Playmaker Capital Inc.
May 16, 2023 – First Quarter 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

Gianluca Tucci
Haywood Securities

Adhir Kadve
Eight Capital

David McFadgen
Cormark Securities

Maxwell Carr
M Partners

PRESENTATION

Operator

Good morning and welcome to the Playmaker Capital, Inc. Q1 2023 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

Good morning, as mentioned, I am Jake Cassaday and I am joined today by our Chief Executive Officer, Jordan Gnat, and our Chief Financial Officer, Mike Cooke.

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 yesterday'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 yesterday'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 Q1 details discussed here.

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

Jordan Gnat:

Good morning, everyone and welcome to our first quarter 2023 earnings call.

Before we get into the first quarter discussion, I wanted to give a huge shout out to the Playmaker family for winning North American Sports Media Company of the year presented by SBC last week in New York. SBC is an industry-leading events company that also operates the largest b2b news publisher for the sports betting and iGaming industry.

We have started 2023 where we left off in 2022 with another strong quarter of organic growth and a keen focus on the integration and optimization of our teams. On our Q4 call we highlighted that 2023 is about the Pursuit of Excellence and laid out the key areas of focus for the company this year against that objective. Those areas are: Cross-Brand Collaboration, Integration and Optimization, Innovation, and Scale. While we are early into the year, our teams are delivering on all 4 of these areas.

The scale of our overall audience continues to drive positive results across our various platform businesses and the more we integrate them, the more value we will create. We have been focused on increasing our overall scale in the North American market and in Q1 2023, North American user sessions on Playmaker web properties increased 66% over Q1 2022. Yardbarker saw its average monthly sessions increase to over 20 million in Q1, an increase of over 100% versus Q1 2022. Daily

Faceoff saw an increase in its traffic by more than 25% in Q1 2023 compared to Q1 2022 driven by enhanced performance since migrating to Playmaker designed and managed front-end technology.

We have been leaning into the diversification of our content, particularly with video podcasts. This ensures we are able to reach more fans more often in the formats they prefer, while increasing available inventory for advertisers. The Nation Network's podcasts had an incredible quarter with record streams of 3.7 million, an increase of 197% over last year. The quality of the product has improved and our teams' ability to monetize them with great partner integrations has continued to improve. Additionally, in the pursuit of additional cross-brand collaboration, we have now taken this playbook for launching video podcasts to Mexico, Chile and Brazil, with the launch of new Cracks, Redgol, Juan Futbol and Bolavip video podcasts that are already beginning to garner strong audience numbers.

We continue to focus on moving up the value chain in terms of revenue generation from our properties by leveraging our scale. Direct sales in Q1 2023 were up 32% over 2022 and accounted for 49% of core media advertising revenue compared to 37% in 2022. The fastest growing segment for direct sales has been iGaming and sports betting. Direct sales from this segment grew more than 71% in Q1 2023 versus Q1 2022, accounting for approximately 33% of core media sales in the quarter. New key partnerships with companies like Betano, Mastercard, Amazon, Betway, Athletic Brewing and Boston Pizza continue to validate both the quality and relevance of the content that we create and the value of the audiences that we deliver across the entirety of our ecosystem of digital media assets.

We mentioned in our Q4 call that the cyclicality of the affiliate business is such that Q4 and Q1 are the biggest quarters as they map closely to the sports calendar. Our affiliate business had a strong quarter, benefiting from the launch of Ohio sports betting in January, the NFL playoffs and Super Bowl, March Madness and the launch of Massachusetts sports betting in March. We have high expectations for our affiliate business as we begin looking at leveraging Playmaker's geographic diversity, and as new states launch in the U.S. for both online sports betting and iGaming. Our teams have begun integration efforts with our media businesses and Wedge to unlock value by combining our vast audience with Wedge's user acquisition and conversion expertise.

From an integration and optimization perspective, we created a new Rev Ops centre of excellence. The strategy here was to centralize our teams to drive revenue synergies across our ecosystem of media and affiliate brands. Led by Mike Bellom, the Revenue Operations team has direct oversight of all paid, affiliate, and web monetization activity.

On innovation, during the quarter we successfully broadened our partnerships with the Argentine Football Association and the NBA and are leveraging our best-of-breed technology to support growth initiatives. The Revenue Operations and Monetization team is actively tracking performance to ensure we are delivering for our partners and that the value of our audience is maximized.

Our teams hit the ground running in 2023 with no let-up. Still lots to do but I am encouraged with how the year has started out. I'll turn the call over to Mike to discuss our financial results in more detail and then come back to wrap up the call.

Mike Cooke:

Thanks Jordan.

Good morning everyone and thank you for joining us today. Last night, we reported our results for the quarter ended March 31, 2023.

On a pro forma basis, which includes the results of acquisitions to date and excludes the results of businesses we've disposed of, revenue was $15.7M in Q1 2023 compared to $9.3M in Q1 2022, an increase of $6.4M or 69%.

We use Adjusted EBITDA as a key measure of earnings. Adjusted EBITDA reflects our earnings before interest, taxes, depreciation, amortization, stock-based compensation, transaction costs and any other one-time costs.

Excluding the results of our Corporate segment, our operating segments produced pro forma Adjusted EBITDA of $5.9M in Q1 2023 compared to $3.3M in Q1 2022, an increase of $2.6M of 76%. Including the results of our Corporate segment, our consolidated pro forma Adjusted EBITDA was $4.9M in Q1 2023 compared to $2.2M in Q1 2022, an increase of $2.7M or 127%.

On an IFRS basis, we produced $15.7M of revenue and $2.8M of operating income in Q1 2023. In Q1 of 2022, the Company produced $5.4M of revenue and $0.6M of operating loss. It should be noted that the $2.8M of operating income in Q1 2023 includes $2.1M of non-cash expenses relating to amortization and stock-based compensation.

As noted during our Q4 earnings call, we had designated our Two-Up business as an asset held for sale. Subsequent to Q1 quarter-end, we reached an agreement to sell that business effective April 30. This divestiture allows us to refocus all of our efforts on our profitable operating segments, being the Digital Media and Affiliate segments.

We finished Q1 with cash of $11.4M, up from $8.9M at December 31, and we have $10.0M of available debt. We believe that available capital, combined with the fact that we produce positive operating income and Adjusted EBITDA, put us in a strong position to continue investing in profitable growth.

I will now turn it back over to Jordan.

Jordan Gnat:

Thanks Mike.

As I mentioned on our Q4 call, our goal is to finely tune a multi-year growth engine that will enable us to deliver for our clients, generate returns for our shareholders and provide our fans with the best content when they want it, where they want it and how they want it.

We have built a diversified ecosystem of media and affiliate brands and we firmly believe we have the right pieces in place to further enhance operational efficiencies and level up from within. As we execute against our core organic priorities this year, we will continue to evaluate M&A, which is in the company's DNA. We remain opportunistic, assessing all potential fits across multiple geographies and platforms.

2023 is off to a strong start and the Playmaker family will remain focused on cross-brand collaboration, integration and optimization, innovation, and scale. I look forward to continuing to update you over the next few quarters as we continue to focus on generating profitable growth.

Operator, you can 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. And at this time, we will pause momentarily to assemble our roster.

And the first question will be from Matthew Lee from Canaccord. Please go ahead.

Matthew Lee
Good morning, guys. Congrats on the SBC accolade. I want to unpack the strong Q1 numbers a bit. Global advertising demand and summer softening offset in your case by the strong sports calendar and really good affiliate numbers. Is it fair to assume that there's some pull forward of revenue in the quarter and then maybe Q2 and Q3 we'll see more of an impact on overarching industry softness?

Jordan Gnat
Thanks for the kudos on the SBC award. The guys were super excited about it. Two years ago, we didn't exist and now we're standing on stage in front of our peers was quite exciting for them.

To answer your question, I think what you've seen in the macro market is a lot of discussion around a pullback in advertising spend. I think what we saw in Q1 was a seasonality in advertising spend and probably slightly ahead of seasonality, which was a nice surprise. But I think the beginning of April, we saw it soften a little bit, but it has come back in May. So, it's possible a little bit of April was pulled forward into March, but right now what we're seeing so far in Q2 is back to seasonality in the ad spend side.

And on the affiliate side, you had two big state launches in Ohio and Massachusetts. You don't have that in Q2 and Q3. So, we expect traditional seasonality of affiliate, where in Q2 and Q3 the affiliate business is significantly less than what you would have in Q1 and Q4. And the ad model business, our traditional pre-Wedge business, that business is clicking on seasonality, so we're feeling optimistic about how the balance of the year will continue out.

We're hearing from ad agencies that demand in Q4 is already beginning to shore up, so we haven't heard any sort of cautionary pullbacks, but we're very attuned to what's going on in the macros, and we're not taking anything for granted.

Matthew Lee
Okay, that's great color. And then in terms of G&A, it kind of looks like you're still in the process of ramping up operations with investments in tech and people. Are you satisfied with the current environment G&A levels or are you still looking to perhaps build your team a little bit more?

Jordan Gnat
I think it's a great question. For us, we're looking at truly optimizing. We brought together, if you sort of think about Q1 and Q2 of last year, we bought a lot of businesses and put them together, and then we spent a lot of that year ramping up for World Cup. We've taken the time in Q1 and now the beginning of Q2, to really get into that deeper integration of the business. So, whether we have enough people or not enough people or people just in the wrong places is really what we are focusing on now.

So, one example is in the case of our revenue operations, we took two different groups and we put them together into one because it was far more efficient to do that. And then we've also taken divisions where we had one person, we've split a role into two because we believe that the importance of both the product role and a CTO role are necessary to have for the scale of business we're growing. So, I would say that we're fine tuning it. Is it the right ramp up? I think we'll know a little bit more over the next two quarters. So, I think when we get into Q4, we're going to feel a lot stronger about the platform size of our business as we work through the integration of Wedge, as we've got the right G&A’s in place. But I think for now, we're feeling that there's some optimization still to do and that could be both on cost side, as well as saving side. Our focus is obviously to find the right balance between them.

Matthew Lee
All right. That's awesome. Thanks. I'll pass the line.

Jordan Gnat
Thanks, Matt.

Operator
And the next question is from Rob Goff from Echelon. Please go ahead.

Rob Goff
Thank you. Good morning, guys. Congratulations on both the quarter and the SBC recognition.

Jordan Gnat
Thanks, Rob. I appreciate it.

Rob Goff
Could you perhaps talk to the recalibrating effect of the World Cup that you might have seen both in terms of viewership and in terms of the direct selling?

Jake Cassaday
Sure. Hey, Rob, this is Jake. Thanks for the question.

I think we've been focused on discussing how we're thinking about direct sales across the entire organization now for several quarters. It has been a focus; it will continue to be a focus for us. And as mentioned in the upfront here, and throughout our materials for this quarter, 49% of our media ad sales are coming from direct.

In this world, working with brands and agencies, it's about delivering against expectations, and over delivering against expectations so that when new opportunities arise with a major brand or a major agency, we're top of mind. And that's something that our team has absolutely excelled at. World Cup for us, and Q4 more broadly across our entire platform, was an opportunity for us to really show out on how we can execute on behalf of major brands, and we are starting to see the continued sort of level up of our overall direct sales as a function of that.

And so, when we can produce high value content, come to clients with creative solutions, and then distribute those creative solutions across our myriad channels via web, video, audio, social, we tend to over deliver on what the expectations are for that brand. And we're going to continue to do that.

Rob Goff
Perhaps I could turn to Yardbarker, and could you talk to the drivers behind the viewership growth or the audience growth?

Jake Cassaday
Absolutely. Our growth in North America has been something we're very proud of. Yardbarker specifically,

as shown in the presentation materials, we saw an increase of over 100% at Yardbarker and this is very much in thanks to collaboration and cross pollination across all of our teams. You know, We identified an opportunity with Yardbarker to invest in what we called our Yardbarker Growth Plan, leveraging technology that allows us to look at every single article that gets produced, how many page views that article is able to generate, and the revenue that those page views are able to generate, allowed us to invest in a growth plan with ROI at the core of that strategy. And so, we began about this time last year to really lean into that and to look at what we were able to generate out of new content, new authors, new syndication partners, and grow along that curve with profitability intact and expanding, in fact.

So, in a market like the US, as competitive as it is in Q1 around the NFL, NFL playoffs, March Madness, to continue to grow at this pace amidst that competition is no small feat. I think we've stabilized at a level that is north of 2x where the business was when we acquired the business, and I wouldn't expect to see 100% year-over-year growth every quarter, but we feel like we're at a place that things are stabilized at a very rich and mature level for that business and allows us to generate more attention in the market, both with programmatic advertising as well as direct.

Rob Goff
Great. Thank you, guys.

Operator
And the next question will be from Gianluca Tucci from Haywood. Please go ahead.

Gianluca Tucci
Good morning, guys. Congrats on the quarter. I was just digging through your financials here. It seems like your sales in Israel, Argentina, and Brazil all grew extremely strongly in the quarter. Is there anything that stands out here on that growth in Q1?

Mike Cooke
No, nothing particular. This is all based on our customers' country of domicile, what you're looking at in the financial statements, so it's where our customers are based as opposed to where our operations are, and the fans are. And so, it's a sort of where the dollars are coming from as opposed to what or where in our business, we're generating them. There's nothing in particular underlying Israel, some of the countries you mentioned in terms of customer country of domicile that's changed.

Jake Cassaday
So, if you just sort of think about it, if there's an SSP that is providing us dollars, it's from where do they send us a bill or from where do we send them a bill or where do we send them a bill to? That's what that segmentation is. It's not our audience. It's not where we're generating revenue from audience. So, we don't generate $531,000 of revenue from people in Israel watching our websites or who are looking on our websites.

Gianluca Tucci
Okay. Understood. Thanks for that clarification. And then on the affiliate side, exceptionally strong margins, they're over 60% operating margin. In terms of the milestones there in Q2 and Q3, it is a quieter quarter here in terms of sports for that business line. Perhaps on the integration side, could you update us on a roadmap of all the efficiencies there? And is it possible that those operating margins on the affiliate side actually are enhanced in to Q4 and Q1 of the upcoming sports season?

Jordan Gnat
So, I would say this, if you take a look at affiliate businesses who are our peers, so if you look at Catina Media, Bettercollectivegambling.com, XL media, so the four other publicly traded affiliate businesses,

they're usually operating at a margin somewhere in the 40% to 45% range. We an exceptional team that does things a little bit differently. So, I think our margins will tend to be on a blended basis, probably on the higher end of that level for the affiliate business, but it's scale. So, when you have an exceptional quarter, you sort of think about the pool you're fishing in is pretty static until you get a new state, and then the pool gets a little bit deeper. But as soon as you have a state opening, you go from using a rod to a net pretty quickly and it becomes very efficient and you can grab a lot of people all at once, but then it stabilizes, so then you get to more normalized margins. So, when a state launches, you'll see from us, in particular you'll see a bump that is a little bit more unique. But I think if you take a look at our peer group, we shouldn't be significantly different than the high end of our peer group, but we'll definitely be on the higher end of it.

And then in terms of the integration, as we said in Q4, we are focused in these next two quarters on working through that integration plan. While things are quieter in general in the affiliate business, the resources of the team are now available to sort of look at that, and that's looking down into the Latin American market. So, I would say that we are we are on track with that integration effort. The teams are working together already. There's lots of work being done in testing through strategies in the Latin American market to get ready for the calendar when it kicks back in.

Gianluca Tucci
Perfect, thanks, Jordan. And then just lastly, on the M&A front, could you provide an update as to what you're seeing out there in the marketplace and how private multiples are currently trading as compared to their public peers here?

Jordan Gnat
So, I would say that it's sort of a tale of three different worlds. On the things that are on the smaller side, what we would call sort of “bolt-ons” or “tuck-in acquisitions” in our world, what we're finding is that multiples or expectations between buyers and sellers are pretty aligned. We're not seeing too much disconnect. And that's in part because those businesses that we're talking to see the value of joining us and see the ability for them to accelerate, and they're usually very entrepreneurial based and want to see a growth in business.

The mid-market one, so I would say the Yardbarker size acquisitions or TNN sized acquisitions, I would say there is still a disconnect. Those that are profitable today, what we're seeing is that they are comfortable still waiting for the market to turn. But what I would say is that we're sensing more frustration this quarter than we were last quarter, that if they were expecting to get, I'll make up a number, a 10 or 15 times multiple in the past and we were saying the world is nowhere near that, they're coming to realize that there aren't a whole bunch of people lining up to buy them anymore, and they're getting frustrated. The thing is, they have staying power, because they're all making money, and they don't have to do things. So, I think that part is probably the slowest right now.

And then on the transformational side, I think you're seeing a lot of businesses like Playmaker where when you look at the size and scale, we're all looking at the same thing. We're looking at capital markets that are challenged and we are looking at opportunities to unlock value for our shareholders. So, I think those discussions are probably the ones that could be the most interesting, because there's a whole bunch of us who are all in the same boat and have relatively realistic perspectives on the way the capital markets work, but also are going to be looking at what the value is more long term. We're going to have a more long-ball view rather than sort of a short term seller.

Gianluca Tucci
Okay, excellent commentary. Thank you, guys. And again, congrats on a good quarter.

Jordan Gnat
Thank you.

Operator
And the next question will be from Adhir Kadve from Eight Capital. Please go ahead.

Adhir Kadve
Hey, guys, congratulations on the quarter and on the accolades from me as well.

Maybe I'll ask the Wedge integration question a different way. Just thinking about that cross collaboration across the businesses, we've seen pretty good evidence with the Yardbarker and TNN. Maybe for the affiliate business, where do you guys kind of - early days, I know, on the integration - but where do you see the greatest cross collaboration and cross pollination to really drive revenue growth on the organic side moving forward?

Jordan Gnat
I think that the biggest opportunity for us would be unlocking LatAm in a meaningful way. You just think of the size of our audience in those markets and the reach that we have, it's such that if we can get it right, and when we get it right, we'll be looking at something that is hopefully quite exciting for us. But I think that's the biggest opportunity is how do we unlock the value of our audience there.

We know that others do it, because we have a significant amount of revenue that we generate from i-gaming and sports betting operators in Latin America. And they're not buying it just because they like us. They're buying it because it obviously converts for them. So if we have the ability to do that for ourselves, then as you sort of go up the value chain for us as programmatic being the base, direct being sort of second best, but affiliate being the tip of the spear for us in terms of revenue per user, ultimately, that's where we'd like to be and doing it as directly as we can.

Adhir Kadve
Okay, excellent. And then just maybe on the podcast business, pretty strong growth there. How are you guys thinking about that business as we move into 2023 and beyond?

Jake Cassaday
This is Jake. So, as we alluded to in the upfront portion today, the growth that we've seen specifically out of the podcast group that we have with the Nation Network is giving us a lot of proof points that this is something that can be cross pollinated into other aspects of our business. And Jordan mentioned specifically launching new video podcasts in other markets, be it Mexico, Brazil, Chile, etc. And so, we're really seeing it as a playbook and the leaders of our individual businesses are seeing it firsthand and being able to leverage those playbooks to launch new products in new markets. And really, it's going to be the same thing that we've done today, which is to work with partners on looking at new podcasts with profitability in mind, as we do across our entire business, and launching new shows when we have conviction that we're going to be profitable on that product before we hit record.

It’s a strategy that's worked well and it wouldn't work if we weren't delivering and delivering significant reach and over delivering on the expectations of our partners. But it allows us to invest in great products and to ensure we're investing smartly and with profitability in mind. So, I think you'll continue to see us talk about it, you'll continue to talk hear us talk about the proliferation of the product throughout North America. But as we enter more Latin American markets, you'll hear us expand through all of our property reach in the LatAm markets as well.

Adhir Kadve

Okay, thanks. I'll pass the line.

Operator
And the next question is from David Mcfadgen from Comark Securities. Please go ahead.

David Mcfadgen
Hi. A couple of questions. I was just looking at slide 11, your Q1 presentation, and I see that the number of sessions for football sites was down 8% and I was just wondering what's happened there? Maybe it's just a one-time aberration or something. And then, is the price you're going to get for the Two-Up sale, is that anything material that you can disclose?

Mike Cooke
No, it's not material. I think we have a segmentation in the MD&A on that.

Jordan Gnat
Yes, it's in the subsequent event note, but it's not material upfront. It's essentially contingent consideration tied to any future sale of the business. And so, we've got a 50% right to any sales proceeds in the first year from the sale date, which is April 30. And 20% in the second year, so it's essentially all contingent.

David Mcfadgen
Okay.

Jake Cassaday
And David, on the traffic side, so it's a good call out. As we mentioned earlier, we're very proud of the tremendous growth that we've seen in the North American market. We did see a slight pullback year-over-year for our traffic at football sites. And really, this came down to an update that was made in the Google algorithms in September; these things happen twice a year. You'll hear other digital publishers reflect on a similar impact that happened in Q3 of last year. And in our case, with our Latin American audience, we have such immense scale that small changes to the day to day flow of users can cause short term, but relatively pronounced impact.

In this case, this is something we were expecting, and we were watching incredibly closely. And we've already begun to see the stabilization of audiences in markets.

Operator
Speakers, are you still with us? You kind of cut off abruptly. Just want to make sure. For whatever reason, it seems like maybe our presenter line has lost audio. So, if that's the case, please standby here while we reconnect our speakers here. Thank you very much.

Yes, you have now been officially reconnected to the call. Thank you very much.

Jordan Gnat
Okay. So sorry, we dropped off. So, I'm sorry, Jake, continue. Sorry about that, David.

Jake Cassaday
Sorry. We had our audio drop off; we are back. So just to pick up where I left off there. We've seen audience stabilize in key markets. And just to reiterate, our audience scale in Latin America is massive. And as we've continued to expand in other markets, namely in Brazil, a lot of the growth has been tremendous, and the goal now is to continue to maintain the traffic that's afforded us our market leadership position in key markets where we operate the first and third largest sports media property in

all of Brazil. And so that is the focus. And like I said, we were watching very closely and expected an impact, and we were able to move very quickly, but we did see some remnant impact of that through Q1 with numbers starting to increase back to typical stable levels in March and April of this year.

David Mcfadgen
Okay. And then, just on the current consideration, do you expect to pay any of that with stock this year?

Mike Cooke
So, we've got about $13 million of deferred and contingent consideration that we've got in our current liabilities. We've got the right to settle up to 49% of that in stock, not the obligation to, so it's something we're going to look at as we go and evaluate. It's a nice piece of flexibility to have. We don't have a specific number to guide on how much we'll do.

Jordan Gnat
A lot of that will just depend on where the market is. We have cash flexibility to invest if the best and highest use of our capital is to not issue stock, then that's something we will do. And if the markets give us a situation where we believe that the equity that we are issuing is at fair value, then we'll do that as well.

David Mcfadgen
Okay. All right. Thank you.

Jordan Gnat
Just one other thing on your first question I would just point out is, even with the slight decline in audience, the revenue stayed strong and that's just a testament to our focus of moving away from the lesser value programmatic to the higher value direct. So, it allows us to weather these Google algorithm changes. It may happen, as Jake mentioned, they happen, we know when they happen, our teams are always aware of them. We are a Google preferred client in in our market, so we're always in touch. And as we prepare for them, we're able to bounce back from them faster than others.

David Mcfadgen
Thank you.

Operator
As a reminder, if you have a question, please press star then one. And the next question is from Maxwell Carr from M Partner. Please go ahead.

Maxwell Carr
Good morning, gentlemen. I won't keep you too long here. Just a couple of quick questions. So, in terms of the commodity of user retention, you've mentioned in your presentation that you're looking at increasing the velocity of media you're putting out. How are you able to keep operational costs down while increasing velocity? And have you looked at using any sort of ChatGPT-like solution in the future, medium term?

Jake Cassaday
Thanks, Maxwell. A good question on velocity. I think when we talked about the growth plan in Yard Barker, and investing in new writers, new content with ROI in mind, when we talk about launching a new podcast with ROI in mind, this is really kind of the bedrock of how we're operating our business. And in a lot of ways, we're leveraging every sort of toolkit we have in our overall monetization playbook and one of those toolkits is working with partners and ensuring that we can identify and lock up revenues associated to certain products like we do in the podcast space.

And on the written content side, we leverage technology that gives us real time ROI. So, as we invest in different growth measures, we understand to the hour if those growth impacts are generating an ROI. And so, if we push into something that that isn't, we can pull back. And when things are working and we're generating a margin that is agreeable for us, then we'll continue to lean into it. So, we will continue to invest in velocity and these things sort of help increase our relevancy and our authority in whatever channel that we're in, be it web, social, video, audio, etc. But we're not going to do that at the cost of losing margin here, we're going to do it with ROI at the core like we've done with the rest of our business.

Maxwell Carr
Perfect. And then just lastly, here, so Customer A and Customer B make up a pretty significant portion of revenues. Could you explain what industry those customers are from? Or is that something you guys aren't willing to disclose?

Jordan Gnat
They would be aggregators of ad tech businesses that would be the ones who we would send one invoice to them, and they would be on the back end aggregating a whole bunch of stuff.

Maxwell Carr
Perfect.

Jordan Gnat
That's probably the best way I can describe it. And you can very quickly figure that out without me having to tell you.

Maxwell Carr
No, I appreciate it.

Jordan Gnat
It’s a monthly receivable that we do not lose one moment of sleep over every single month.

Maxwell Carr
Glad to hear! Thanks.

CONCLUSION

Operator
And ladies and gentlemen, this concludes our question and answer session. I would like to turn the conference back over to Jake Cassidy for any closing remarks.

Jake Cassaday
Thank you, operator. As there are no further questions at this time, this concludes today's call. As always, we thank you for your interest and support of Playmaker and for your participation today. You may now disconnect. Enjoy the day.