

August 3, 2022

**PLAYMAKER CAPITAL INC. (PMKR-TSXV, C\$0.40)**

**Rating: BUY**  
**Target Price: C\$1.25**

**ANOTHER SOLID TUCK-IN**

Playmaker Capital Inc.		PMKR	
<i>(Currency is US\$ unless noted otherwise)</i>			
Last Price (\$)		C\$0.40	
Target Price (\$)		C\$1.25	
Return to Target (%)		213%	
52-Week Trading Range (\$)	C\$0.37 / C\$1.00		
Average Daily Volume (90-Day)		94.5K	
<b>MARKET INFO</b>			
Basic Shares Outstanding (M)		217.2	
Fully Diluted Shares Outstanding (M)		218.4	
Market Capitalization (\$M)		C\$86.9	
Enterprise Value (\$M)		C\$81.2	
<b>FYE: DEC 31</b>	<b>F2021A</b>	<b>F2022E</b>	<b>F2023E</b>
Sales (\$M)	\$14.8	\$28.6	\$33.1
Adj. EBITDA (\$M)	\$5.4	\$9.0	\$11.2
Adj. EBITDA Margin (%)	37%	31%	34%
<b>MOST RECENT QUARTER</b>			
	<b>Mar-21</b>		
Sales (\$M)	\$5.8		
Adj. EBITDA (\$M)	\$1.7		
Adj. EBITDA Margin (%)	29%		
Debt (\$M)	\$0.7		
Cash (\$M)	\$5.1		
<b>VALUATION</b>	<b>F2021A</b>	<b>F2022E</b>	<b>F2023E</b>
EV/Sales	4.3x	2.2x	1.9x
EV/Adj. EBITDA (ex. corp)	11.6x	7.0x	5.6x
EV/Adj. EBITDA (inc. corp)	29.0x	15.0x	7.9x
<b>DISCLOSURE CODE:</b>	None		
<i>(Please refer to applicable disclosures on the back page)</i>			
Source: M Partners, Bloomberg, Company Documents			



Playmaker Capital is a digital sports media company that sits at the nexus of sports, media, gambling and technology. Playmaker is creating a customer acquisition ecosystem by aggregating an audience of sports fans across multiple channels, creating outsized fan value and loyalty for sports betting companies, advertisers, teams and sports leagues around the world.

**This morning, Playmaker Capital announced that it has acquired sports media publisher JuanFutbol for \$2.8M.** JuanFutbol operates social media, digital channels and web properties in Mexico and Hispanic U.S. markets. This accelerates PMKR's geographic expansion into North America and doubles down on exposure to the World Cup in Q4/22. The target company delivers soccer content to over 6M social media followers and generates a monthly reach of over 50M.

The acquisition also includes JuanFutbol's baseball focused asset JuanBeisbol and women's-focused asset FridaPop. This will be the first baseball-oriented property to join the Playmaker ecosystem, providing growth enhancement and diversification opportunities.

JuanFutbol's team will be integrated into Futbol Sites and will continue executing on sponsored campaigns in its existing markets and expand into new regions in Latin America. JuanFutbol will also contribute its market leading relationships with top brands to the PMKR ecosystem, assisting PMKR with securing brand partnerships ahead of the World Cup in November.

Mexico and Hispanic U.S. regions are key markets to PMKR as they represent a large population of 190M. We remind readers that Mexico is a fully regulated sports betting market, thus the acquisition provides opportunities for new direct and affiliate revenue with OSB operators.

**Transaction Details:** Playmaker purchased 100% of the digital assets from Soccerly SAPI de C.V. for a maximum consideration of up to \$2.8M. This consists of \$400K in cash upon closing, 422K shares at C\$0.75/share and a \$1.4M earnout based on revenue and performance targets (which upsizes to \$2.1M if earnout targets are exceeded).

**Our Thoughts:** We continue to be impressed by PMKR's rapid execution on its M&A strategy (eight acquisitions since November), effectively positioning itself to take advantage of sports betting regulatory changes in its markets (Canada, Brazil, Argentina, U.S.) and the FIFA World Cup in Q4. PMKR continues to trade at a sizeable discount to slow-growth traditional media companies (NWSA:US, NXST:US, NYT:US) that trade at 9x EBITDA on average, despite growing 10x faster than the group; creating a compelling value opportunity. **We are maintaining our BUY rating and C\$1.25/share target price based on 6.0x 2023E sales (equivalent to 17.0x 2023E EBITDA).**

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(\$US Millions)											
Income Statement:	1Q21A	2Q21A	3Q21A	4Q21A	FY21A	1Q22A	2Q22E	3Q22E	4Q22E	FY22E	FY23E
<b>Revenue</b>	-	3.0	4.8	7.0	14.8	5.8	6.6	7.3	8.8	28.6	33.1
<b>Gross Profit</b>	-	2.9	4.5	6.3	13.6	5.1	5.9	6.8	8.1	25.9	30.4
<i>Margin</i>		95%	94%	89%	92%	87%	90%	92%	92%	91%	92%
<b>Adjusted EBITDA (ex-corporate)</b>	-	0.9	2.0	2.5	5.4	1.7	1.9	2.3	3.1	9.0	11.2
<i>Margin</i>		30%	41%	36%	37%	29%	29%	31%	35%	31%	34%
<b>Adjusted EBITDA (including corporate)</b>	-	0.4	1.0	0.7	2.2	(0.6)	1.0	1.5	2.3	4.2	8.0
<i>Margin</i>		13%	22%	11%	15%	-11%	16%	20%	26%	15%	24%

**Figure 1: Financial Projections**

Disclosure Code: None

**Disclosure**

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Buy:	Price expected to rise
Speculative Buy:	Buy rating with increased risk
Hold:	Properly priced
Sell:	Price is inflated and expected to decrease
Under Review (U/R):	Under review
Not Rated (N/R):	Not currently rated

Summary of Recommendations	
Buy	17
Speculative Buy	1
Hold	0
Sell	0
U/R	1
<b>Total</b>	<b>19</b>