



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
Mike Stevens
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Kris Thompson
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PRESENTATION

Operator

Good morning and welcome to the Playmaker Capital Inc. Q3 Earnings conference call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star then one on your telephone keypad. To withdraw your question please press star then two. Please note, this event is being recorded.

I now would like to turn the conference over to Playmaker's Chief Operating Officer, Jake Cassaday. Please go ahead.

Jake Cassaday

Thanks very much. Good morning, everyone. As mentioned, I am Jake Cassaday, and I'm joined today by our Chief Executive Officer, Jordan Gnat; and our Chief Financial Officer, Mike Cooke.

Before we begin, I'd 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. So these measures may not be directly comparable. Please see today's press release for more information about these measures.

As a reminder, the conference call is being recorded and a replay will be available on Playmaker's website. An updated investor overview presentation is also now available on the website inclusive of Q3 details discussed here.

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

Jordan Gnat

Thanks, Jake. Good morning, everyone, and welcome to our third quarter earnings call. We are excited to share with you our results from the third quarter and the continuation of the progress that we have made since our Q2 call in August. The vision we laid out is clear: we are building a company that lives at the intersection of sports, media, betting and technology. We are building an ecosystem of highly engaged and loyal sports fans that we are monetizing with Fortune 500 advertisers and betting operators. Last quarter was an introduction, and the narrative was much about what we are going to do. Today, we'll be talking about our execution.

In Q3, we continued to execute our roll up strategy with the acquisitions of Yardbarker and Two-Up. These two platform acquisitions provided us with scale of audience in a new geography and a diverse and robust content suite with Yardbarker, as well as a technology team with deep gaming expertise in the case of Two-Up. We acquired two companies, but at the same time we are focused on the organic growth of all of our companies and on the synergies, the cross-pollination of these companies, which we call our Playmaker intervention. Our focus is to provide our businesses with the tools, capital and resources to grow at an accelerated pace, to enable them to execute on more growth opportunities in a shorter period of time. Most importantly, to knowledge share between our businesses where areas of excellence can be leveraged for the benefit of the whole.

Let me provide a few examples of this. Playmaker acquired Yardbarker at the end of July 2021. At the time Yardbarker's ad inventory was being managed by a third party for a fee. As of last week, we began

the final phase of transitioning Yardbarker ad inventory to Playmaker Bench, our in-house monetization platform. In the coming days 100% of Yardbarker ad inventory will be filled by Bench, and not only do we save the third party agency commissions, but the eCPMs being delivered are materially higher.

Another example is content syndication. Yardbarker's syndication expertise is a genuine secret sauce that has now been leveraged to supercharge BolaVIP content. The result has been a 13 times increase in run rate syndication revenue for Futbol Sites. In addition, Two-Up is developing widgets and dynamic scoreboard headers for Yardbarker and Futbol Sites properties. All this to say, we are executing. We are focused on ensuring that we are driving growth organically within the assets we have and acquiring assets to fill gaps in our revenue and distribution mix. These initiatives are indicative of the types of synergies we are going to achieve across our companies, and we will replicate these efforts as we integrate new companies into our platform.

Subsequent to the close of Q3, in the past two weeks we have announced three acquisitions. Our acquisition of Varsky Sports and partnership with Juan Pablo Varsky provides our team at Futbol Sites with a premier social media asset and a partnership with the voice of soccer in Argentina and LatAm. Varsky will be fully integrated into BolaVIP offerings, including a weekly column and social media posts from Juan Pablo Varsky himself.

Our acquisition of SuperPoker, the largest poker media company in Brazil, provides us with additional content and connection to our Brazilian audience. Brazil is a top five poker market in the world, and nearly 60% of the population of Brazil is interested in poker. That is simply massive, and combining that with the number one passion of Brazilians, futbol, provides us with a deeper way to connect with our fans and keep them in our ecosystem. SuperPoker will be managed by the Futbol Sites team.

Let me talk for a moment about our acquisition of The Nation Network and Daily Faceoff. We are ecstatic about this. We are firmly planting our flag in Canada, but we are also firmly establishing ourselves as the independent voice of hockey in North America. We have been clear that we want to build fandom from the top of Canada to the bottom of Argentina. With this acquisition, we have accomplished just that. Adding Jay Downton, The National Network's CEO, Frank Seravalli, Head of Hockey Content at Daily Faceoff and their teams to our family provides us with voices of credibility in both the Canadian market and the hockey world at large.

Playmaker continues to deliver positive results. Playmaker's nine months 2021 pro forma revenue, excluding new acquisitions of The Nation Network and SuperPoker, which occurred subsequent to quarter end, was US\$ 13.8 million and adjusted EBITDA was US \$5.3 million compared to 2020 pro forma revenue of US\$ 6 million and adjusted EBITDA of US\$ 1.3 million for the same periods. Playmaker's nine month 2021 pro forma revenue, including all acquisitions to date, was US\$ 15.7 million and adjusted EBITDA was US\$ 5.8 million, compared to 2020 pro forma revenue of US\$ 7.2 million and adjusted EBITDA of US\$ 1.7 million for the same period.

On a trailing 12 month basis for all companies, our pro forma revenue was US\$ 20.6 million and adjusted EBITDA was US\$ 8.2 million. We are continuing to see strong organic growth from our underlying companies, and we are seeing the initial impact of the synergies we are creating.

I will stop with the numbers now, so I leave something for Mike to say. I will now hand the call over to Mike.

Michael Cooke

Thanks, Jordan. Good morning, and thank you for joining us today. This morning we reported our third quarter results for the three and nine month period ended September 30 2021, including the results of

Futbol Sites, Yardbarker, Two-Up, The Nation Network and SuperPoker on a pro forma basis. Revenue was \$6.3 million in Q3 2021 compared to \$3.1 million in Q3 2020, an increase of \$3.2 million or 104%. For the first nine months of 2021 pro forma revenue was \$15.7 million, compared to \$7.2 million in the first nine months of 2020, an increase of \$8.5 million or 118%.

We use adjusted EBITDA as a key measure of earnings. Adjusted EBITDA is intended to present the results of our operating segments, so it excludes any one-time costs and head office costs incurred within our corporate segment. Pro forma adjusted EBITDA increased to \$2.6 million in Q3 2021, from \$1.2 million in Q3 2020. For the first nine months of 2021, pro forma adjusted EBITDA was \$5.8 million, compared to \$1.7 million in 2020, an increase of \$4.2 million or 251%.

On an IFRS basis, we produced \$4.8 million of revenue, and \$1.0 million of operating income in Q3 2021. In Q3 of 2020 the company was in a very early stage with limited operations, and so we had no revenue and operating losses of \$1,000 in that quarter. We finished Q3 with cash of \$13.4 million and working capital of \$6.1 million. As previously announced, we acquired The Nation Network, SuperPoker and Varsky Sports subsequent to quarter end, and we spent \$6.7 million in cash on closing associated with those transactions.

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

Jordan Gnat

Thanks, Mike. We are beginning to see the value of the synergies that we are creating between our various assets. The leadership teams and the operating teams of each of our companies share a common vision, and that is playing out in the working relationship between them and on the execution of the various integrations that I mentioned earlier. While much has been accomplished, there's a lot more for us to do. We will continue to maintain the same disciplined approach to acquisitions that we have had to date. Each transaction will need to add strategic benefit to our ecosystem, be financially accretive, be structured to ensure alignment between management and Playmaker and be profitable or have a clear path to profitability.

Once again, I want to conclude with a comment about our team. In a very short period of time a group of people have come together to believe in and execute on a strategy and plan. We all believe in our goals and ambitions, and together we have built this family. Many of you have heard me say this before, I have not previously had the privilege of working with a team of straight A's. I will describe this team as a true F1 team fighting each day for the pole and working every day to win each race at an amazing pace. Two words to describe the team are energy and power.

Operator, you can now go ahead and open the line for questions.

QUESTIONS AND ANSWERS

Operator

Yes, thank you. We will now begin the question and answer session. To ask a question, you may press star then one on your touchtone phone. If you're using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star then two. At this time, we will pause momentarily to assemble the roster.

And the first question comes from Matthew Lee with Canaccord Genuity.

Matthew Lee

Morning, guys. Great quarter. Can we maybe quickly talk about the session growth and what's driving

the 70% year-over-year expansion, and maybe whether that level can continue organically?

Jordan Gnat

Sorry, the last part of that, Matt?

Matthew Lee

Yes, in terms of the organic growth that you see going forward into the sessions?

Jake Cassaday

Yes, so I think when you look at the session growth, so obviously Q3 over Q3 now at 442 million sessions in the quarter. So keep in mind this is pro forma, so this includes the addition of our new acquisitions, including Nation Network. So we're seeing a good increase in sessions coming from our North American base, and this is going to continue with the relatively early stage that The Nation Network is in in their growth cycle, specifically as it pertains to Daily Faceoff. So a lot of that session growth is driven off of additions to the platform. But also from an existing perspective, from an organic perspective, we're seeing great growth within each asset, including Yardbarker and Futbol Sites. Futbol Sites, as an example, has seen tremendous growth in the US market. It's been the fastest growing segment for Futbol Sites over the past year, and it's now the fifth largest market for Futbol Sites and growing at a rapid pace.

So a lot of that is organic, and we do expect to continue to see that growth, particularly in the US and other key markets for Futbol Sites. And as The Nation Network continues to push into the core of the NHL season here, we look to continue to increase our North American base as well.

Matthew Lee

Great, and maybe just a follow on there. How much did The Nation Network grow year-over-year, session-wise?

Jake Cassaday

So it's not something that we're breaking out. We have not broken out the individual sessions for each brand. I can say anecdotally that the growth that we're seeing specifically in Daily Faceoff has been relatively significant and material compared to the overall base. But we aren't providing individual breakouts for each brand.

Matthew Lee

Okay, fine. That's fair. And then you kind of chatted about filling in, you know, some of the holes in your distribution or your network with additional acquisitions. Can you give us more color as to what you think those holes might be?

Jordan Gnat

Yes, thanks, Matt, it's a great question. So as we talked about in previous discussions with desks and investors, we're always looking to see what gaps we have. We have the luxury now of having acquired the businesses we have to really step back and take a look. So where I would say that we are looking for gaps to fill, one would be social. I think we've got a very strong social presence in our markets. However, we do believe that we need to look at things like YouTube channels, a stronger platform in podcasting. With Daily Faceoff, we get a great podcast network, which gives us a bit of a platform. But it's filling in a little bit more of that. Having some more influencer voices of authenticity that are going to help drive traffic to our websites is going to be important.

And the second part, I would say, is in the US Yardbarker is a great platform acquisition for us, but we're continuing to look in the US market for another Yardbarker type of asset, something that would complement it. So, I think the US is just such a big market, that there's not going to be a shortage of need

for additional assets.

Matthew Lee

That's perfect. That makes sense.

Operator

Thank you. And the next question comes from Mike Stevens with Echelon Capital Markets.

Mike Stevens

Hi, good morning, guys, and congrats on an amazing quarter, a very strong quarter. I was curious, in Latin America on your slide 11, I believe, it looks like the RPMs have really been trending up and the growth, I think it started the year at 349 and it's at 568 right now. So, what are the drivers behind that Latin American growth? And what kind of, you know, runway and upside do you see with FSN in Latin America?

Jake Cassaday

Yes. Thanks, Mike. So a great question. And yes, definitely a good thing to key into here. I think, very high level, the takeaway is the continued maturity of that market as it pertains to digital marketing spend as an allocation of total marketing spend for key brands. What we've been seeing here more specifically in the region is, you know, obviously, our tech platform continues to deliver returns, and we are generating higher eCPMs on an ad slot by ad slot basis because of that technology and because the optimization we have there. Also, as we've published recently, we are the number one ranked regional sports media group across Latin America, by a very wide margin now, ahead of ESPN and other major publishers down there. And that has very material benefit on eCPMs as well. As you generate a higher Comscore ranking, you get put into a different tier of partners that generates a higher eCPM. So we're seeing a nice benefit there.

We're also seeing a steady increase in direct campaigns. So I mentioned generally the maturity of the market, big brands, including online sports betting groups, and what we're seeing a lot of growth in right now is from streaming platforms that are looking to grow a subscriber base in the region. They're all spending more in digital and they're all spending more specifically in direct campaigns. So we're seeing the benefits there. That's significantly driving RPMs. And then we also had, we had some success as well on the back of some significant events in the region. So as an example, Copa America came through this period, and that is another thing that drives traffic and drives eyeballs and engagement, which allows us to drive higher RPM.

Mike Stevens

Awesome, thanks. And if I could ask about Yardbarker. I know it's pretty early days, you guys have talked about some of the revenue synergies with respect to porting their content into FSN, whether it be "The Morning Bark" or their syndication, you touched on the early success from the syndication team. But yes, maybe you can kind of elaborate on what you're seeing there, and maybe even the opportunity at other assets, whether it be FSN, or The Nation Network as well.

Jake Cassaday

Yes, absolutely. So three things that I'd focus your attention on, two of which Jordan mentioned in the upfront here in the script. We're really excited high level about the integration and collaboration that we're seeing across the platform. The example that we shared about integrating Yardbarker into Playmaker Bench and having Playmaker Bench take over the monetization of Yardbarker is no small feat. It took complete buy-in on both sides, from the Yardbarker team and from the Futbol Sites team, to make this happen. We took a very intentional approach, a very thorough approach and successfully made the transition. And we only made the transition after we saw that we were generating a higher eCPM on an

ad slot by ad slot basis. And you know, we're made very comfortable that this was going to be the right decision for the group moving forward and that was overwhelmingly so. So that was a significant undertaking and something that we are going to be doing with all of our key publishing assets moving forward, leveraging that technology stack that we have now in-house.

The other piece that's very exciting is syndication. So when we acquired Yardbarker, one of Yardbarker's key areas of expertise was around syndication. This is something that we've been able to leverage already at Futbol Sites. Futbol Sites started tweaking some of their algorithms as it relates to syndication early on in the process after closing Yardbarker. The Yardbarker team was able to feed back significant expertise and help to monetize how those feeds work. And that's where the significant increase of 13 times run rate revenue from syndication came from that Jordan mentioned in the script. So again, that's net new revenue, specifically coming off the back of the expertise that Yardbarker brought to the Playmaker platform.

And then the third piece that we haven't touched on yet, because it is still quite nascent, but Yardbarker ingests content from over 150 different content providers. This allows them to have not only a really robust library of content, but also allows them to have very specific and very detailed team level content and go really deep in specific sports. One of the areas that they're not particularly strong on today is soccer. So as of two weeks ago, we actually started syndicating BolaVIP content into Yardbarker so that when you go to the soccer page on Yardbarker, you're actually seeing BolaVIP content.

So, this is just an opportunity for us to continue to extend our platform, engage our audience in more places, and ultimately generate incremental revenue from the ad and monetization there. And of course, this is something that we're going to be able to do with subsequent acquisitions, specifically as it relates to TNN, The Nation Network, hockey is another area where Yardbarker doesn't have a great library of content today, and you can imagine what it would look like if we had Daily Faceoff content pushing through that platform as well.

Mike Stevens

Awesome. And then just another one, if I can. So with DF, Daily Faceoff, I believe there's a portion of DFS/subscription revenue in that asset. And I'm just wondering whether there are areas in some of your other properties that are perhaps underpenetrated at this time, whether it be sports betting content, or DFS, and whether there's a larger opportunity in that area or any other areas with your content going forward?

Jordan Gnat

Yes, Mike, that's a great question. I think the answer the answer is yes, there is lots of opportunity. One of the things when we acquired TNN, as we have with each of our acquisitions, we're looking for net new benefits to the entire company as a whole. And as you've seen our revenue wheel, where's the gap we could fill. And if you recall from earlier discussions, we've talked about the fact we actually didn't have any subscription revenue. What this did with TNN, it filled that gap, albeit it's modest, but it fills that gap for us. We can understand it. And we can see how good this tool works. And ultimately, there's no reason why we couldn't take the product that they have, and have implemented on to other platforms that we have.

I think we've got very strong content related to sports betting, but certainly we have been clear that we have not really tapped into affiliate revenue in any meaningful way yet. And to do that we believe we need to have stronger sports content. Going back to the previous question, which was around gaps to fill, so when we talk about social, one of the ways to help drive some of that content is pure authenticity, and you need to have a voice who's able to talk about sports betting in a very clear and authentic way. And that is something, as we continue to look for opportunities to partner with people, Juan Pablo Varsky,

a perfect example, in that particular market we went out and sought the person that was going to be that for us. Frank Seravalli, when it comes to hockey, he's the guy, right? And when he talks about hockey, people sit up and listen. So as we continue to look for additional people who are of that caliber, I think it'll give us that strong content and spread it out a bit more across all of our assets. And as Jake mentioned with syndicating, the ability for us to take our content and leverage it across all of our assets is something that we have already begun to do. And most importantly, the team has bought into it. And they bought into the one plus one equals three, four or five.

Mike Stevens

Great, thanks for the insight, guys. Cheers.

Jordon Gnat

Thank you.

Operator

Thank you. And once again, if you have a question, please press star then one. Alright, and the next question comes from Kris Thompson with PI Financial.

Jordan Gnat

Morning, Kris.

Operator

Please go ahead. Your line is live.

Kris Thompson

Morning, guys. Sorry about that. Let's just chat a little bit about your balance sheet and maybe your philosophy on debt. You've got really good recurring, you know, revenue visibility. Now, you've virtually got no debt on the balance sheet. Just talk about how we should think about your capital allocation strategy going forward.

Jordan Gnat

Yes, thanks, Kris. I'll start and Mike will keep me honest here. So, in terms of where we sit on the balance sheet today, we still have, after all these acquisitions, over US\$ 6 million cash on the balance sheet. We have enough cash to satisfy all of our obligations going forward based on people hitting their earnout targets and our abilities to satisfy those earnouts. I would say we certainly are exploring all of the appropriate ways to create a very efficient capital stack in the company. As you said correctly, we don't have any debt on the company today. Certainly, given the performance of the business and our ability to continue to generate cash flow, we'll look at the balance sheet and make sure that for the benefit of the shareholders we will find the most efficient way to raise capital in the future, whether that is additional equity raises at the appropriate time, or whether that's putting on the appropriate amount of debt onto the business.

Kris Thompson

Okay, I guess Mike agrees with you. Thanks, guys. I really am enjoy watching [overlapping voices]. Keep up the good work.

Operator

Thank you.

Jordan Gnat

I know that when I answer a financial question he's sitting there going, oh, please just pause if you're

unsure. No, we're all good.

Michael Cooke

Yes, all good.

CONCLUSION

Operator

And this does conclude our question and answer session. I would like to turn the floor back over to Jake Cassaday for closing comments.

Jake Cassaday

Great. Thank you. And thanks, everyone. As there are no further questions at this time, this concludes today's call. We thank you for your interest in Playmaker and for your participation. You may now disconnect. And have a great week.

Operator

Thank you.