performance metrics on slide 12. I think what you're seeing for one, one thing that is obvious is you're seeing a higher RPM. And again, that's the revenue that we're generating off of every 1000 sessions that we have on our properties, you're seeing a good sort of steady increase in the RPM that we're generating, both internationally and within the US specific to the FSN metrics. And again, this is much in thanks to what I was referring to earlier with our technology stack. Obviously, you know, what jumps off the page here is the relative size and advantage that you have in the US. We're getting roughly 10x the value on an RPM in the US and that's something that, you know, I think that gap is decreasing over time as the monetization in the Lat Am market continues to sophisticate. But no, this is this is a trend, Rob, that we are excited about we're proud of and that we believe we can continue to really nurture. The Yardbarker RPMs that you're seeing in there that's obviously, there's no playmaker intervention on those RPMs, that was the steady state that we acquired the business at. And we see, we do predict an ability to close the gap between those FSN RPMs in the US and the Yardbarker RPMs in the US. And that's really in thanks to that technology stack. So, this is, today, between this and some direct sales opportunities across the platform, we believe there's a great opportunity to close that gap and generate a much higher RPM off of a larger base of US users and that is the Yardbarker user base.

Jordan Gnat, Chief Executive Officer

And Rob, just one other comment in here, in terms of revenue per session, in terms of ads per session, one of the things that Futbol Sites began to focus a lot more on in the last year and a half, was on long form content. And, adjusting some of its front-end technology to find more effective places to place ads. So, the longer the content, the more ads you have per session. And that long form content has been really yielding some great dividends for us. And as Jake mentioned, and when you take a look at organic growth for the business and where the synergies lie, and we've always talked about since we started this in December, the idea of cross pollinating and that's what we think of as synergies. And that's really where the Playmaker Bench tech works in this and you're going to see that gap hopefully begin to switch begin to close and the reality is we've actually already begun that integration. And that technology is actually already plugged into the Yardbarker, and Yardbarker website and we're already putting their inventory through our technology as a sort of first test. So, we're excited, the team has moved unbelievably fast, the cooperation between the Futbol Sites team and the Yardbarker team. We are truly, you know, lots of brands but one team and they're behaving that way, it's amazing.

Rob Goff, Echelon Wealth Partners

Two follow ups. Do you see the Playmaker Bench as being something that could become a product, in its own right, for third parties?

Jake Cassaday, Chief Operating Officer

The short answer is, yes. One of the things that we talk about a lot is when you're getting to know a company, through an acquisition process, you only get to know what's been presented to you, what's right in front of you, what becomes really apparent over time is just how real everything is under the hood. And as we continue to integrate ourselves into this technology and our understanding of it, it's quite evident to us that it is a very, very strong piece, or set of technology and a real competitive advantage for us. And, so the short answer is yes, I think it could be. In the near term, it's not the focus in the near term, the focus is to really leverage it as a catalyst to the growth of our company and our ecosystem. In time, should it present itself as an opportunity and we can start to steer some of our energy and attention to it, sure. It could be an interesting proposition, but for the time being, it's really

going to be leveraged to supercharge our growth, and really create a cohesive one team type reporting and monetization engine for Playmaker.

Rob Goff, Echelon Wealth Partners

Cool, if I could sneak in a third one. The Morning Bark, is that something that you would intend to accelerate within the US and is that something you would also potentially export across Futbol Sits?

Jordan Gnat, Chief Executive Officer

Yeah, the Morning Bark is truly an amazing, amazing asset. And behind the Morning Bark, the technology that operates it, is really what gives us the confidence that it is very, very scalable. The ability to personalize and curate your own daily newsletter is pretty amazing. It is something we can geo target. So we could do Canadian, we can have US versions, we can have Latin American versions. The tech behind it, we're going to be leveraging that to look at a way to do something very similar with our Latin American market. Key is being able to take the content that we currently have, and we've got, if you imagine how much content we're creating within Futbol Sites, none of which is available in the Morning Bark today, the ability to leverage that content to improve, in particular the soccer related content that is in there. Yet we see this as something that is an absolute core focus. We know the value of delivering that to somebody's inbox every single morning. You know, as I said in my remarks earlier, just if you're a sports betting company, how valuable is it to you to deliver the 'bet of the day' to 360,000+ people every single day? And that hasn't been exploited yet by the team Yardbarker, and it's something that is really on our radar, as the US market opens up, as the Canadian market opens up. And in particular, as the Latin American market opens up, the ability to put something like that in front of a consumer every single day, who is a particular sports fan who has made particular choices. You know, if you're a Dallas Cowboys fan, and you want to make a bet on the Dallas Cowboys, and we know you're Dallas Cowboys fan, because you've specifically asked to be getting Dallas Cowboys news, we could easily have a sports betting offer put in a very particular offer around the Cowboys for you. That's the quality and the power of this technology. And we are just getting started and scratching the surface of how we how we supercharge that script.

Rob Goff, Echelon Wealth Partners

Thank you guys.

Jordan Gnat, Chief Executive Officer

Thanks, Rob. Thank you.

Jake Cassaday, Chief Operating Officer

Give people just a few more seconds if there are any further questions.

There are no further questions at this time. Ladies and gentlemen, this concludes today's call. We thank you for your participation. Please go to the investor relations section of our website, playmaker.fans/investors, for our updated investor presentation deck and a recording of this call will be posted shortly. You may now disconnect, thank you very much for your time this morning.

Jordan Gnat, Chief Executive Officer

Thanks everybody, we really appreciate your time and your support.