

Participants

Ann Hand, CEO of Super League Gaming ([SLGG](#))

Nate Abercrombie, [The Stock Podcast](#)

Interview Transcript

Nate: Ann, thank you so very much for coming onto the podcast, it's going to be great learning about your business.

Ann: Absolutely, happy to be here.

Nate: Happy to have you, and very happy to learn about your business because it's just a very different business model for me, so interested in that. But before we get there could we just talk about your background a little bit? Where'd you come from?

Ann: Yeah, sure. I grew up in the Midwest of the States, did what most people do out of college back in those days, my goal was to go work for a big company. I first started out with Mobil Oil and then I moved on to McDonald's, and eventually went to [BP](#). Great training, it made me fit in a lot of different functional types of roles, all in the interesting of grooming me to be a generalist and at some point a large P&L owner. My last couple jobs with BP were in London, I ran a global B2B to C business unit, liquified gas, that was in many countries around the world, about a \$3 billion P&L with about 3000 employees. Then my last assignment there I ran all of our global brands. BP owns a lot in their portfolio, ARCO, ampm, and Ralph's, all kinds of food convenience brands, and of course, business to business brands as well.

Ann: Then along the way, about eight or nine years ago I met some venture capitalists. They were coming and poaching executives from energy companies. They had put a lot of money in clean tech and they were looking for people to run those businesses. I think it just seemed exciting to me after all the time in large cap companies that I would get a chance to in some ways do something that was very similar to what my father did. He was a serial entrepreneur. He was the first franchisee ever of Fuddruckers, the restaurant chain, so I was used to being in a household with somebody who was trying to start new businesses, scale things that were small. I jumped off and ran first to clean tech business in the Bay Area for about five years. Then I knew some of the early investor board members of Super League, Super League was about six months old, and they were looking for a CEO. At first, to be very candid, I was a little bit nervous about it because while I could see that the e-sports space was blowing up, and timing is everything in early stage companies, and I certainly was a gamer as a kid, but I did at least at first blush I was a little worried that maybe gaming's changed so much since I was a teenager and that struggle a bit to understand the market space.

Ann: But I will say that I always felt I had really good instincts when it came to creating new brands or transforming them. The lure of the opportunity to not be in a highly relevant rapidly growing space, but to define what a really powerful mainstream brand could look like around that was just something that I couldn't look away from.

- Nate: That's interesting. I didn't realize you came from ... Well, I take that back, I did realize that you came from energy, but I didn't realize that you had some clean tech in your background as well. I don't know if you're familiar with any of the previous podcast episodes, but I previously covered energy, so-
- Ann: Oh.
- Nate: ... we could probably talk about energy stocks and the energy markets all day long, but-
- Ann: Well I will tell you a funny little side quick story on that, Ken Hirsch, who's a long-time oil and gas guy based out of Dallas, very well known in the energy sector, he has a fund called Hirsch Interactive that is a direct investor in us. They also bought the Dallas Overwatch e-sports professional league and he and I's joke anytime we see each other is from energy to e-sports, the likely career transition. We know that we are one of a small club, for which we'll now include you in who likes to talk about the two extremes of those businesses.
- Nate: Yeah, yeah. Well tell me about Super League, what is it that Super League does and describe the business model if you wouldn't mind.
- Ann: A little bit first of the arch of the story, again, company is now about five years old. When we started the thinking was that we were seeing all this smart money going into e-sports. We were saying big name traditional sports owners buying professional e-sports teams, and just a lot of excitement about the rapid growth of the gaming sector, the fact that gaming is now bigger than traditional Hollywood, bigger than TV and movies. Again, as I mentioned earlier, that is one of the hard lessons learned if you brought in early stage company as the importance of timely. Because like clean tech, when you have market fundamentals working against you, when the price of crude is low or regulation isn't within our favor it doesn't matter how great your product is, the best thing you can do is shutter the business for a while until that market landscape shifts.
- Ann: But certainly with e-sports and just the explosion of gaming becoming not just large in numbers, there's 2.6 billion gamers on the planet, but also just the fact that gaming is now becoming a lifestyle trend, it's not something you grow out of anymore like previous generations, so the longevity of a gamer's life cycle is as well an important compelling piece to the story. Super League was looking at that and saying hey, if all this money's going in but it's all going in at the tip of the pyramid, the tip of the pyramid is this professional level, which really represents you could argue anywhere from about 10,000 to 20,000 gamers around the world. But what about the rest of the pyramid? What's the consumer play in this space? We had done some research and realize that of those 2.6 billion gamers on the planet about 50% of them identify as competitive, meaning they're playing at least 8 hours of game play a week, they're watching an additional 9 hours of someone else playing games, and that doesn't mean it's a pro-game, they're watching other amateurs in their game play.
- Ann: They've probably invested in a gaming peripheral like a Turtle Beach headset or a Logitech gaming mouse. We looked at that massive market and we thought there's just so much unmet demand there, there's no infrastructure. I often would say to investors early on who were definitely excited by the space, the numbers don't lie, it's the size of the audience, that they ... because they're of a different generation like me, they were struggling with why on earth would you want to competitively video game?

- Ann: I often would use the analog of look, I took tennis lessons as a kid, at some point I got to go to tennis camp. I can't imagine if the next step there wouldn't have been a way for me to join a team. I knew, and my parents certainly knew, that I wasn't going to be Serena Williams, but that was an important piece of me loving this sport and getting to play it in new and more challenging ways. What we really focused on is how can we really think about what is the field space for the gamer who wants to game in a different way, and who wants to get out of home and game? Gaming is really about just as much about community and the socialness of gaming than it is just the game play. Players are chatting with each other in the gaming, they're making friends.
- Ann: But just like anything that's done online it does still have an isolating quality to it, so what we started doing early on and it really gets to where our business model is now, is we started early on partnering with movie theaters. Why? Because we said, hey, movie theaters could be a great field for video gaming. You got that big screen, you got that great sound system, and here's the other thing, movie theaters are empty half the time, so this is a no-brainer. We can be a real way of them to bring new Gen-Z, millennial foot traffic in their location, they've got the right field space for these competitive gaming leagues. In the early days we jumped out of the gate, we ran 100s of events in the first year, we now run 1000s of experiences around the world per annum. But we started running those leagues and we learned something else, entry polling pretty consistently the gamers came through the doors and said, "I'm here for the competition." Exit polling always highest ranking when I made friends tonight and that helps us see that this was less than just a play about capacity utilization for dying brick and mortar and gamers want to game with leagues.
- Ann: It looked on the surface like we were the movie theater people or the people who were almost a tournament operator, but what we saw was a much big vision, which is really that Super League in a way is a huber network. The two things that we facilitate or foster are community and content, so we first, I often joke, think of this as a local match.com, we're helping this very fragmented audience of gamers find each other. They're coming together around game play, but a lot more than that, they're sharing their highlight reels with each other, they're challenging each other to matches. It's much more about them celebrating their gamer lifestyle together. Content is really about we use tournaments, whether they be physical tournaments or online tournaments, as just one mechanism to capture their content and we can distribute that content and monetize it in a lot of ways. If you go back to that hub and spoke picture, as the infrastructure lays out what we have is we have first these physical anchors that we've bespoke called us and that really are that real estate grab we've been doing over the last few years where we are partnering and with big partnerships at the top of the house with [Cinemark Theaters](#) who's also an investor in us, [Topgolf](#) nationally.
- Ann: We've now announced a partnership with a company called [ggCircuit](#) that brings to us about 600 plus gaming centers or PC cafes around the world. We're expanding that physical footprint for that everyday gamer to be able to come to that field space. Then the other folks coming off of this hub are now our growing digital network, and that digital network is ways that gamers can sit from any type of venue, or if they're home, and either come into our dedicated Super League channels and watch game play, or jump into game play, share their highlights, what have you. What we've been building is not just the game title library and the number of venues that we offer, but also the size of audience that we're starting to attract almost the top of the funnel is that digital audience.
- Ann: Really two ways we monetize, so first, we've historically monetized our content, so what does that mean? Well it means that brand sponsors like Logitech, who's also an investor in us, or maybe Viacom, Nickelodeon, who's also an investor in us, or Mattel, or Red Bull, or others, they come to us and say, "Hey, we are trying

to reach this very illusive audience of gamers and you give us a marketing channel." They sponsor either our live tournaments or our digital properties. We also have game publishers who come to us and say, "Hey, we want to be a partner with you. We want to pay you to put our game title on your platform."

Ann: You'll see in a recent press announcement that we've brought in a sponsorship with one of the largest Chinese mobile phone makers, [OnePlus](#), but it's in partnership with [Tencent](#) who makes a game called [PUBG Mobile](#) that will now be running tournaments across [Dave & Buster's](#) in North America and creating a league structure for them. Monetizing content in that case is about brand partners and sponsors paying us to facilitate game play experiences for them. The more exciting new piece of content monetization is really what we're about to turn on, which is now that we're growing out those digital nodes or that digital audience I referenced earlier, we're now starting to get to a pretty meaningful amount of [audience views](#). We've generated about 100 million audience views year to date. Last year we generated about one million, so we've had explosive growth in our digital viewership. That starts to bring a different form of content monetization, which is more of a traditional advertising media model, so that's a supplement to the brand partner sponsor type revenues.

Ann: Then we haven't even scratched the surface of all this content we're generating there's a pretty significant library. We've put about nine million game play hours through our platform this year, not to say all of that is monetizable, but we could get into third party content monetization. We're a channel on [Roku](#) or a channel on [DirecTV](#), so content monetization is one big bucket of our model. Then our second big bucket of monetization is really just about B2C, it's about direct-to-consumer offers, so gamer monetization. Historically, we've nominal, nominal revenues in charging players like tournament fees, or maybe somebody comes to our website and buys a Super League hoodie or t-shirt. But two weeks ago we just launched Super League Prime, which is a monthly digital subscription offer. It was something in the IPO road show we made clear would be a 4Q part of our strategy and we met that deliverable and are really excited about getting that digital subscription offer out there, and starting to prove that we can monetize that player base has been a key as well.

Nate: Thanks for that explanation, that's helpful. Could you talk just a little bit about the e-sports ecosystem. I know that one of the value propositions that I've seen in some of your investor decks has been that Super League that they fill a gap within the e-sports ecosystem that is important and necessary, and I would just like to hear what it that gap that you fill. But first and foremost, just what is the ecosystem within e-sports?

Ann: Usually in e-sports what you tend to have is you have the pro-teams, that's one big piece of the ecosystem. You've got the game publishers, that's really the heart of the ecosystem because they're the people that make the games, which means they own the IP. Then other types of stakeholders, you have people who run tournaments, so often those are companies that are work for hire companies that maybe an [Activision](#) pays to have the company take down Madison Square Garden and run an [Overwatch](#) or [Call of Duty](#) tournament for them. You then have the venues, right, they're a beneficiary in that ecosystem as well, and then you have the players themselves. Super League has often looked at ourselves and said really if we're doing our job right and we're a true platform we should have a relationship with all of those different parties.

Ann: For the publisher, the role that we're playing is they're running their professional league, we're all about marketing to the base, so we're creating those recreation or aspirational leagues, that path to the pros. Now that doesn't mean we're pretending that we're the Minor League of their pro league because it's much more about that social play. But why would a Tencent hire us to run a PUBG mobile tournament? Well because

what the game publishers care about most is acquisition and retention, they want to get more people playing that game and whoever plays it they want them to play it as long as possible because that's how you maximize the value of that piece of IP. Running leagues and tournaments creates more stickiness to gain titles. It helps you make more friends around it. If you are playing League of Legends but all your buddies jump to [Fortnite](#), well they're going to keep dragging you back to Fortnite, so creating those social connections and creating that stickiness to the title is the role we play for the publisher.

Ann: For the pro teams, we have a lot of the pro e-sports team owners on our cap table, so big name traditional sports owners like Jeff Vinik and Peter Guber, and others, as well made direct investments in Super League. The reason is because if you're going to take a bet on a pro e-sports team you want to think too about how are you going to generate the future fan base of that team that's then going to drive that franchise value ultimately? No different than the kid in LA who plays Little League is going to have a high propensity to be a Dodger's fan over time, so we thought a lot about our role to the pro teams. When we looked at venue partners it was obvious with Cinemark and others that venues were thirsting for new ways to bring in new traffic, so through our platform we can give them a whole suite of offerings for them to run their own types of tournaments, use our platform to bring gamers and their game play to run through our platform through their physical venues.

Ann: Then when you look at tournament operators it's really no different. We have a slate of offerings that people who want to run tournaments can run. If I would say well what's our role in the ecosystem when it comes to the gamer, I think that's probably where our brand really shines through the most. The other thing that we saw, we saw a few trends. We saw that there's a democratization happening with competitive gaming. The more that games are being introduced on mobile as well it makes it highly accessible. Now you may need to move to PC to level up in a game like Fortnite. But the fact that any teenager anywhere could download Fortnite for free on their phone, that accessibility to competitive gaming is a huge key trend. But the other trend that we saw was that this notion of gaming being seen as something for an introverted young male, I mentioned earlier something you grow out of, we saw when we ran these events how diverse the audience of gamers were.

Ann: We index high on adult women at our events and you ask the question well why, and it's because our events have a really high standard on inclusivity and good sportsmanship. We take pretty strong stands on it when we don't see that behavior. Well because there's so much bullying of women in gaming when it's online only, we started to be the company that stood for the better way to gain, and that our job was to debunk the myth of who a gamer was. 50% of power gamers are married, 30% are female. Gamers have higher average household incomes and college graduation rates than traditional sports fans, and well over 100 universities now in the United States offer e-sports scholarships. For us, we started to really take a stand on not just the fact that gamers wanted to come together and find new ways to game and socialize around the gaming that they loved, but actually that the strong powerful majority of gamers wanted to gain in a healthy, positive, inclusive way.

Nate: No, I can really appreciate that as somebody who has two little girls, so thanks for that explanation.

Ann: If you think about it, gaming should be a level playing field, right?

Nate: Yeah.

- Ann: We watched in our tournaments women beat men, young girls beat boys, and yet, so many women drop out of gaming for some of those unfortunate behaviors. Often in our youth, countless parents have come up to us and said, "Thank you because if they're going to enjoy this game this is the way I want them to do it. I want them to make friends, I want them to learn about how to behave well at winning and losing. I want to know that it's a safe place as well.
- Nate: As CEO, what's your vision for the company over the next, I don't know, two, three, five years?
- Ann: Predominately we've been focused on continuing to build audience, which effectively our advertising inventory, and focused on then the consumer side of the house and really driving consumer subscription, and seeing that advertising and consumer subscription become a more meaningful part of our revenue. Then the two ways that we'll continue to measure the company is on the lifetime value of our player base and the ability for us to have an evergreen relationship in a true social community that has real stickiness to it as people join Super League.
- Nate: One of the things that's really, from my perspective at least, very interesting about what you're doing and professionally sports if you just ... I'm a big college football fan, so you noted that Super League isn't the Minor League and I think about it in terms of well yeah maybe it's not Minor League, but because there already is a professional level maybe-
- Ann: Sure.
- Nate: ... you could consider SLG Super League as maybe the NCAA and just a very high level it's almost like for an investor you look at the business and you say well there's one NFL, there's one NCAA, maybe there's one professional e-sports platform, and maybe there's one NCAA type of gaming platform which could be Super League, which I think is just super interesting. We often in the early days as investors would say, "Think of us as the Minor League all the way through to the Little League," just because in some ways it's a mental model that we all understand, right?
- Ann: I often say, "Look, it's not just the MLB and Minor League, you have all the tiers inside minor, but then you've got college, high school, Little League, all the way down to our team plays in an every Monday night recreational softball league. There's all different ways that people manifest their interest in playing those sports at various different skill levels and age levels. The professional level is starting to get established, you've got Activision, [Blizzard](#), and then [Riot Games](#) who have sold limited franchise slots against their games of Overwatch and [League of Legends](#), respectfully. You've got epic games which makes Fortnite who's taken a different approach and is more doing it a very democratized way, so they took down Arthur Ashe Stadium and they let anybody and are like in the world poker tour. The guy from Kansas City if he puts in \$10,000 he can be setting next to the poker champion of the world and have a crack at the jackpot. In that case, a teenager won a \$1 million that weekend as the best Fortnite player. There's so many games on the planet and again, there's just zero infrastructure, if not for Super League, that we really felt like instead of trying to declare ... And by the way, there's 100s of game titles. Now there's 50 or so that are in the zeitgeist, where the majority of gamers are, but there's 100s of game titles and who knows when the next Fortnite's going to come forward.
- Ann: Our position was always let's create a flexible enough platform that we can be a pure play, that we can be game tile agnostic and we can flex where the players are. If we establish the physical field space, so we own

the court, then really now all we're having to do is use our technology to tailor the programming to meet the needs of what is most wanted in the physical court. We do see ourselves in many ways still as a league operator, and we do, we run a variety of leagues, some are night league, weekly, tournaments that can run over several months. There's a large amount of flexibility in that, but we really felt like if we really wanted to tie up and own that, a big chunk of that league structure that the infrastructure piece was needed for real meaningful scale. Anybody can invite five buddies over to their house or go down to the local library, everybody jumps in on their phone on Fortnite, and in a Google Doc say, "Oh I just won my tournament," or "I got fifth," and run their own little mini tournament. But how do you scale that?

Ann: I will say that when we were chasing investors I had one very notable traditional sports team owner who said to me at the very start a few years ago, "You know Ann, maybe you aren't the officially governed Minor League system of this. Maybe there's so many stakeholders of so many different games that control, you're not really trying to control one sport, you'd be trying to control 100s of sports because there's 100s of games, that's the difference." He did say make sure that just one person from Super League comes out and gets a professional contract because in a way you only need one to validate that you offer a path that wasn't available to that young person. We did just have [LA Times](#) just covered this gentlemen. We have a young man named Blaze who's from Thousand Oaks, California, he started coming into Super League events, his mom was driving him about an hour and a half on the 405 each way because he knew he was a good [Clash Royale](#) player, but he needed a spotlight. He needed to not only put himself into a more competitive environment and show that he had the chops, that he had the teamwork, the collaboration, that he could handle the physical pressure. But he also wanted a spotlight for that talent. About six months ago a pro team called [Team Dignitas](#) came to one of our events and scouted him, and he now is a full-time professional Clash Royale player at 17 years old.

Nate: Wow, that's impressive.

Ann: Yeah.

Nate: I'm curious, why not just embrace the moniker of Minor League? Why not just embrace that and you would fit in well just in terms of-

Ann: Yeah, oh no we have. We certainly have said it. But again, to declare that you own that is almost declaring that you own all the IT and those sports, that IT are owned by those publishers, so it's one thing to say, "Hey, think of this like this." When you look at what we were doing for the League of Legends with City Champs, we were absolutely in partnership with them taking their top ranked players that we were finding in each of our cities, bringing them together in a team environment, and having them engage in the City Battle is no different than college versus college in the NCAA. Many cases depending on what we're doing around game title it does look that way. But with some of our youth product, I think it looks more akin to a Little League, right?

Ann: Because it's more about 10-14 year-olds and it's a different level of play. I think it's more just to be humble about the fact that it's not so much being in the Minor League, it's almost like trying to be the Olympics because it's not that you have one sport, you have dozens of sports represented. I think that's the part that makes it a little different. You've got different tiers of play, different ages of play, and you're trying to do it across multiple sports, not just one.

- Nate: I see, okay. Could you talk a little bit about just the game portfolio, or at least the licenses that you have, or the publishers that have allowed you to use their games at their events? What are some of those games and then also if you could, I know this is somewhat unrelated, but I think it's really is the city versus city dynamic that you've created, which I think is really great, but the games and the cities just if you could just talk about that?
- Ann: Early on we really started with two titles, we started with [Minecraft](#), and that was really our youth league, our Little League equivalent. Minecraft doesn't really have an e-sports layer to it, so we constructed one. We built the notion of teams and points, and leader boards. Then we also, in conjunction with Riot, which is really one of the crown jewels of professional league sports, and a very different demographic, that's more of a 16 to 30 year old demographic, heavily male. In that case, we designed more of that stretchy Minor League looking type system. We really worked on two ends of the spectrum of amateur leagues. With those deals, those are classic deals where we negotiate a partnership and there was a nominal royalty fee attached, which is more traditional than what you'd expect. We did feel like once we got out of the gate and we're earning some credibility for running those events, when other game title owners could see that, we've always had good relationships with them, but they started to get more excited about how that could now relate to their game title. Again, some of this early on is we needed to focus on just a couple game titles out of the gate because of just testing the platform out, the technology evolving it, so in many ways, we had to use those two titles to really morph through the kinks of the platform but then also think about how do we rapidly modify the platform so we can ingest titles more quickly.
- Ann: Then last year we started to step in and do more around Clash Royale, which is a great mobile game made by Supercell, who goes by Tencent, and more with Fortnite. Those deals it was more like you could have it for free in a sense, because again, the publishers can see in many ways we are like a free marketing arm. As we've expanded our game titles this year there's been a couple interesting things that have happened, one is that now when we say hey, we've got limited slots, we're only going to take on two or three more titles this year, we started to have publishers really make the case for why it should be their title and be willing to put money behind it. That doesn't mean that every publisher is going to do that, but it is interesting to us that it started to change the economic structure of some of that. Then the other thing that happened is we made a pretty significant announcement that I had joked on with some of our investors. It's probably the most important press release we made this year that the market probably is the one they least understood, rightfully so, as we announced a partnership with a company called ggCircuit. They make a B2B software for gaming centers.
- Ann: As I mentioned earlier, they have about 700 gaming centers around the world and what this does is it allows these local operators of these gaming centers is to effectively manage their PC screens to offer tournament play, it offers a way to manage their email database, and other things like that, so it's a bit of a SaaS company. In partnership with them we have become the B2C space on the screen. Now what that means is now we're talking to a captive audience of gamers who are foot traffic. We're not trying to get foot traffic to go into a Cinemark or Topgolf, these are people who are already going to these locations, they're hardcore PC gamers and we can start offering different types of offers to them.
- Ann: But what makes it interesting as well is those screens at those locations already have, in some cases, dozens of PC games already being played there. Tons of [Dota 2](#) players go to these venues and play Dota 2. Now we don't formally have any Dota 2 relationship, but now in a way because our leader boards are showing Dota 2 scores we're in the Dota 2 business in a way. One thing I was saying on our last earnings call is we talked

about trying to get to six game titles by the end of the year, we achieved that goal by the time we were having our second quarter earnings call, so that's good, we met it halfway through the year. But because in some ways you always talk about the idea of the network effect, we talked about five KPIs out of the gate in January.

Ann: We talked about number of game titles, number of venues, game play hours, registered players, and audience size. We always said in theory if these are the five KPIs and they do have an application on effect with each other we should start to see that. Well it really worked because we ended last year with 34 venues. Our goal was to get to 200. Now with this ggCircuit deal we were able to report that we now have over 500 active venues, but who knew that adding more venues was going to take our game title number from six to dozens, right? That was exciting for us to start to show that of all the KPIs we tracked that these five to start to have a real important relationship with each other.

Nate: If you could have any game within your portfolio what would it be?

Ann: I think we already have it. I think what we do with Fortnite and where we're going with Fortnite is hugely exciting.

Nate: What do you think is the next big game? Is there something that you know that maybe most other people don't know? You don't have to name companies, but-

Ann: No, and I wouldn't presume that I am the right gamer to ask that question to by any stretch, but I do think that's an important one. Look, it's a tough one if you're a pro team owner. Again, we share a lot of investors and so we're very close to a lot of the great pro teams out there like Team Liquid and the Immortals, and other. You've got, like we were talking about earlier, you're not just staffing up, it's not like you bought an NBA franchise and now you have to find great basketball players, you've bought several franchises and you now need to man up a basketball team, a football team, and a soccer team, and maybe a golf team. With these pro teams they can't possibly man a team for 20 titles, so they have to pick the 5 games or so that they think have the most longevity there, that they can be the most successful building this franchise value. I've just always felt strongly that we should keep the position of being game title agnostic. We don't know what the next Fortnite's going to be, but we need to build out a platform that has a flexibility to jump as soon as it's released and to go with it, and to go where gamers are going. I think that is a unique part of what I think makes us an attractive investment option is I think we are very unique to be pure play in e-sports.

Nate: What about the [competitive landscape](#)?

Ann: It's a good question because it's one where there are people who do pieces of what we do. Sometimes we get hired by a company like Samsung, paid us to run an event at their 837 store where Ninja and a K-pop band came. Now all those gamers, everything we do, they still had to register through Super League, so we still make them become a Super League user in that example, and capture their game play. But in that instance, we look like a tournament operator, no different then maybe when an ESL gets hired to do a massive event, as I mentioned early, at Madison Square Garden.

Ann: In some ways, we look more like a media company because we're driving view ship and eyeballs to our digital viewing channel with our original programming, our livestream e-sports, with our highlight shows. We morph into different roles. There are people who do a piece of what we do, really no one who does it holistically.

Now often we get asked about two companies that we know well and we feel like we have a great relationship with, one is [Allied](#) who followed on us NASDAQ. We went in February, they got a stack approved in I think that August/September timeframe. They started out with building nice, beautiful e-sports venues. We said, "Look, we're not going to build them ourselves. There's plenty enough brick and mortar out there." But they've got some great spaces, specifically one at the Luxor Hotel in Vegas. Then the other thing they do really well is they get hired to do some pretty big events that have big broadcasts to them, so again, more like the professional level of these sports. Now what they don't do really that we do is we own the consumer. As I mentioned, everyone wants to talk about consumer subscription offer, but we've actually been employed for the last four years to do it because anything we do, even when we're hired by a company to do it, it still is Super League branded event, people have to register, people have to watch their gameplay through us.

Ann: We've been quietly building out we have about one million registered users now that we've been able to achieve through this year, and that's a pretty powerful base of people that we can now convert into our consumer subscription offer. That's just a thing that we do a little differently. Then if you look at [Enthusiast](#) gaming that's listed on the Toronto exchange, in many ways, and very impressive, they've really been building out a really large digital audience of different gaming channels. Then they have a pro team, they have a piece of pro and then they have the media side, but they don't have the owning the consumer, they don't have the physical in real life gaming piece, so they really are pushed more into a traditional media advertising type business model. We sit on a lot of panels together, we talk about our businesses, and those are the ways that we're similar in some ways to each of them because we have a piece of what each of them do, and then the thing that we do a little differently is the fact that we think in a different way we really own the customer.

Nate: Could you talk about margins in your business? How are you thinking about margins today and where they could be going forward?

Ann: We really don't give any formal revenue guidance at this time. We told investors clearly this is an early growth story and these KPIs are what's most critical, and we've materially outperformed them. That said, I think the things that the investors have responded to well is what they're seeing is that we're consistently outperforming previous years same quarter on revenue growth. At the same time, they're seeing declining costs of sales, and that's really coming from us better understanding the value of our property, so we're pricing things smarter, and also because our technology and operations have become more efficient.

Nate: What do you think are the most important trends today in e-sports that will define the industry two to three years out?

Ann: The trends that we think are the most critical is, first of all, as I mentioned, the democratization of competitive gaming through the proliferation of mobile. Next is the other hurdle for gamers to get into more competitive gaming is broadband, adequate broadband from some of these more competitive games that need a lot of a much bigger pipe. When you look at what's happening with 5G that starts to take away that dependency for broadband. Then I think the next thing would be just the establishment of the professional level. The more that becomes more concrete it's still in its early stages, the more it creates a real interest for the everyday gamer to have their opportunity to compete like pros.

Ann: Then the last thing is probably that gaming is about entertainment, that gaming, if you look on [Twitch](#), anybody can have a Twitch channel, anybody can have a YouTube channel. Kids care about how many

Instagram followers they have, so gaming is representative of the fact that these days anybody can be a content creator and it's not just anymore for the big studios.

Nate: Just one thing about that, which I think is interesting and relates to the future of gaming is just the fact that when I hear about people watching other people play video games it surprises me a little bit, but then when I spoke to a good buddy of mine who just recently, I'm 39 years old, and he just recently got into games, he feels like, I think it's Call of Duty, he tells me he feels like he's in a movie because it just looks so realistic and it makes me think about well in the future could these video games look just like movies and you're following your favorite actor/player, which I think is a little bit interesting and I don't know.

Ann: You look at what Fortnite did, they had you running around in your own Fortnite game play experience and then all of a sudden, they dropped in a concert, and they froze the game play and you sat and watched a concert and danced. Now you have a whole life experience that's happening inside it, not just the game.

Nate: Yeah, no kidding. You mentioned the five KPIs, but are there other financial metrics that you're currently targeting?

Ann: Well what we're really starting to look at is how we shape 2020 targeting. When we look at 2020, because we now are starting to amass an interesting ad inventory because we're starting to get into a little bit more of the player monetization, we're starting to look at KPIs that are how do we think about the revenue per player, the revenue per ad unit, the amount of impressions that we're generating, the number of prime subscribers. What you'll see next year is four or five KPIs, including earnings per share, that really speak to either they're a direct tie to top line, or they're absolutely about the path to profitability.

Nate: Just moving on to investor sentiment, how would you characterize investor sentiment for your company today?

Ann: It's a good question. We came out of the gate with the IPO and we had a correction in our price out of the gate. Within 24 hours we lost some value out of the gate, and I'm sure that's the mechanics of some of the books that kicked in. We then had our lock up expire at the end of August and saw a little bit of depression in the stock price there as well. What does give me a lot of comfort is that we have some original IPO investors who were very clear and meant it when they said they were holding long, and I continue to have a great relationship with them. They're very happy with the fact that we haven't adjusted our target since the road show in February, that we have materially outperformed on all those KPIs. Their focus to me is just like, "Ann, just keep doing what you're doing. You're executing. This is more about just the lack of ... It's just more of a supply and demand thing right now and it's not about the fundamentals of the business, so keep focusing on those things because this isn't a representative view of the intrinsic value of the company." That's the mode we're in.

Ann: Certainly what I do find on the earnings calls we always get a lot of good feedback from the analysts who continue to show us as a buy, but it's just fair enough that everybody wants to see top line, top line sooner, faster, so that's why we're really thinking more about how do we now start to give our investors, just satisfy them more with more metrics that really help them start to do their own mental models even if we're not going to give formal guidance.

Nate: What's the most common question that you hear from current or potential investors?

Ann: It's always about how do you monetize. It's a little bit of the blessing and curse of e-sports in general, it's not just us there. Because it's such a green field space there's a lot of question marks about it, how big the market is. Everybody believes the numbers, the number of gamers, the number of viewers, the number of game play hours that are being played or viewed. I just think it's always that big question you're seeing the massive servable market and it's trying to figure out what are all the various ways it will monetize and play out. The other thing, and we aren't subject to this anymore, being public, which I'm grateful for, but most of the investments in e-sports are private and they all have very high valuations, many of them. That's always a challenge because when you get those valuations usually things are going to get priced down and I really do like the fact that we just, being out in the public market we've let the public market set the floor and the valuation, and there's only one way to go and that's up, and we're doing it with this super amount of transparency that feels very empowering.

Nate: Would you say that the monetization component is one of the biggest misconceptions for your business or is there something else?

Ann: I think it's just one of those things where because so many of the investors we have aren't gamers themselves and because it's such a nascent space it's a tough thing to get your hand around. But if you look at the 2.6 billion gamers, and I said 50% of them are competitive, now let's assume of that 50% that 20% of those can be monetized, some way, shape, or form, not necessarily just by Super League, but I just mean monetized in general around the notion of e-sports offers for them, and they can be monetized at a \$100 a year, well that's a \$50 billion market space. But you don't hear anybody saying e-sports is worth \$50 billion because when they talk about 3 billion in 2020 they're just extrapolating out the pro level.

Ann: Well the pro level is really just what's been known, which is big events, tickets, merchandise, media, rights, deals, and prize money. But that is, again, just what's been known historically and that category itself is exploding, and it's just extrapolating out for that 10,000 or so elite professionals not even trying to quantify the whole bottom part of the pyramid.

Nate: What is the first tailwind that comes to mind when you think about the outlook for your company, and then also conversely, a potential headwind?

Ann: I think the tailwind is already there. I think it's about the massive amount of highly engaged gamers who want to continue to spend a disproportionate amount of their disposable time gaming rather than watching passive TV, or going to the movies, or other interests. There's a reason that Reed Hastings in his 1Q narrative said his number one competitor isn't another streaming service, it's Fortnite, so I think that is already present. I think the headwind is the monetization piece. Nobody was hammering Facebook too much in the early days when they said hey, this is all about user acquisition, we'll figure out monetization later, and they did, right?

Nate: Yeah.

Ann: For us, being public as a young company, we believe it's about user acquisition too, but I think the headwind is that market will inevitably be impatient with us if we can't start showing that monetization perhaps faster than maybe we would have felt the pressure to show it as a private company.

Nate: I know that you spend a lot of time speaking to investors, but from your perspective, is there an important question that never gets asked, and what is it?

- Ann: Well it's a good question. I do think it goes back to that point I made about the three billion market size, that projection that's staying out there for 2022 for the value of these sports. I talked about at the start of the podcast if this was just a \$3 billion global market I certainly don't think most of us would be here. If I ran a \$3 billion business for BP that's not enough of a pie for us all to divide and be successful. In my opinion, we don't even know how to quantify what isn't known. It really is like saying what's the value of baseball globally, and you only look at MLB, and you leave out all the other tiers that we talked about early in the call, and oh by the way, there's more e-sports fans in the world than there are MLB fans, and more than there are NHL fans. It's already sitting there, that massive audience, it's just defining the different variety of more traditional and new ways that type of a fan base and that highly engaged player can be monetized. I do often laugh, I can't play basketball to save my life, I'll take Lakers' tickets if you give them to me and I'll go watch. But imagine, we're not just talking about people who are on the periphery interested in these sports. These are people who are then spending a significant number of hours every week playing that game as well. It is like this is your community, it's not just it's a sport that you watch that you can't play.
- Nate: Do you like being a public company, now that you've been public for less than 12 months, but several months at least? It's interesting speaking to recently IPO'd management teams when especially in this environment where maybe people don't see the value in your company's stock. Is it an enjoyable experience for you?
- Ann: When we were exploring the options of doing another private round or taking the company public last summer I was probably one of the more hesitant parties because of all my large cap public company experience. The S1 process was very smooth and all of a sudden we were at a real fork in the road, and we certainly thought that being a first mover on NASDAQ and access to public currency was an interesting option for us, so we went for it. In part, because we also had tested the waters meeting with really favorable responses. I thought that the day after we listed that I would be staring at my phone at 6 AM every morning in LA and then just staring at the stock price the rest of the day, and yes, I do look at it a few times a day. But I have to say, what I didn't understand was, as I said earlier, how empowering it would be being public. Once you've put it all out there, all your truth, once you get over that and that naked, in a way, all of a sudden it's like a jolt of adrenaline. It creates a real positive set of urgency.
- Ann: I often laugh with the leadership team, the deals we've announced this year, the deals that we have more importantly in the pipelines, they're all bold moves. When you're staying in a private world you can think incremental, you think organic. And yeah, you worry about runaway and things like that, but there's something different about being held accountable to that quarterly call, about looking at that share price that I think in a way has made us turn into a much more strategic focused leadership team. It almost felt like a recent button and I wouldn't change a thing about it, even when the stock price is sitting in a place where I feel it grossly undervalues the company. It's created a challenge that I think we're motivated by.
- Nate: Then just one last question, have you thought about reaching out to [Alamo Drafthouse](#)?
- Ann: Oh yeah, we've talked to them before. We've done events at Studio Movie Grill and IPIC, which is another premium location, so yeah.
- Nate: Oh yeah? I would think that there's probably a large proportion of gamers out there that would really like that idea of combining a beer with a video game. But are you frustrated with just I don't know, a lot of the smaller cap companies and micro cap companies that I speak to? They have an issue with being smaller micro because it's hard to get attention, it's hard to reach the potential investor base that might be interested in

investing in your stock. Do you find that it's just tough to reach the investors that might be interested in investing?

Ann: What I would say is there's no doubt that there's a micro cap bias, right?

Nate: Yeah.

Ann: That said, what Super League does so differently is maybe the investors were targeting their gamers themselves, but they might have a kid who's a gamer, or a grandchild. And also, we've always felt this was a heavy retail play that this was a chance for people who are gamers to finally have a way to participate in the e-sports economy, which has alluded them before. Really all that's been available to them is large cap game publisher stocks, which then goes back to picking titles, what's the next great title. To be a pure play ... But yeah, marketing, getting the word out is a lot of our challenge out there. I do find at investor conferences we're always oversubscribed and it's always standing room only at our presentations. I don't think it's just because it's about e-sports, I think it's just because in a sea of biotech conversations it's just a nice change for the investor. What I often say to them is look, you have a dollar to put in e-sports, you know you want to make a play in it. Often they say, gosh, I've met with 50 different companies, private obviously most of them. I just don't know where to place my bet. This is a game agnostic platform, it's a liquid dollar with the market setting the valuation, versus putting an illiquid dollar into a private investment with a huge valuation and you may never get that dollar back. In that way, I feel like we are the most de-risked e-sports investment out there.

Nate: I'd love to just hear your perspective on whether or not you think this is a recession proof type of investment?

Ann: 100%. I've been asked it in interviews before, so it's not something that I shy around from. I remember reading an article about 10 years ago that said that lipstick sales soar during recessions because you may not be taking the big vacation, but you can buy the little \$5-\$10 treat for yourself. Most gaming is premium, it's free to play. Again, when you talk about the things that people won't be able to do in a recession, those bigger investments in cars and homes, and trips, these are the little luxuries of life and I think that gaming is in many ways, and Super League by consequence, is pretty recession proof.

Nate: No, I appreciate that. Well hey Ann, I can't say thanks enough. It's been awesome speaking to you and learning about your business, and just I really do appreciate your time.

Ann: Great, thank you. I appreciate it too. I.

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