



Playmaker Capital Inc.  
March 21, 2022 – Fourth Quarter and Full-Year 2021 Financial Results Conference Call

**Corporate Participants**

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

**Conference Call Participants**

**Matthew Lee**  
Canaccord Genuity  
**Rob Goff**  
Echelon Wealth Partners  
**Adhir Kadve**  
Eight Capital  
**Chris Thompson**  
PI Financial  
**Mayur Khandelwal**  
Khandelwal & Company

## PRESENTATION

### Operator

Good morning and welcome to the Playmaker Capital Incorporated Fourth Quarter 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 would now like to turn the conference over to Playmaker Chief Operating Officer, Jake Cassaday. Please go ahead.

### Jake Cassaday

Thank you very much. Good morning, everyone. As I 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 may 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 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, this 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 Q4 details discussed here.

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

### Jordan Gnat

Thank you, Jake. Good morning, everyone, and welcome to our fourth quarter earnings call. We are excited to share with you our fourth quarter and full year results. What a year it has been and what a long way we have come. A year ago we were an idea. Today, we are a family of over 300 people on three continents. We are the sixth largest digital sports media group across the Americas. If you asked me a year ago if we would be in a ranking with names like ESPN, CBS and Yahoo Sports, I would have likely dismissed it. But that is who we are; we are in that conversation. Playmaker as a team focused on results and delivering results month in and month out.

Today I'm excited to share with you the results of our fourth quarter and our full year 2021. Our pro forma full year organic growth of over 90% is the result of our teams focusing on executing at the highest level, our ability to find world-class additions to our team, and the synergies that we have created between our businesses. We tasked our business leaders to invest in the people and processes necessary to ensure sustainable growth for the future, and they have done just that.

In the past 12 months, we've made ten acquisitions and have integrated them into the Playmaker ecosystem. So what does that mean? We have scale of audience. Our web properties engage over 85 million monthly unique users and drive more than 200 million monthly sessions. We have over 100 million followers across our social channels, including Facebook, Instagram, TikTok and Twitter. Our

podcast network generates over 550,000 monthly listens, and our YouTube channels attracted more than 600 million views in 2021. We have centralized our monetization onto our proprietary tech stack Playmaker Bench. By the end of this month, all 30+ web properties will be plugged in, and we will have full control over 100% of our monetizable inventory.

So why is that important? Organic growth. The results of these integrations have seen us achieve increased revenue per session of over 50% comparing year-to-date 2022 and 2021 with our fully migrated properties. At the scale we bring, that is meaningful. Our new head of monetization is a key central resource that works with all of our media brands to constantly optimize and improve. We have expanded our syndication business to include content from all our assets. This has yielded a net new meaningful revenue line for our properties with virtually no additional operating costs, the value of expertise, a center of excellence within the Playmaker group that yields benefits across our network.

With all our web audience on one tech stack, we also have the ability to generate premium demand from Tier 1 advertisers through higher value direct campaigns. We have been actively recruiting for a new head of partnerships to integrate sales efforts across our properties, and we will be bringing that individual on in the coming weeks. We are many brands, but we are one company, one team, one Playmaker family.

In Q4, we completed the four previously announced acquisitions of the Nation Network, SuperPoker, Varsky Sports and Cracks, and in the first week of January we completed the acquisition of Futmarketing. Each of these acquisitions fill the gap in either our audience or distribution channels that we wanted to fill. We strive to deliver authentic content to our fans in the medium they want to consume it. We deliver to our fans what they want, where they want it, and how they want it.

As we kick off 2022, we will continue to focus on our three key pillars of growth, being organic acquisitions and through realizing synergies. Our teams across the Americas are focused on optimizing what we do every day. Our platform leadership teams are in constant dialogue to find new ways to leverage our various centers of excellence and build out new ones. Our pipeline remains robust. We are seeing opportunities of all sizes. We will maintain our very disciplined approach to M&A and look to continue to add accretive assets to our business and new centers of excellence in areas that we believe can have outsized value for the Playmaker ecosystem and our shareholders.

In terms of size and scale of acquisitions, our focus will be to find a combination of tuck-ins, net new platforms around a sport or geography, and we will continue to examine transformational opportunities if and when they arise.

Results matter. As Bill Parcells said, "You are what your record says you are." Playmaker continues to deliver positive financial results. Our Q4 pro forma revenue of US\$7.5 million was 49% ahead of 2020 and pro forma AEBITDA of US\$2.9 million was 23% ahead of 2020. Full year pro forma revenue of US\$23.8 million was 91% ahead of 2020. And AEBITDA of US\$9.3 million was an increase of 119% over 2020. Our team has hit it out of the park.

I will not get carried away here and 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 results for the quarter and year ended December 31, 2021. Including the results of our acquisitions to date on a pro forma basis, revenue was \$7.5 million in Q4 2021, compared to \$5.0 million in Q4 2020, an increase of \$2.5 million, or 49%. For the full year of 2021 pro Forma revenue was \$23.8 million, compared to \$12.5 million in 2020, an increase of \$11.3 million or 91%.

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 \$2.9 million in Q4 2021, from \$2.4 million in Q4 2020, an increase of \$0.5 million, or 23%. For the full year of 2021 pro forma adjusted EBITDA was \$9.3 million, compared to \$4.2 million in 2020, an increase of \$5.1 million or 119%.

On an IFRS basis, we produced \$7.0 million of revenue, and \$0.5 million of operating income in Q4 2021. In Q4 of 2020 the company was in a very early stage, with limited operations, and so we had no revenue and operating losses of \$28,000 in that quarter. We finished Q4 with cash of \$7.1 million. We believe this cash, combined with the fact that we produce positive operating income and adjusted EBITDA, gives us sufficient resources to settle our existing obligations as they come due without needing to raise additional capital for that purpose.

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

### **Jordan Gnat**

Thanks, Mike. Our efforts in 2021 have set the stage for what we hope to be a very exciting 2022. Two thousand and twenty-one was foundational. In 2022 we will look to build on top of that foundation. This is a World Cup year and hopefully a pandemic ending year. The second half of the year we'll see a full and proper NBA and NHL season. Baseball is back. Canada, the US, Mexico, Brazil, Argentina, and fingers crossed Chile, will qualify for the World Cup. That will be huge for us, as our audience spans the top of Canada to the bottom of Argentina. Ontario will go live with sports betting on April 4, and it looks like Alberta will be next. Brazil is projected to issue sports betting licenses in Q4, Chile introduced new online gaming legislation this month. There will be a full NBA, NHL and NFL season, with more states legal in the US. All this to say, there are tailwinds and our sails are raised.

I want to conclude today with a comment about culture. In 12 months, we have acquired 10 companies across a very large geographical expanse. These companies are made up of people with unique backgrounds and stories. They speak different languages and have their own histories. With all of that, we have very quickly created our own unified Playmaker culture. So what does that mean? We held a town hall earlier this year and invited the entire company. On the call there were over 285 people, it was inspiring to say the least. While we operate as a very decentralized organization, allowing each business unit to control the knobs and levers every day, we have very quickly created a culture of belonging. Our teams work together and we feel like we belong together. We are very proud of that. And we are very proud of the accomplishments of each and every member of the Playmaker team.

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

## **QUESTIONS AND ANSWERS**

### **Operator**

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'll pause momentarily to assemble our roster.

Our first question comes from Matthew Lee from Canaccord. Please go ahead.

### **Matthew Lee**

Good morning, guys. Congrats on the great quarter. So I have a question to me. You know, first in terms of opex, I think it was a touch higher than we were expecting. Can you just maybe talk about why that was and kind of what levels of opex you're expecting for F22? And can we assume that it's mainly money spent to support growth?

**Jordan Gnat**

Yes. Thanks, Matt. It's Jordan. We appreciate the kind words. On the opex side, I think one of the things that I would take a look at is the foundational aspect of what it is that we're building. In order to really sustain the level of growth that we want to have, we need to be investing in people, we need to be investing in infrastructure. So what we have done in Q4 is you'll see the beginning of that investment take hold and the results that we have delivered is really the ability for us to bring people like that in and to really upgrade the quality of the team that we have in order to be able to drive the business forward.

**Matthew Lee**

That's great. On the Yardbarker RPM stat you shared in the deck, 50% growth is obviously tremendous. Can you maybe help us unpack the drivers of that growth and how Bench helped make that happen?

**Jake Cassaday**

Sure. So this is Jake. Thanks, Matt. So we are very excited about the results that we were able to see at Yardbarker on a post-migration basis. So what you're seeing in the deck is the RPM or the revenue per 1000 sessions that we're generating off the owned and operated Yardbarker.com property. And you're looking at pre and post migration.

And so what we've done is we've controlled for two months, January and February of 2022 against January and February of 2021 to have a very direct pre and post migration benchmark. And this is really on the back of the Playmaker bench tech stack that we have it integrated into. We've been able to generate higher CPMs, so higher CPMs across the properties, but also investing in different new ad layout formats on the pages, ultimately generating, from the eyeballs that we have on Yardbarker.com, more revenue on those sessions. It is really on the foundation of the team, the ad operations team that we have inside Playmaker Bench, that is managing these levels on a day to day basis, it's the benefit of having in-house full ownership of our monetization versus a third party agency.

**Jake Cassaday**

And keep in mind too, we don't have agency commissions so that all comes back to us. And really the other part that we focus on is the fact that each one of the ads that we put up, each one of the articles, is really meaningful to us when you're in part of a rep shop that's doing that for you, as Yardbarker was, and admittedly they were actually doing quite a good job. The fact is that we care. We care every single day, every single moment about every single ad. And so our focus is going to be to optimize each one of those. Where they are looking at a group of customers, we're looking at our business every day.

**Matthew Lee**

Right. So maybe to drill down on that, when you say optimize, is it more about finding the right advertising partners, using more programmatic? Or is it something else that's driving up that value?

**Jake Cassaday**

It is a combination. So, layering in a couple things, so as one, as we bring all of our audience onto one platform, we see ourselves climbing the rankings. As we've announced, our number six across the Americas rankings in Comscore, that allows us to drive higher CPMs in the open auction. So from a programmatic perspective, yes, we get benefit from the scale of audience that we have within Bench. Having all of our audience on one platform also allows us to go out, as Jordan mentioned in the upfront

here, all this allows us to go out and bring in premium campaigns from Tier 1 advertisers. And so what that means is, we can do what are called programmatic guarantee deals or preferred deals that allow Tier 1 brands to access all of our audience in a structured way, as opposed to buying in the open auction. And that allows us to charge premium CPMs on those ad units.

**Matthew Lee**

Alright, that's it for me.

**Jake Cassaday**

But it's a combination of buying power and just technology that's driving higher CPM on programmatic.

**Matthew Lee**

That's great, thanks.

**Jake Cassaday**

Thanks, Matt.

**Operator**

Again, if you have a question, please press star then one.

Our next question comes from Rob Goff from Echelon. Please go ahead.

**Rob Goff**

Good morning, guys. And congrats on a very good quarter.

**Jake Cassaday**

Thanks, Rob. Appreciate it.

**Rob Goff**

My question perhaps will dive a little bit deeper, Jake, with Matthew's questions. It's all about the organic growth. Could you talk a bit more on the drivers behind the sessions? And back to the monetization, can you talk a bit more about what our expectations may be for TNN as it's moved on to Bench? And also if you could perhaps talk a bit more into the revenues associated with syndication, a very exciting area.

**Jake Cassaday**

Sure. So first question being session. So are you referring to the sessions that we've laid out in the press release, the 462 million sessions in the quarter?

**Rob Goff**

Yes.

**Jake Cassaday**

Yes, so what you're seeing there, so those are pro forma sessions. So that is if Playmaker has owned these assets for the time period that we've gone back to. And the growth here that we're seeing is growth in the editorial output of each of these brands. So we're seeing that growth at TNN, Yardbarker and at Futbol Sites. The US and North American growth is really organic, it's on the back of TNN pushing into more content, driving more content views on their primarily fantasy related audience. It's also Bolavip US, a Futbol Sites brand, continuing to chip away and gain significant market share in the US market. So that's where the North American growth is coming from.

In Latin America, as we mentioned many times before, we are the leader in the Latin American market. We are the number one regional sports media group across Latin America. We continue to get the benefit of the sweat equity that the team at Futbol Sites is pouring into that market. A lot of the growth that you're seeing here is on the back of really tremendous momentum in Brazil. In particular, Fanaticos Por Futbol, one of the groups that we acquired in June, has continued to generate significant demand and significant traffic in the Brazilian market, which for us is very key. And that's what's driving the majority of that growth there. It is organic, it is really on the back of the tremendous editorial output and work that the teams at Futbol Sites, TNN and Yardbarker have been achieving.

On the syndication question, this is another one of our core centers of excellence here. This is really an expertise that Yardbarker brought to the table. We've seen the impact at Futbol Sites, we've been reporting on the impact at Futbol Sites. We've now migrated TNN into that same syndication expertise and we're starting to see tremendous output there. We're seeing it both with having Daily Faceoff being pushed out to other news aggregation sites. That is brand new. That's something that we've turned on in the last month and we're seeing great output there. We also see great intercompany syndication, where we have TNN articles from Daily Faceoff, as an example, within the NHL pages on Yardbarker. So our intercompany syndication is also taking off.

Now the key here is that this is newfound revenue for these brands. It is also very, very high margin revenue. And so both in the case of Futbol Sites and TNN, these were relatively flat, non-material revenue line items. In the case of TNN, it was a zero revenue line item. And so just on the back of this expertise, we've been able to see some real scale in audience there and getting that 99% type margin through syndication, which we're going to certainly continue to lean into.

And then just jumping to your second question now on TNN, this is a migration that is a heavy lift. TNN has over 13 web properties that we're in the process of migrating over to our tech stack. As Jordan mentioned, we have a new Head of Monetization, Felipe Cortelezzi, who comes to us from CBS Viacom, he's been instrumental in quarterbacking this migration. In the sites that we have migrated over, we are starting to see strong results as we continue to optimize there, and we'll have each of those TNN web properties migrated over to Playmaker Bench.

We believe we are going to be able to achieve similar, if not greater, RPM increases. We'll be excited to report on these RPM increases in the case of TNN. But just like Yardbarker, when we start going through the process and we start optimizing for both the layouts, but also seeing increase in CPMs, the opportunity is boundless. The team that we have now managing the monetization of TNN are completely bought in and really starting to drive this business forward.

So it's early days, Rob, and would love to be able to—well, we will, we'll be excited to share similar metrics in in a future reporting period. But really enthusiastic, really optimistic about what we can generate with Bench.

### **Rob Goff**

If I may, on the syndication, is that a line item that could represent a north of 5% and less than 10% of revenues exiting the year? What sort of parameters broadly might we look to?

### **Jake Cassaday**

We don't break out individual revenue lines. I don't know how much other detail we can give there.

### **Jordan Gnat**

Yes. We haven't broken that out. But I would just say that it's meaningful.

**Jake Cassaday**

Yes.

**Jordan Gnat**

It's a meaningful line that we're leaning into because of two things. One, we have an expertise in it that came along with the team at Yardbarker, but also because the cost of doing it is very, very low. This is, we call it 99% margin because it can't be 100. But the margin, when you take an article that you've already written and that you're just simply, and I say simply not to make it sound simple, but you simply put it into a bunch of other areas where it can be found by readers, really, really, provides lots of value for us.

**Rob Goff**

Very good, thank you. And if I may, one last one. Could you perhaps update us on the progress of the Bolavip and the Red Gulf [ph] apps? Any learnings that you've had thus far?

**Jordan Gnat**

Yes, sure. So both apps are in market right now. We have not really pushed hard in terms of marketing these apps to the public. The local people that we have using those apps are really our local fans. They're the one, and we're doing all of our marketing right now on our own owned and operated sites. We want to make sure that we have an app that is of the exact same quality as the websites that we deliver each and every day and all of the other areas of media that we deliver, whether those are social or our digital media assets.

So once we feel confident that we have got a product that is comparable to some of the best products that are out there, which is what our fans expect from us, then we will go a lot harder in terms of marketing and delivery of it. But I will say now, the apps themselves have been built in a very specific way, which allows us to skin them and reskin them with different brands. So once we feel confident that the quality of the product is there and we feel pretty strongly that that will be there for sure for Q4, if it's better for Q3, great, but ultimately it's something we are gearing towards World Cup to make sure we've got a fantastic product out there for our fans as they really want to follow World Cup.

**Rob Goff**

That's great. Thank you very much. And once again, congratulations.

**Jordan Gnat**

Thanks, Rob. Really appreciate it.

**Operator**

Next question is a follow up from Matthew Lee from Canaccord. Please go ahead.

**Matthew Lee**

Hey, guys, just me again. In terms of liquidity, you have \$7 million of cash on the balance sheet, \$14 million deferred consideration. You've obviously said that you're pretty comfortable with your positioning in terms of considerations, but if you're going to make further acquisitions in 2022 are you going to be looking to maybe expand that balance sheet, raise equity? Can you give us some ideas as to how you might digest a large acquisition?

**Jordan Gnat**

Yes, it's a great question. Great question, Matt. Thank you. So, as Mike had mentioned, if we didn't make any other acquisitions, and all we did was continue to perform at the levels that we're expecting ourselves to perform at, we have enough cash on hand to satisfy our obligations by issuing the shares



we're allowed and in spending the cash that we can. The reality is that as we continue to look for more M&A, we need to think about our balance sheet and make sure that we've got all the tools necessary. The tools that I think that investors would expect prudent balance sheet managers like us to have would be things like debt where appropriate. And if the market is in a position that we feel raising equity, pure equity is value accretion for our shareholders, we'll do that. If not, we have flexibility. Because we currently have no debt today, we could add on convertibles, but we are today, in a very, very strong position in terms of our balance sheet. The flexibilities that we have are great.

But I think it's fair to say that as we look to acquisitions, in terms of orders of priority, the ones that would make the most sense for us would be to put on a modest amount of debt when that's available, and to then consider, depending on how the market looks, to either do convertible or straight equity. But we will make sure that we have all of the flexible tools available to us as quickly as possible.

**Matthew Lee**

That's great, guys. Thanks.

**Jordan Gnat**

Great. Thanks, Matt.

**Operator**

The next question comes from Adhir Kadve from Eight Capital. Please go ahead.

**Adhir Kadve**

Good morning, guys. Thanks for taking my question here. One question I had is, and I think Jordan or Jake, you may have touched on this, is the Ontario launch on April 4 and then Qatar later on in the year with the World Cup. What goes into that from your point of view and from some of your properties? I guess I'm looking at TNN for that, what goes into that ahead of that launch? And broadly, what goes into the overall organization before these big marquee events happen in your spaces?

**Jordan Gnat**

Yes. Thanks, Adhir. Great questions. So I'll take Ontario first. In the Ontario market, as we had previously announced in our deal with TNN, TNN has an exclusive arrangement with PointsBet. So if you have been following any of the TNN assets, the Daily Faceoff, Nation Network, TheLeafsNation, Flamesnation, you will see that for the last several months we have been working on activation for them. So in partnership with them, here we've got different campaigns, they have got to deal with the NHL alumni association, with the Trailer Park Boys, so all across our various properties we have been working with them to create engagement and brand awareness to make sure that when April 4 comes along, they will be in a very strong position as our partners in looking at this. And when I say partners, they're our advertising partners in this part of the business. And we look forward to them having a very successful launch. As part of our arrangements, the more we're able to drive traffic to their sites, the more we're able to drive signups to their sites. That is hugely accretive to us.

In terms of World Cup. World Cup is something that we spend a year planning in terms of how we put together packages and programs for our advertisers and the key agencies that we work with. So our teams in Latin America in particular, have been incredibly focused on building out World Cup packages and selling very large sponsorship deals, to the extent that we can. And in the US market, it is something relatively new to our US assets and Canadian assets, but with Canada and the US making it into the World Cup, one of the key deliverables for our new head of partnerships, who will be joining us shortly, will be to work with the Futbol Sites team on the package that they've created and begin to offer the offer up that package for our advertisers in the North American market, particularly Canada and the US, heading into World Cup.

World Cup is huge this year. Canada, I hope everyone marks March 24 on their calendar because March 24 will be when Canada qualifies for the World Cup for the first time in 30 years. It's going to be absolutely incredible. And the ability to have Canada, the US and Mexico in this World Cup, which will set the stage for 2026, which will be the Canada/US/Mexico World Cup here in all three countries, is just going to be absolutely incredible. We're super excited for it.

**Adhir Kadve**

Thanks. Appreciate that. And then just one last one if I may. Just looking at overall your acquisitions with a sports tilt most of them, and then we have an acquisition like SuperPoker. I wanted to understand how that fits into the overall environment.

**Jordan Gnat**

Yes, it's a great question. So in particular SuperPoker is the Brazilian acquisition. Brazil is probably the third largest poker market in the world. In my time, being in the gambling industry before Playmaker, in particular with Starz Group [ph], I can absolutely tell you that a poker player is a sports bettor and a sports bettor tends to be a poker player. And one of the things that we wanted to do in a market in particular, in the Brazilian market, was make sure that we were able to find our fans where they are, and deliver them the content that they want, but also to go across adjunct genres, other types of genres that we know sports fans are at.

And poker is really considered a mind sport, in particular, in Brazil, but also people look at poker as just another one of the sports. It's on TSN here in Canada. It's on ESPN in the US. And it's because of that that we thought that poker would be a very natural fit for our current customers and our current fans. We look at poker as an opportunity, and look at an opportunity across the Americas. If we can find additional assets that would give us even more of a positioning in poker, then we would take a look at them.

**Adhir Kadve**

Thanks, guys. That's everything for me. Congrats on the quarter. I'll pass it on.

**Jordan Gnat**

Thanks, Adhir. Appreciate it.

**Operator**

The next question comes from Kris Thompson from PI Financial. Please go ahead.

**Kris Thompson**

Great. Thanks. Morning, guys. Jordan, you mentioned the contingent payable, some you can satisfy in cash or equity. Do you have the split out of that available? I think it's \$19.3 million in total?

**Jordan Gnat**

Yes, I think that the safe way to look at it, it's about 50/50.

**Kris Thompson**

Okay, fair enough. Thanks for that.

**Jordan Gnat**

Yes, I think it's broken down in detail in the MD&A, is it not?

**Michael Cooke**

Not in detail. It's not a detailed split of that. But yes, I think 50/50 is a fair way to look at it.

**Jordan Gnat**

Yes.

**Kris Thompson**

That's perfect. And then just thinking about 2022 revenues, I know you don't provide GAAP guidance, but before acquisitions, is it fair to annualize your Q4 pro forma revenue of US\$7.5 million, then add organic revenue growth on top of that? Or is there some seasonality that we should be thinking about?

**Jordan Gnat**

Yes, I would look to the investor deck that we've put out there to see our seasonality. So we hit a crescendo in Q4, if you will. Q1 is always the slowest quarter, Q2 second slowest, three is the second best and four is the best. That's the way the company has been and the assets have been for years. So when you take a look, it's why we show the pro formas going back several years, just to be able to give some color certainly around the seasonality of the business.

**Kris Thompson**

Got it. Okay, that's helpful, guys. Thanks. I'll leave it there.

**Jordan Gnat**

Great. Thank you.

**Operator**

Our next question comes from Mayur Khandelwal from Khandelwal and Company. Please go ahead.

**Mayur Khandelwal**

Hey, gentlemen. Thanks for taking my call. And congratulations on a great quarter and year. My question is a little bit just going forward, a little bit more qualitative. If you were to wake up the day after a deal and you say, "Wow, that was the wrong deal," what would it be? I'm trying to look inside your head and say, that was a bad deal. We shouldn't have done that. Or, wow, we realize it was a bad deal. How would you know you had done a bad deal? Roll ups can be very exciting, but they can be undone by a couple of missteps here and there. And so I'm just trying to think how aggressive and timid you guys are operating at the same time.

**Jake Cassaday**

Yes, thanks, Mayur. Great question for us. And I think the best way to answer it is really to walk you through a bit of our process, and how we look at M&A and really try and control for that. Knock on wood, we've done 10 acquisitions, we haven't had that happen.

So the single most important part of all of the M&A activity we do is really the personality match. We are very, very focused on the type of people that we bring into this Playmaker family that we've created. We're really about the teams being able to work together without having to have interference, meaning we don't need to be the ones to sit on top of the groups and say, "Hey, you should talk to him and they should talk to each other." That's just not the way that we have looked to build the business. So we're very focused on seeing whether or not these people that we talk to would be a personality fit, first and foremost.

The second part of M&A is really just math. And math is all about whether or not there is value that we believe we are paying the right price for and ultimately, they believe that they have the right value for. And the last piece is incentives, we want to make sure that people who are looking to be part of our

family are not looking at us as an exit. We aren't an exit strategy. We are a growth enabler. Joining the Playmaker family means that we're going to give you the tools to accelerate your growth over the years. We have taken a very, very disciplined approach to M&A. At the same time, we're very opportunistic. We balance those two. So far, we've balanced those two very, very well. And really, I think the one thing that we would, that we really, as I said that we control against is the personality, because that's the one part of an M&A transaction that you do have a good strong sense of. And in order to really judge the personalities, we have made sure that to the best of our ability, and so far we're 10 for 10, we have not been involved in a formal acquisition process yet. In every one of our deals, we have had direct conversation with the principals who are either selling their business or joining our company.

And that has been a huge differentiator for us. When you're involved in a process, there's usually a banker in between and you're limited in terms of the interaction you have and the authentic interaction that you have with the principals who are going to be joining the company. And we're just very careful to make sure that we don't have that risk in the acquisitions we do.

### **Mayur Khandelwal**

Yes. Bankers drive away margins, I get that. I appreciate that. Maybe just as a follow up, can you just, at a high level, tell me about a deal you walked away from?

### **Jordan Gnat**

Yes, I can for sure. We were looking at a transaction that would have been a net new geography for us, probably six months ago. It was a company of scale. It was doing probably north of \$10 million in revenue, it was probably doing 10%, 15% EBITDA margins, was a good business. The people seemed to be very good at what they did. But as we got deeper and deeper into the conversations with the group, more and more it sounded like they were trying to sell the business. And we just didn't have a personality fit, to be very honest. If we had a problem with this company, we had to get on a plane and we had to solve the problem. And we weren't sure that that was going to be something that was in balance with the levels of risk that we were prepared to take at that time. And probably levels of risk we would take at any time, to be very frank.

And so that was that was an opportunity that we did walk away from. I think we had a price that we were ready, we were ready to transact that and they were ready to transact that. And in the end, to be honest, Jake, and I looked at each other and said, not really sure that this individual is going to be a fit for our group. And the risk associated with that one factor is something that we weren't prepared to take.

### **Mayur Khandelwal**

Okay, great. That helps tremendously. Thanks a lot, and congratulations on the continued success.

### **Jordan Gnat**

Thanks, Mayur. Appreciate the question. Thanks for joining.

## **CONCLUSION**

### **Operator**

This concludes our question and answer session. I would like to turn the conference back over to Jake Cassaday.

### **Jake Cassaday**

Thank you very much. As there are no further questions at this time, this concludes the call. We very much thank you for your interest and support in Playmaker and of course for your participation this

morning. You may now disconnect. Have a great week. Thanks very much.