Thank you, Darcy. Good afternoon, everyone, and welcome to the Enthusiast Gaming first quarter 2023 conference results call. My name is Matt Chesler of FNK IR, and we've recently been retained by Enthusiast Gaming to serve as Investor Relations Council.

With me today is our Chief Executive Officer, Nick Brien; and our Chief Financial Officer, Alex Macdonald. We'll begin with some prepared remarks from Nick and Alex and then open the floor to questions.

But before we begin, I'd like to remind everyone that today's presentation contains forward-looking information that involves known and unknown risks and uncertainties and other factors that could cause actual events to differ materially from current expectations. These statements should not be read as assurances of future performance or results. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance, or achievements to be materially different from those implied by such statements.

A more complete discussion of the risks and uncertainties facing the Company appear in the Company's Management, Discussion, and Analysis for the three-month period ending March 31, 2023, which are available under the Company's profile on SEDAR and EDGAR as well as on the Company's website, enthusiastgaming.com.

You're cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. The Company disclaims any intention or obligation, except to the extent required by law, to update and revise any forward-looking statements as a result of new information, future events, or for any other reason.

Now, I'd like to turn the call over to Nick Brien, CEO of Enthusiast Gaming. Take it away, Nick.

Thanks, Matt. Thank you very much.

I joined Enthusiast Gaming as the Chief Executive Officer, as I like to say, the Chief Enthusiast Officer, on March 1. Very shortly thereafter, I conducted my first earnings call, and now just several weeks later, I have a great deal to share with you. My excitement to join Enthusiast
Gaming at this critical point in its evolution has only grown in the 2.5 months since I joined the Company.

We have a remarkable business with many outstanding assets operating across every aspect of the gaming media and entertainment ecosystem. We have a highly engaged and scaled audience of nearly 50 million monthly average users according to Comscore, the largest audience of gamers ahead of Twitch and Roblox, as well as a talented Management team with deep gaming expertise and a truly massive opportunity to lead in one of the most exciting yet underdeveloped sectors of marketing today. Even as brands and advertisers continue to deal with certain economic uncertainty, they are increasingly shifting more of their campaign dollars to innovative marketing environment to offer them opportunities to reach the elusive Gen Z and millennial audiences with higher creative impact and proven ROI.

With all these strengths and catalysts, it's now about driving the rapid transformation of Enthusiast Gaming from a collection of entrepreneurial assets to an enterprise-scale platform Company that is tech-enabled, data-driven, and content-led. We are implementing a strategic growth plan that puts all of these pieces together to position Enthusiast Gaming as the leading independent gaming, media, and entertainment company. Our goal is to create a more profitable revenue flywheel that better leverages our highly engaged communities across our diversified gaming assets, from casual games to esports, to the gaming community sites to create the channels, to the talent management to Web 3.0 games built on blockchain technology.

With that in mind, I'd like to focus my prepared comments on five key areas. 1. platform consolidation for greater leverage; 2. ad tech excellence for yield optimization; 3. AI and automation for operational efficiency; 4. brand solutions and strategic partnerships for accelerated growth; 5. diversified revenue streams for higher-margin performance.

First, a reminder that this Company was created through rapid M&A, so the tech and engineering needs varied tremendously according to the particular area of gaming activity. We are now building a unified technology platform to ensure that we are as agile and efficient as possible across all aspects of product development, data management, and systems integration. This R&D initiative isn't only for our internal operating units, but also for our key external tech partners who are critical to ensure that we are meeting the very high expectations of our demanding gaming communities. This platform innovation becomes even more important as we embrace the future opportunities of Web3, as well as bringing maximum value and ROI for our brands and agency partners.

Second, I'd like to discuss our commitment to ad tech excellence to ensure that our digital media flywheel is selling our valuable inventory programmatically at the highest possible yield. To ensure that we become the biggest independent gaming publisher network of owned and operated and external publisher sites, we need to be working with the best ad tech partners possible.

This begins with our partnership with Permutive. Permutive is a leading data management platform, who will be helping us to activate our first-party data across all of our audience cohorts in the bid stream today. We're selling today to over 25 sell site platforms, and we're now finalizing our marquee SSP partner with whom we can create and sell unique gaming audience segments in higher-priced direct deals versus the open exchange.

We've also consolidated our ad-serving partners to only Equativ and Google's GAM 360, thus streamlining our display and video ad delivery with minimum delay and maximum creative
impact. There is no doubt in my mind that with our commitment to programmatic excellence, we will soon be selling omnichannel campaigns fueled by unique gaming inventory, powered by first-party data, and custom content. All of these developments will enable us to significantly improve the revenue growth and profit margins for the advertising line of business in the near future while ensuring that we help our advertisers maximize the ROI of every campaign dollar they're spending with us.

Next, I'd like to talk about AI and our focus on automation. I really like what the CEO of Coca-Cola said publicly about AI after their recent earnings call. I quote, "Much has been said about AI, and it's certainly going to abate the maxim. Profound transformative technology is often overestimated in its impact in the short term and underestimated in the long term. This is going to have a profound impact, profound internally for the way our business operates, but also how we engage with consumers." He then added, "I think AI is going to make a huge impact in marketing."

Well, we're very excited about our position as the largest independent player in the gaming media and entertainment industry, not owned by a tech giant, operating a walled garden. This allows us to focus on the power of AI for the benefit of our Enthusiast communities as well as the marketers, who are partnering with us to create winning brand activations and engaging ad campaigns. We will be testing every relevant AI tool at our disposal to improve our sales, ROI metric, and user acquisition as well as the emerging creative talent identification challenge.

The fourth area to discuss is the repositioning of Direct Sales to Brand Solutions as well as the creation of a Strategic Partnership division. We renamed our leading growth engine Brand Solution to reflect the true value of our customized content, media, and sponsorship integrations that our teams imagine and deliver. After four years of tremendous service for Enthusiast Gaming, we've promoted Amanda Rubin to EVP, Brand Solutions, and she will be responsible for both brand solutions and programmatic media sales.

We have also more closely aligned Customer Success with Brand Solutions with the goal of ensuring the seamless integration of creating, pricing, and packaging our Brand Solutions in a resource-efficient way as possible. In addition, we established a Strategic Partnership division to accelerate the pace with which we explore alliance opportunities with the key strategic partners involved in the gaming industry and popular culture today. The partnership with the NFL Tuesday Night Gaming was a great case study for the types of events, promotions, and partnerships we can deliver. We expect to establish meaningful partnerships with the leading game publishers, sports associations, entertainment companies, and music industry leaders. To lead this important function, we have promoted Matt Goodman to EVP, Strategic Partnerships, in addition to his current responsibility for Customer Success.

Our Content division remains a driving force for Enthusiast Gaming. We must continue to attract the best creators, writers, producers, and directors. We have developed in-house production capabilities, and with the NFL Tuesday Night Gaming preseason content in the pipeline, and Luminosity's efforts to attract new talent throughout 2023, we are well-positioned for growth. Our Content team is working closely with the Brand Solutions team to create multiple content tent poles throughout the year, with successful collaborations such as Nintendo Juniors already under our belt.

Scotty Tidwell has been promoted to the role of EVP, Content & Creators, reflecting a strong contribution to build critical strength in this important creative area of our business.
Our Q1 achievements include 311 million owned and operated views and custom content activations for major brands like Xbox, Sour Patch Kids, Carnival Cruises, and many popular films. Additionally, our Storied talent agency has expanded its network and in a vast array of content creators, athletes, and gamers to our offerings. This has increased visibility and diversified content while enabling new revenue streams.

Finally, I'd like to discuss our strategic focus on developing alternative revenue streams to better diversify our business model and lessen our reliance on the highly competitive advertising revenue. We currently enjoy our highest profit margin in subscription revenues, and we see further opportunities to charge subscriptions to access our high-value content and creator community sites. We're testing different subscription models across a number of our properties today, expecting to create preferable user engagement model to the existing ad-supported content experiences.

As evidenced by the strong demand for travel and entertainment, we believe that live events and gaming experiences of a similar high-margin revenue growth, as we experienced today with Pocket Gamer, our global B2B events business. We're investigating different live consumer events for the gaming enthusiasts to play, compete, and connect across North America, especially as the highly popular annual E3 gaming expo in LA has been canceled for 2023. Luminosity, our esports division, is in talks with strategic partners for its multiple upcoming live game events in Toronto, New York, Miami, and Mexico.

Community commerce is an area of strategic focus for many digital publishers and content creators. We, too, are testing different products and service offerings that we believe will extend our monetization opportunities in addition for ad-supported and paid subscription business models in place today.

As part of this transformation, we will continue to invest in our people and grow our culture. I passionately believe that talent and teamwork are the key building blocks of success. My first step was to create a revised management structure, so we can invest in the best people. We recently welcomed Tara Fournier as our Chief People Officer. Tara's proven experience at Zillow, Vizio, Disney, and most recently, at Amobee, where we worked closely together for the past 10 months. Tara will ensure that every aspect of the people management function, including: compensation and benefits, training and development, career management, culture building, and diversity and inclusion, will all be managed to the highest professional standards. Our biggest investment is in our people, and it is also our greatest strength.

To better manage the complex operations of our business, we've established a broader strategic leadership team to help our talented Management execute flawlessly against the most important strategic initiatives that I'll discuss with you today.

For brands, gaming is a massive opportunity that can no longer be ignored. It is arguably the best media sector for brands to connect with their current consumers whilst engaging the younger audience that they are desperate to recruit. Gaming has the scale of mass media combined with the personal engagement of social media. As more people play, compete, and socialize, gaming environments will become the most-priced marketing spaces.

However, advertising is only the tip of the iceberg as commerce, esports sponsorships, creator partnerships, real-life, and virtual merchandizing, in-platform branded experiences, they all represent innovative brand activation possibilities. Enthusiast Gaming is uniquely able to operate across every level of the gaming ecosystem, enabling brands to not just tap into popular
culture but to become part of it. I believe that we are capable of making Enthusiast Gaming the most dynamic, innovative, and profitable, independent gaming media and entertainment Company on the planet.

I'd now like to hand over to Alex to discuss the financial performance for quarter 1.

**Speaker: Alex Macdonald**

Thank you, Nick, and thank you to all our shareholders, analysts, lending partners, and other stakeholders for joining us today to discuss a great start to the year, our first quarter 2023.

During the quarter, we observed several interesting trends. We saw our traffic rise sequentially to surpass 10 billion views of content once again in Q1. We also saw the continuation of a depressed digital ad market, resulting in lower CPMs on our programmatic channels. However, despite the challenges posed by the digital ad market, our high-margin revenue streams remained resilient. In fact, we achieved several milestones, as our subscription revenue reached an all-time high, and our brand solutions, formerly known as Direct Sales, nearly doubled year-over-year.

Positive impacts of those trends, coupled with our controlled opex, has resulted in a fantastic start to 2023 and indicate profitability inside the year.

I look forward to discussing all of these items with you momentarily, but first, here are my usual notes:

I note that our results are presented in Canadian dollars. The significant majority of our revenues and expenses are measured in U.S. dollars and are translated into Canadian dollars for the presentation in our financial statements. The exchange rate between the U.S. dollar and our presentation currency of the Canadian dollar should be monitored and considered when analyzing our forecasting results. I note that our business is affected by seasonal trends in digital advertising with sequential increases each quarter throughout the year, driven by increasing ad prices and demand, which peaks in Q4. The seasonality is isolated to our Media and Content revenue streams.

Now, let's get back to the financial results.

Q1 revenue was $42.9 million, which is down 9% from Q1 2022 revenue of $47.2 million. Q1 revenue by source was as follows: Media and Content, $35.5 million; Subscription, $4 million; and Esports and Entertainment, $3.4 million.

The Q1 Media and Content revenue of $35.5 million compares to $41.9 million reported in Q1 2022, a decrease of 15%. The decrease was driven by a decrease in RPM caused by lower CPMs in the programmatic markets. A decrease in video views also contributed to the decrease in Media and Content revenue. Video views were 5.8 billion, down from 7.1 billion in Q1 last year. These items were offset by strong brand solutions revenue. Brand Solutions were $10 million in Q1 versus $5.2 million in Q1 of last year, a 92% increase, with the majority of these sales being recognized in Media and Content.

Q1 Subscription revenue was an all-time high of $4 million, up 18% from approximately $3.3 million in Q1 last year. This increase was largely driven by an increase in paid subscribers,
which were 275,000 as at March 31, 2023, as compared to 233,000 as at March 31, 2022. The yield on a per-subscriber basis was consistent year-over-year.

Q1 Esports and Entertainment revenue was $3.4 million, up 72% from $2 million in Q1 of last year. The increase in Esports and Entertainment revenue is mainly attributable to the success of the Pocket Gamer Connects London event held in January, which hosted 2,600 attendees. Last year, PGC London hosted approximately 2,000 attendees.

Gross profit increased to $16.8 million in Q1, up 24% from $13.5 million in Q1 2022. This resulted in an all-time-high gross margin of 39.1%, which is up 1,050 basis points from 28.6% in Q1 2022.

Total operating expenses were $25.2 million, up slightly from $24.8 million in Q1 of last year, but down substantially from $30.3 million in Q4. Operating expenses in Q1 include noncash items of amortization and depreciation of $3.3 million and share-based compensation of $1.1 million as well as a foreign exchange loss of $0.1 million.

The decrease in opex from Q4 was largely in technology support, web development, and content, which decreased to $5.3 million from $8.6 million in Q4. This decrease was driven by lower production costs for NFL TNG, which aired seven episodes in Q1 as compared to 12 episodes in Q4, and the normalization of cost savings initiatives undertaken in Q3 and Q4 in our technology and content expenses.

As NFL TNG has entered the off-season, this decrease in technology support web development and content expense should be expected to persist through Q2, with both NFL TNG revenues and expenses picking back up again in mid-Q3 with the kickoff of Season 2.

Net loss improved 21% to $8.7 million in Q1, down from $11 million in Q1 2022, resulting in a net loss per share, both basic and diluted, of $0.06 in Q1, down from $0.08 in Q1 2022.

Turning to the balance sheet.

The Company ended the quarter with $3.5 million in cash and, in addition, had an available operating line of $5 million for total available cash of $8.5 million as of March 31, 2023. The change in cash during the quarter was largely due to $2.6 million of cash used in operations and $1.1 million of repayments on the Company’s term facility.

Also, during the quarter, our lender agreed to extend the maturity date of our term and operating facilities for an additional 12 months from December 31, 2023, to December 31, 2024. The term facility has been reclassified from current liabilities to long-term liabilities on the March 31 balance sheet.

Certainly, it was a great start to the year, despite the seasonally slow nature of Q1. We delivered on our expectations, coming in strong on gross profit and steady in expenses. The continued margin expansion reflects the strength and effectiveness of our strategy, and we remain agile as we position for long-term success.

But in the meantime, we remain on track to deliver profitability this year with a strong pipeline for the second half. This includes but isn't limited to:

1. NFL TNG Season 2, which is already in the market with a pipeline in place and kicks off in Q3;
2. Product expansions, including U.GG's expansions into VALORANT and World of Warcraft;
3. Strong results from our B2B live events, which are flourishing in a post-COVID world, with our next flagship event being Helsinki in September; and
4. Promising early results from the introduction of a paid user acquisition strategy in our subscription business.
This pipeline will allow us to build on these already strong Q1 results and point to a promising year to come.

As Nick outlined earlier, we are looking to grow the business in a more profitable way versus chasing low-margin top-line revenue. We will continue to leverage our strengths across the gaming ecosystem while also embracing innovative technologies and capturing new opportunities to drive sustainable and profitable growth.

I offer my gratitude to the analysts for their continued work on the Company. I also want to thank my team for their work on the quarter, led by the VP Finance, Nathan Teal, and to all our stakeholders, thank you for your continued trust in us as custodians of Enthusiast Gaming.

We are excited about the road ahead and are grateful for the dedication and hard work of our exceptional teams. It is their passion and commitment that fuels our business and of course, ladies and gentlemen, our business is the business of gaming.

Thank you, Operator. I kindly turn it back to you.