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Super League Answers Recently Asked Investor Questions

SANTA MONICA, Calif., Aug. 24, 2023 (GLOBE NEWSWIRE) -- [Super League](#) (Nasdaq: SLGG), a global leader in providing immersive experiences across the world's largest metaverse gaming platforms, today issued a letter to shareholders from Chief Executive Officer, Ann Hand, to address the Company's most recent frequently asked questions.

To My Fellow Shareholders,

We have been meeting with many of you recently and have very much enjoyed the conversations. For those loyal followers and supporters of ours we have not had the pleasure of connecting with recently we felt it was important to update you with the questions we are often fielding.

Financials & Capital Markets

Can you discuss the recent capital raise?

During the period from October 2022 through May 2023, we commenced a series of rolling closings of series A and AA preferred financings. Including the most recently announced public offering, to date we have raised \$26.6 million of gross proceeds, before related fees, through retail, high-net worth and family offices. Excitingly, we were able to deploy \$4.5 million of the money raised to extinguish all of our debt. Completing this financing was vital to support our long-term growth strategy. During the period, we enhanced our balance sheet, while obtaining the necessary capital to fund operations and fuel our near-term growth initiatives. We believe this is also a testament to the strength of our team, our strategic vision and confidence in our ability to execute.

What runway do you have today with your recent capital raise? Do you anticipate additional dilution?

Our monthly burn during the second quarter of 2023 was approximately \$1.4 million. In 2022 we commenced a more comprehensive cost-reduction exercise resulting in an elimination of approximately 35% of costs from our business on a full year run-rate business. Our blended full year 2023 monthly cash burn is expected to be closer to the \$1.0 million range. We are starting to see the early signs of breakeven, which we believe we can begin to achieve in the first half of 2024. We are very conscious about the costs of raising capital in today's environment and because we have line of sight towards breakeven, we plan to be careful yet opportunistic as it relates to future funding needs.

Have all potential cost cuts been identified and then since eliminated or is there more to come?

Today we have eliminated approximately 35% of costs from our business compared to the second quarter of 2022. We attacked our infrastructure cost which was our second largest line item while looking at each line for products, specifically non-growth products, to

eliminate. Any 'fat' that was present is no longer in existence or present today leaving us with a lean cost structure focused on revenue generating assets.

Why has the share price not responded as planned?

While we do not believe it is appropriate to speculate as to why the share price performance is not stronger, despite our continued execution against our strategic initiatives, we want to express our disappointment. We cannot control the stock market and therefore are focused on the variables of our business that we can control such as revenue growth and cost controls. As a result, we believe that our continued diligence and execution in addition to ongoing investor outreach and education efforts will translate to value that is ultimately reflected in our share price.

How are you thinking about the Nasdaq minimum bid deficiency cure?

At the upcoming annual shareholder meeting our shareholders will have the opportunity to vote on a reverse split to remedy the Nasdaq minimum bid deficiency. While we were hoping to find alternative ways in which we could potentially remedy the stock price, we must be realistic and believe it is in the best interest of our shareholders to regain compliance with Nasdaq listing requirements.

Industry and Business

How is your offering compelling to brands?

As brands look to create immersive spaces as an extension of their web presence, Super League is ready to step in with our one-stop shop solution. Brands get acquainted with our powerful immersive engine to reach elusive valuable young audiences and achieve campaign-oriented marketing objectives. Brands stay and spend increasingly more with us because they see having a persistent channel in these worlds as a marketing requirement – no different than the need to have a TikTok or YouTube channel. Yet that is not the end game – it is not the big prize for Super League and our shareholders. It is where our business model is headed, but it is happening now, as we lend our enterprise solution to transform and modernize their overall web strategy and presence.

What is the metaverse and what does it represent for the advertising industry?

It is all about leveraging technologies, many of which were already in existence, to allow brands to create immersive experiences. It really allows all of us to start creating experiences on screens that feel much more intimate and personalized. The evidence is clear, younger generations spend a large portion of their time immersed in gaming and other worlds as physical and digital lives blend together, we help brands connect to with them. Importantly, we have been here for eight years, long before it was a buzz word, we focus on open world gaming platforms or virtual world platforms.

How do you make money?

The primary way we make money is by bringing brands into the immersive worlds in which we operate in a very native and intrinsic way. This is a new marketing channel we have created for brands to leverage these open world digital social platforms to reach a demographic that is one of the hardest to reach. Brands like Mattel will pay us to create an experience that is interactive. Our goal is for these experiences to be memorable and not as though you as a player are a target for an advertisement.

Can you provide a general update on advertiser demand?

As we stated in our In the second quarter we did see the RFPs pick up and our third quarter is off to a great start as we expect to see revenue north of \$6 million as we stated in our second quarter earnings. Traditional digital advertising does continue to face headwinds though. Internet advertising saturation, ad blocking technologies, and more continue to put downward pressure on underperforming ad CPMs. But there's also been a massive audience shift with over 0.5 billion monthly Gen Z and Alphas moving to the next generation of social digital platforms. These are platforms like Roblox, Minecraft and Fortnite, they're already there, and the ad dollars are still catching up. In-game advertising is expected to be a \$56 billion industry by 2024 and that's where we live.

Do you have long-term guidance or goals?

Yes, we have publicly stated we see a clear line of sight towards growing our annual revenues to over \$100 million over the course of the next three years, with a gross margin in the high 50s to low 60s. This gross margin guidance will be further supported through our most recently announced acquisition of Melon.

Will you reach your guidance organically or will you need help from M&A?

Now, do we have the opportunity if we stay our course today without the help of M&A? Yes, we can. The landscape is changing so much and because we are in such a leading perspective, and I want to make sure we stay ahead. When you think about M&A there are a lot of distressed companies out there, and within the last year have engaged in 15 plus conversations with companies actively coming to us. Ideally, something would need to be accretive and very little cash needed to be put to work, a perfect example of this is our previously announced acquisition of Mellon.

What can we as shareholders look forward to?

For starters, we expect to deliver our best ever second half with topline revenue growth and reduced expenses, materially cutting into losses. We understand how difficult it is to endure the stock price not reflecting our optimism about our business. Immersive technology is an early-stage industry and going to take time to develop. But make no mistake, it is evolving and in the direction that Super League is so well positioned to reap the benefits from. For example, just look at the Hamilton Simulator announcement we made just last week. This is the biggest Broadway hit ever and they see the value of creating an immersive experience to connect with and grow with different demographics. I truly have never felt better about the position and future of our Company. We are not the same Company we were two years ago or even a year ago. Our business model has shifted, our roots are in gaming platforms. Our future is in building the premiere publishing and monetization engine for the immersive web. Today, we are in the strongest position in our history to execute our vision and we have only begun to scratch the surface.

About Super League

Super League (Nasdaq: SLGG) is a leading strategically-integrated publisher and creator of games and experiences across the world's largest immersive digital platforms. From metaverse gaming powerhouses such as Roblox, Minecraft and Fortnite, to the most popular Web3 environments such as Sandbox and Decentraland, to bespoke worlds built using the most advanced 3D creation tools, Super League's innovative solutions provide incomparable access to massive audiences who gather in immersive digital spaces to socialize, play, explore, collaborate, shop, learn and create. As a true end-to-end activation partner for dozens of global brands, Super League offers a complete range of development, distribution,

monetization and optimization capabilities designed to engage users through dynamic, energized programs. As an originator of new experiences fueled by a network of top developers, a comprehensive set of proprietary creator tools and a future-forward team of creative professionals, Super League accelerates IP and audience success within the fastest growing sector of the media industry. For more, go to superleague.com.

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