



Super League Enterprise, Inc.

First Quarter 2025 Conference Call

May 15, 2025

CORPORATE PARTICIPANTS

Matt Edelman, *President & Chief Executive Officer*

CONFERENCE CALL PARTICIPANTS

Howard Halpern, *Taglich Brothers*

Jack Codera, *Maxim Group*

PRESENTATION

Operator

Greetings, and welcome to the Super League First Quarter 2025 Conference Call.

Please note this conference call is being recorded.

Before we begin, I'd like to caution listeners that comments made by Management during this call may include forward-looking statements within the meaning of applicable Securities Laws. These statements involve material risks and uncertainties, and actual results could differ from those projected in any forward-looking statements due to numerous factors. For a description of these risks and uncertainties, please see Super League's financial statements and MD&A for the first quarter ended March 31, 2025, available on EDGAR. Important qualifications regarding forward-looking statements are also contained in Super League's earnings release distributed earlier this afternoon and also available on EDGAR.

Furthermore, the content of this conference call contains time-sensitive information accurate only as of today, May 15, 2025. Super League undertakes no obligation to revise or otherwise update any statements to reflect events or circumstances after the date of this call.

I'd now like to turn the conference call over to Matt Edelman, President and Chief Executive Officer. Matt, please go ahead.

Matt Edelman

Thank you so much, Kevin. Good afternoon and evening, everybody. I am pleased to be here to report on Super League's first quarter financial results and provide you with a company update.

First and most important, as outlined in our Q4 conference call just a little over a month ago, we are on-track with our plan to be EBITDA positive in Q4 2025. We are committed to that result and diligently implementing the operational changes to ensure we get there. While we plan to hit our revenue and gross margin goals, as I will explain we have achieved in Q1, I assure you that if we stumble, we will work to make the necessary adjustments that keep us on track and demonstrate that our day-to-day business can be financially healthy.

Super League sits at the thriving intersection of interactive entertainment and advertising. Consumers spend extraordinary amounts of time at that intersection, consuming playable content or, in other words, playing video games. Average daily time spent by members of Generation Z and Generation Alpha, you could think of it as everyone under the age of 30, is 88.5 minutes across mobile games, Roblox, Fortnite, and Minecraft combined. That exceeds the combined 59.6 daily minutes spent across TikTok, YouTube, Instagram, Facebook and X. To us and our clients and partners, people who play video games are not just gamers. They are audiences, audiences who play. They're teenagers who love the outdoors. They're twenty-somethings who are just starting out in their careers. They are millennial parents trying to make summer plans for their kids. They're even grandparents who want to connect with their grandchildren.

Audiences who play are as ubiquitous and broad as audiences who binge shows on streaming platforms, listen to podcasts, go to concerts and follow sports teams, with a quick shout out to the New York Knicks, by the way. Almost everyone you know is a player. 85% of consumers game, 94% of Gen Alpha, 92% of Gen Z, 88% of millennials, even 60% of Gen X. Super League knows how to reach and engage audiences who play because we understand the importance to these audiences of playability. When a person is in play mode, they are focused. They are active. Their content consumption has a purpose. They don't want to be interrupted with a video ad or a billboard or a text alert about a product that's on sale or a politician looking for donations. That's why we focus on playable media, ads and content that are an extension of the play experience, and it works.

The average time a consumer spends with a brand through ads on TikTok is 15 seconds. On Roblox, for example, the average time spent with playable media and content ranges from 1.5 to 11 minutes. Our playable mobile ads generate a click through rate that is seven to 10 times higher than standard digital video ads in the same type of ad inventory.

Hearing all this powerful data, I would be asking, why Super League or perhaps why the intersection of interactive entertainment and advertising is not already accelerating at warp speed? While it will sound cliché, the answer is that the industry is still in an early stage of development. Brands and media agencies have grown accustomed to specific types of measurement and attribution to justify which advertising and customer acquisition strategies deserve more investment. Gaming platforms do not yet deliver the complete suite of capabilities that are available in other digital channels. Although the industry is making impressive progress marked most recently by Roblox's announcement that their new Rewarded Video ad format will soon be able to be purchased through Google's ad solutions.

Marketing dollars always follow consumers, but brands do not move quickly. Thankfully, Super League continues to gain the trust of dozens of iconic brands every year, which puts us at the forefront of this important space. We're one of the leaders in making brands playable and we will be one of the winners.

I'd like to share some of our recent successes, starting with one of our longest standing partners who remains a pioneer in making their brand playable, Chipotle. Our partnership with Chipotle is in its fourth year and is rooted in our hands-on strategic approach. We have delivered seven projects, including five consumer facing campaigns, some of which have won innovation awards. We have delivered multiple firsts captured in headlines such as Chipotle being the first QSR to launch a new ingredient in the metaverse or the first QSR to debut a new television ad in the metaverse.

Our most recent experience became the number one trending game on the Roblox platform and broke into the top 75 most visited games, with consumers rolling 1.27 million virtual burritos in the first day and redeeming 50,000 codes for free real-world burritos in less than three hours. Consistent with our past efforts, the program contributed to mobile app downloads and mobile food order revenue for Chipotle. Players spent 15 minutes in the experience on average, which we've been told is longer than the average amount of time spent per visit to a Chipotle restaurant.

Another super fun program and one of our most ambitious so far this year is with GoGo squeeZ. We could not ask for a brand with a more perfect message, “There is no right way to play just like there is no right way to snack.” Based on that statement, it is fitting that this campaign is running across multiple platforms, including mobile games, Minecraft, TikTok and YouTube. Primary features include GoGo squeeZ mini games, interactive characters in Minecraft, as well as playable mobile ads. Most exciting is that this is the first time GoGo squeeZ is running a program to reach younger audiences with all previous campaigns having been parent-focused.

In Q1, we also delivered a mini game arcade for Logitech in multiple Roblox experiences and reached Gen Alpha and Gen Z audiences through mobile playable ads for brands as diverse as Hasbro and Accounting+. Yes, we ran a playable media campaign to inspire Accounting as a career choice. Perhaps most interesting, we had the opportunity to build a Roblox world for Google’s Be Internet Awesome campaign based on the largest curriculum taught globally on Internet safety for young students that was recently demoed in person to Congressional staffers in Washington, DC.

Now I’d like to talk about Super League’s Q1 results. As I mentioned at the start, we are implementing the realignment plan articulated during my discussion with our Executive Chair, Ann Hand, on our Q4 2024 earnings call. It consists of three main pillars, the first of which is reducing and controlling our costs. Our Q1 operating expense decreased approximately 25% compared to Q1 in the prior year. This has continued into Q2 with staff reductions and a decrease in executive team compensation. Collectively, we have further reduced our operating cost this year by approximately 30%.

Number two, increasing and maintaining our gross margin by focusing on higher margin programs. Our Q1 gross margin increased to 44% from 38% for fiscal year 2024. Number three, diversifying our revenue to reduce exposure to strategy or policy changes instituted by major platforms or the unpredictable pace of advancement in the efficacy of their advertising solutions. Our expansion into mobile continues to excite partners with mobile representing a steady 15% of our revenue in Q1. We expect mobile to grow to at least 25% of our total revenue in 2025.

The good news about our Q1 revenue is that we met our internal goals, the goals that give us ongoing confidence in becoming EBITDA positive in Q4. The less good news is that our goals were self-aware following the shift in our Roblox business in the second half of 2024, which as a reminder, resulted from the changes in how Roblox determined they needed to grow their advertising revenue directly. Despite the revenue decline, our Q1 2025 net loss decreased 20% compared to Q1 2024.

Looking ahead, our revenue pipeline remains strong with approximately \$20 million in active opportunities across 97 unique programs, evenly split between new and returning partners with an average deal size of approximately \$200,000. We continue to deploy various strategies to secure financing, both to support operational needs and to advance targeted strategic opportunities.

As you may know, we recently acquired Supersocial, an award winning Roblox studio with past clients including Gucci, e.l.f. Beauty, Walmart, Universal Music and more. With just that one deal, we now have a Roblox business that has delivered 49 immersive builds, racking up more than 390 million visits and three billion impressions on the platform. We believe there will be further industry consolidation and see additional exciting opportunities with companies that can accelerate our path to EBITDA positive through clear revenue and cost synergies. We will remain disciplined in our focus only on opportunities that are accretive and that can also reinforce Super League’s position as a leader in the playable media space.

Kevin, let’s now please move to Q&A.

Operator

Thank you. We'll now be conducting a question-and-answer session. If you'd like to ask a question you may do so by using the raise your hand function over the web or over the phone please press star, one to be placed in the question queue. Once again that's star, one to be placed in the question queue or use the raise your hand function on the webcast.

Our first question today is coming from Howard Halpern. Your line is now live.

Howard Halpern

Hi. It's nice to talk to you—fast turnaround here. But in terms of the acquisition that you just made, what does that say to other potential targets that you're able to acquire something, leverage it and immediately make it accretive for everybody?

Matt Edelman

Well, I think it shows that we have an executive team and an infrastructure within the Company that can help support opportunities for inorganic growth. If there are companies that have an interest in being part of something bigger and accelerating their growth by doing so, they can likely have faith that Super League would be a good partner and a good home for their people, their employees, and the growth of their business.

Howard Halpern

The recent equity raise, does that give you enough wiggle room, do you believe, to get to your breakeven that you want to by the fourth quarter, or you still might need a little extra boost in there?

Matt Edelman

I think, we're still going to pursue capital raise opportunities in the coming months and at the right times during this year, all the while still heading toward that EBITDA positive outcome in Q4.

Howard Halpern

Okay. One last one, are you seeing different agencies now that you're focused on the play part and the mobile part? Are there different agencies that are coming to you or newer agencies even for potential new customers?

Matt Edelman

That's a great question. I appreciate you asking it. The answer is absolutely. Our expansion into mobile has really opened up the aperture of opportunities for Super League. The demographic audiences and audience segments available through mobile are much more diverse and broad on really every filter than the audiences within the immersive platforms. As a result, our conversations have expanded quite a bit with agencies and brands, who believe in the power of play and the opportunities to achieve engagement with their customer base through playable media.

Howard Halpern

Okay. Well, thanks, and keep up the great work. It's a start, and it looks like it's a good start so far.

Matt Edelman

I appreciate that. Thank you, Howard.

Operator

Thank you. Our next question is coming from Jack Codera from Maxim Group. Your line is now live.

Jack Codera

Hi. This is Jack Codera calling in for Jack Vander Aarde. Thanks for taking my questions. Just one quick question about macro, in the press release, it mentioned macro headwinds. Can you touch on how this is going to impact your business? How maybe you're working to evolve past it? Any color there would be helpful.

Matt Edelman

Of course. I think the real question that is not yet answered is what might happen with marketing and advertising budgets due to some of the economic uncertainty related to the current macro climate. At the moment, we are not seeing a lot of evidence that budgets are going to be cut. We are seeing some evidence that they are being delayed. For us, the real focus is making sure that we're still putting the right solutions in front of our existing and new partners to make sure that as those budgets are deployed, they're deployed through solutions we bring to the table.

Jack Codera

Okay. That's very helpful. Then maybe piggybacking on to your prior question. Given that your mobile games have already grown to 15% of revenues, do you have any visibility in or expectation of what that will progress maybe by the end of the year and kind of going forward? How big of a chunk of the business is that going to be?

Matt Edelman

We think that mobile will represent at least 25% of our revenue in 2025. We're on a nice pace to get there and very excited about how it's developing.

Jack Codera

Okay. Very helpful. One last question for me. You touched a little bit more on the strategic importance of the Supersocial acquisition, and then any other additional color on your broader thoughts on the M&A landscape would be helpful? Thank you.

Matt Edelman

Of course. Supersocial has been one of many frenemies that we have within the Roblox ecosystem in particular. There are perhaps eight to 10 companies who have effectively grown up together as it relates to Roblox. Each has found a bit of their own space and their own niche, and there are actually partnerships that a lot of us have engaged in over time to help each other. Supersocial is a company we've been close with for several years, and it got to the point where their management team felt there was a better way forward for their clients and partners as part of a bigger organization than they could deliver on their own. The strategic importance for Super League is it puts us into business with some really exciting IP owners and brands and gives us even more of an opportunity to showcase what we're capable of in terms of how to deliver results for those partners.

To the second question, about the M&A landscape, I think there's again an opportunity going forward for probably a handful of businesses in the space who have achieved a level of durability and scale to become bigger inorganically while also growing organically. Super League has proven to be able to pursue M&A successfully and to integrate companies and teams and products successfully. I believe that's going to be a strength of ours going forward. To the extent that consolidation becomes even more active, we have a real opportunity to be a strong and busy participant in the landscape.

Jack Codera

Thank you. That's helpful.

Operator

Thank you. We've reached end of our question-and-answer session. I'd like to turn the floor back over to Matt for any further or closing comments.

Matt Edelman

Thank you, Kevin. I'll conclude today by emphasizing that Super League is on the right path, a path that has started with controlling costs, is set to expand through revenue diversification, and will become increasingly solid underfoot with gross margins that can propel us towards an EBITDA positive Q4. Playability is not a trend. It is a permanent and growing form of engagement that is dominating the amount of time consumers spend with the content of their choice.

Think about it. When you are playing a game, your actions directly influence your content experience. That is why you are leaned in. That is why you are immersed. For a brand to capture your attention in these moments their marketing message has to fit into your world and connect to your state of mind. That requires making the brand playable. That's where Super League shines.

Thank you for listening today.

Operator

Thank you. That does conclude today's teleconference and webcast. You may disconnect your line at this time, and have a wonderful day. We thank you for your participation today.