

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 22, 2024

Super League Enterprise, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-38819
(Commission File Number)

47-1990734
(IRS Employer
Identification Number)

2912 Colorado Avenue, Suite 203
Santa Monica, California 90404
(Address of principal executive offices)

(213) 421-1920
(Registrant's telephone number, including area code)

Super League Gaming, Inc.
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	SLGG	Nasdaq Capital Market

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On March 27, 2024, Super League Enterprise, Inc. (the “*Company*”) released its preliminary financial results for the fiscal quarter and year ended December 31, 2023 (the “*Press Release*”), and a letter to shareholders of the Company (the “*Letter to Shareholders*”) from the Company’s Chief Executive Officer, Ann Hand. A copy of the Press Release and Letter to Shareholders are attached hereto as Exhibits 99.1, and 99.2, respectively.

The information contained in this Section 2.02 of this Current Report on Form 8-K is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), nor shall Exhibits 99.1 and 99.2 filed herewith be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 4.02. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

On March 26, 2024, the Audit Committee of the Board of Directors of the Company (the “*Audit Committee*”), based upon the recommendation of management, concluded that the Company’s previously filed Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (the “*Third Quarter 10-Q*”), as filed with the Securities and Exchange Commission (the “*SEC*”) on November 11, 2024, and any reports, related earnings releases, investor presentations or similar communications of the Company’s Third Quarter 10-Q should no longer be relied upon, as described below.

The determination resulted from an error made in the Company’s unaudited consolidated financial statements for the three and nine months ended September 30, 2023, as previously filed in the Third Quarter 10-Q, arising from the exclusion of the calculated noncash value of the effect of the down round feature triggered in August of 2023 on the Company’s Series AA Convertible Preferred Stock, which should have been recorded as a noncash charge directly to accumulated deficit and a noncash reduction to income available to common stockholders in the computation of earnings per share.

In connection with the Company’s year-end 2023 closing procedures, management reassessed the guidance set forth in ASC 260, “Earnings Per Share” and determined that the value of the effect of a down round feature that is triggered on preferred stock should be recognized as a noncash charge to accumulated deficit and a noncash reduction to income available to common stockholders in the computation of earnings per share in the period that the down round feature is triggered.

As a result: (i) management has noted an error affecting additional paid in capital and accumulated deficit, with no impact on total equity, and a noncash error with respect to the computation of loss per share as reported in the Third Quarter 10-Q; and (ii) in connection with the Company’s 2023 year-end closing procedures, on March 26, 2024, due to the materiality of the error to loss per share originally reported in the Third Quarter 10-Q, the Company’s management and the Audit Committee determined that the Company’s Third Quarter 10-Q should be restated to reflect the modifications described above, and should no longer be relied on.

None of the above changes had any impact on total assets, total liabilities, total equity, revenues, cost of revenues, operating expense or net loss as reported for the three and nine months ended September 30, 2023 in the Company’s Third Quarter 10-Q. No financial statements or disclosures prior to the financial statements for the quarterly period ended September 30, 2023 were affected by the issue described above.

Due to the fact that the issuance of the Company’s 2023 Annual report on Form 10-K is imminent, the Company will provide footnote disclosures in its 2023 Annual Report on Form 10-K as of and for the year ended December 31, 2023 (“*2023 10-K*”) reflecting, (i) the increase in additional paid in capital and increase in accumulated deficit as of September 30, 2023, with no impact on total equity as of September 30, 2023 as originally reported, and (ii) the computation of loss per share for the three and nine months ended September 30, 2023, including the noncash value of the effect of the down round feature on the Company’s Series AA Convertible Preferred Stock triggered in August 2023.

The Company's management has concluded that, in light of the error described above, a material weakness exists in the Company's internal control over financial reporting and that the Company's disclosure controls and procedures were not effective for the applicable quarterly period. The Company's remediation plan with respect to such material weakness will be described in more detail in the 2023 10-K.

Management and the Audit Committee have discussed the matters described herein with the Company's independent registered public accounting firm, Withum Smith+Brown, PC.

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are often, but are not always, made through the use of words or phrases such as "may," "will," "could," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "seeks," "endeavor," "potential," "continue," and similar expressions, or the negative of these terms, or similar expressions. These forward-looking statements include, but are not limited to, statements regarding the expectations, hopes, beliefs, intentions or strategies of the Company regarding the future including, without limitation, statements regarding: (i) the risk that additional information may become known prior to the expected filing of the aforementioned periodic reports with SEC and the risk that the completion and filing of the aforementioned periodic reports will take longer than expected, and the risk that the time necessary to make such determination will cause the Company to not be timely in its filings with the SEC which could affect its eligibility to use Form S-3; and (ii) the potential impacts of items discussed in this Current Report on Form 8-K on the Company's business, results of operations, cash flows, liquidity, cash burn, financial condition and ability to execute its strategic business plan. These statements involve estimates, assumptions, risks and uncertainties which could cause actual results to differ materially from those expressed in them, including: the risk that the Company may identify material weaknesses related to the errors described in this Current Report on Form 8-K and related deficiencies in the Company's disclosure controls and procedures, and that the accuracy and timing of the Company's financial reporting may be adversely affected; and the risk that investors may lose confidence in the accuracy and completeness of the Company's financial reports, which could harm the Company's reputation, cause the market price of the Company's common stock to decline, subject the Company to sanctions or investigations by the SEC or other regulatory authorities, and adversely impact the Company's ability to source external financing for the Company's capital needs on acceptable terms or at all. The Company's forward-looking statements also involve assumptions that, if they prove incorrect, would cause its results to differ materially from those expressed or implied by such forward-looking statements. These and other risks concerning the Company's business are described in additional detail in the Company's Annual Report on Form 10-K for the year ended September 30, 2022 and other documents filed by the Company from time to time with the SEC. The Company is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On March 22, 2024, the Company and David Steigelfest, our co-founder, chief platform officer, corporate secretary, and member of the board of directors, agreed that Mr. Steigelfest would conclude his tenure as an officer and director of the Company effective April 1, 2024. Since our inception, Mr. Steigelfest has been an integral member of our management team and board of directors, having led and orchestrated many successful Company initiatives. Following his departure, Mr. Steigelfest will be pursuing business opportunities outside of our sector. The decision by Mr. Steigelfest to conclude his tenure as an officer and director of the Company is not due to any disagreements with us on any of our operations, policies or practices.

Item 7.01 Regulation FD Disclosure

See Item 2.02.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits Index

Exhibit No.	Description
99.1	Press Release issued by Super League Enterprise, Inc., dated March 27, 2024.
99.2	Letter to Shareholders, dated March 27, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Super League Enterprise, Inc.

Date: March 27, 2024

By: /s/ Clayton Haynes
Clayton Haynes
Chief Financial Officer



Super League Announces Fourth Quarter and Full Year 2023 Financial Results

~ Fourth Quarter Revenues Increase 34% Year-over-Year to a Company Record \$9.5 Million ~

~ Full Year Revenues Increase 27% Year-over-Year to a Company Record \$25.1 Million ~

SANTA MONICA (March 27, 2024) (GLOBE NEWSWIRE) -- Super League (Nasdaq: SLE) (the "Company"), a leading creator and publisher of content experiences and media solutions across the world's largest immersive platforms, has released its fourth quarter and full year 2023 financial results in the form of a [shareholder letter](#). A webinar hosted by Ann Hand, CEO of Super League, and Clayton Haynes, CFO of Super League, will be streamed [here](#) beginning today, Wednesday, March 27, 2024 at 5:00 PM Eastern Time to further discuss the results.

Management Commentary by Chief Executive Officer, Ann Hand:

"Significant operational initiatives led 2023 to be a foundational year for Super League highlighted by record revenues, including the largest contract in company history, balance sheet fortification, and streamlined operations with a leaner cost structure. The sale of our Minehut business this month coupled with a recent reorganization enables another material reduction in operating expense and better aligns our team for the increasing demand we are seeing with brands and advertisers. We have never been in a better position to be the go-to partner to bring brands into these sizable, immersive marketing channels where the next generation already lives. We don't just aspire to be a leader in immersive marketing and commerce - our 2023 performance in serving over 100 top brands proves we are doing it."

The webinar may also be accessed by dialing 877-407-0779 or 201-389-0914 (International). A replay of the webinar will be available on Super League's investor relations [website](#) and can also be accessed [here](#).

For any questions related to the Company's fourth quarter and full year 2023 financial results or [shareholder letter](#), please contact SLE@mzgroup.us.

About Super League

Super League (Nasdaq: SLE) is a leading creator and publisher of content experiences and media solutions across the world's largest immersive platforms. From open gaming powerhouses such as Roblox, Minecraft and Fortnite Creative, to bespoke worlds built using the most advanced 3D creation tools, Super League's innovative solutions provide incomparable access to massive audiences who gather in immersive digital spaces to socialize, play, explore, collaborate, shop, learn and create. As a true end-to-end activation partner for dozens of global brands, Super League is effectively a brand's operating system for the 3D Web offering a complete range of development, distribution, monetization and optimization capabilities designed to engage users through dynamic, energized programs. As an originator of new experiences fueled by a network of top developers, a comprehensive set of proprietary creator tools and a future-forward team of creative professionals, Super League accelerates IP and audience success within the fastest growing sector of the media industry. For more, go to superleague.com.

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Forward Looking Statements

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995. Statements in this press release that are not strictly historical are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements involve substantial risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed or implied by such statements. Forward-looking statements in this communication include, among other things, statements about Super League's growth strategies, the ability to actualize the benefits of our acquisitions, our possible or assumed business strategies, new products, potential market opportunities and our ability to secure adequate working capital. Risks and uncertainties include, among other things, our ability to implement our plans, forecasts and other expectations with respect to our business; our ability to realize the anticipated benefits of events that took place during and subsequent to the year ended December 31, 2023, including the possibility that the expected benefits, particularly from both acquisitions made and major contracts earned in 2023, will not be realized or will not be realized within the expected time period; unknown liabilities that may or may not be within our control; attracting new customers and maintaining and expanding our existing customer base; our ability to scale and update our platform to respond to customers' needs and rapid technological change; increased competition in our market and our ability to compete effectively; and expansion of our operations and increased adoption of our platform internationally. Additional risks and uncertainties that could affect our financial condition and operating results will be included in the section titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2023 and other filings that we make from time to time with the Securities and Exchange Commission (the "SEC") which, once filed, are available on the SEC's website at www.sec.gov. In addition, any forward-looking statements contained in this communication are based on assumptions that we believe to be reasonable as of this date. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons if actual results differ materially from those anticipated in the forward-looking statements.

Letter to Shareholders

FISCAL Q4 | 2023



**Pioneering Immersive Marketing
& Commerce in the 3D Web**

NASDAQ: SLE

March 27, 2024

Fellow Shareholders,

I'm proud to report Super League's fourth quarter and full year 2023 financial results and provide an update on our company's tremendous operational progress. 2023 was a foundational year for us highlighted by record revenues, balance sheet fortification, streamlined operations with a reduced expense structure, and the largest contract in company history. Specifically related to our record revenue performance, fourth quarter revenues grew 34% year-over-year to a company quarterly record of \$9.5 million, which resulted in achieving full year 2023 record revenue of \$25.1 million, an increase of 27% from full year 2022.



More importantly, what became evident over the course of the year is that brands are catching onto the imperative to meet Generations Z and Alpha in immersive platforms. These are the next great marketing channels where brands can reach massive young audiences and speak to them in highly customized and personalized ways to ultimately drive brand preference and conversion. There is a historic template for this as audiences shifted from linear TV to streaming or the onslaught of social media in the digital landscape, where ad dollars inevitably catch up. Super League offers scalable solutions through our deep strategic and creative capability coupled with our suite of proprietary products and measurement tools that enable brands to speak the language of 3D engagement and respond to the audience migration that has occurred toward immersive entertainment platforms.

Our rising numbers speak for themselves as we continued to execute in 2023, serving over **100** brands and IP owners with astounding highlights:

- **11** custom builds with peak engagement times as high as 30.5 minutes.
- **15** custom integrations into popular experiences on Roblox, Minecraft & Fortnite, generating more than **330 million** visits.
- **180+** media campaigns on Roblox & Minecraft ranging in size from mid-5 to 7 figures.
- **40+** supportive media campaigns across digital and OTT video, mobile, social media, and influencer, also ranging in size from mid-5 to 7 figures.
- **340** pieces of video content generating tens of millions of views across Tik Tok, YouTube, & Snap for campaign amplification.
- 81 million Try-ons of Branded Avatar Items.

As for key trends, investors often ask me about the importance of artificial intelligence. Super League is a clear beneficiary of AI, and we already use the technology to accelerate our creative development process and other operational workflows. However, we are riding other key trends as well, the rise of co-creation platforms like Roblox and TikTok which empower everyone to become content creators. And another mega trend, the next generation's shift in consumer behavior. This is truly the first digitally native audience that increasingly expects to meet brands first in digital spaces and then transfer their brand affinity into real-world preference and commerce.

In-game advertising is expected to be a \$150 billion plus market by 2027. Roblox is reaching an astonishing **71 million active users a day** with a bold goal of reaching 1 billion users, a true sleeping giant, that as part of their partnership program provides the potential for us to benefit from their success and greater secular growth. Traditional experiential advertising is a \$50 billion category in its own right, and while it offers high touch and trial, it is challenging to scale due to cost and geographic constraints. As a simple example, imagine the tens of millions of potential car buyers that could test drive a BMW in one weekend digitally first without the impediment of the driving distance, operating hours and availability of a car dealership. The opportunities for immersive experiences can do so much more than offer a better replacement to traditional digital marketing, *and this is where we thrive, we help brands develop an approach that can transform business models.*

So, let's turn to the health of our pipeline as a key leading indicator. Our continued traction and growing operating leverage are reflected in the increase in our average deal size, now approaching the \$400 thousand dollar range. We closed on six



seven-figure deals in 2023 including **the largest deal in our history with Kraft Lunchables, valued at nearly \$4 million across the second half of the year** versus just one deal over \$1 million in 2022. We continue to have a strong repeat buying percentage of approximately 70%+, but we are also continuing to diversify the breadth of our global brand and category reach as well. As I've previously shared, these larger deal sizes and more predictable brand programs are shifting our business model from short-term, campaign-centric revenue streams, to revenues that are larger and more recurring in nature; revenue streams connected to a brand's long-term strategy to interact with these social digital communities persistently, just as they do in other traditional social media channels like TikTok and Instagram. As we grow and deliver on these larger programs, it verifies our unique position as the enterprise solution for brands to implement persistent omni-channel marketing and commerce across a variety of immersive platforms ultimately driving consumers back to a brand's own more engaging immersive website and commerce experience.

It is worth reiterating how we view the brand journey as this underpins how we scale, measure success and transform our business model over time:

1. Introduce brands to our immersive engagement offerings to achieve singular campaign objectives. We measure our success by the number of new brands entering our funnel and larger deal sizes.
2. Become the immersive marketing solution of choice for brands' various ongoing marketing campaigns. We measure our success by repeat percentages and larger aggregate annual brand spend.
3. Guide brands to create persistent immersive strategies and presences. We measure our success based on the number of long-term brand programs that provide for more recurring and predictable revenue streams.
4. Build omni-channel immersive presence for brands with crossover to their own 3D web

experiences. We measure our success by multi-year and multi-platform brand spend and believe there is potential to participate in new revenue streams such as technology licensing, first party data and direct-to-consumer monetization.

And we don't stop innovating. To accelerate brand adoption through collapsed development cycles and easily accessible entry points, we continue to productize repeatable elements of our custom experiences to convert more deeply in key verticals. Super League pop-ups are "drag and drop" modules that can be easily reskinned for use by a wide berth of brands and IP owners. From turnkey fashion runways and make up counters to kitchens and concert stages, experiential products offer scale and higher margin profiles. And let's go back to the BMW example I mentioned earlier, as that was not just a hypothetical example. This week we are launching a virtual, drivable car demo product. Closing the commerce loop, we continue to claim a leadership position in driving digital to physical commerce for brands, as proven with Chipotle and Clarks, through the launch of our white label loyalty and rewards center to drive connected online and offline engagement and purchase for brands.

Recent Operating Highlights

As brands advance in their knowledge and imperative to enter in these new immersive marketing channels, we implemented several key organizational enhancements to align us with escalating demand. This entailed optimizing the company's workflows, enhancing internal and external communications, and further iterating our team structure and responsibilities. These adaptations are a testament to the company's significant growth, having successfully executed nearly 200 immersive activations in the past year, and this organizational transformation mirrors the evolution of the market where we have established our leadership position.

Beyond a re-alignment of the organizational structure, we continued to realize the significant operating cost reductions gained from a set of activities over the course of the last 18 months and took another step in material cost reductions with the recently announced sale of our Minehut business. The transaction allowed us to further focus our product roadmap and streamline our already lean operation by taking approximately \$2.4 million of annual costs out of our structure with minimal topline impact.

On the commercial side, we are expanding our offerings to consumers and brands of Fortnite by recently partnering with Chartis, a network of independent Fortnite Creative developers with more than 157 million monthly plays and nearly 1 billion monthly impressions. Together, we can provide

unparalleled opportunities for brands to launch new Fortnite Creative Islands and custom integrations.

Additionally, Super League was honored to be part of a broad collaboration towards developing the recent launch of Boombox across the Roblox platform. Boombox presents a pioneering opportunity for music labels to curate, distribute, and monetize their offerings on Roblox. Players can share and collectively enjoy music, with each instance of music playback being a monetizable event for the contributing labels and artists. This industry milestone was the result of a year-long collaboration Super League was part of with UMG, Roblox, and STYNGR and evolves the way that fans engage with their favorite music, artists and labels.

Another prime example of how we are creating groundbreaking ways for brands to connect to immersive audiences is through our recently announced partnership with GSTV. GSTV is a national video network providing entertainment to targeted audiences in fuel stations and convenience stores reaching 115 million unique adults a month across more than 29,000 sites. Leveraging GSTV's sales force, Super League provides gaming-centric viewing content to sell advertising against as a new revenue stream.

And yesterday, we announced a partnership with Common Sense Networks, a singular leader in age-appropriate content moderation and standards, to further enable brands to connect with younger audiences on a global scale in safe and suitable ways across major gaming and video platforms. Connecting and communicating with young consumers in a safe, appropriate, and compliant manner is a key tenet of the Super League brand. The combination of Super League's custom and scalable content experiences in immersive entertainment platforms with Common Sense Network's video channels, applications, and proprietary child-safe data and distribution tool offers an unrivaled solution.



Q4 2023 Financial Results

Revenue for the three months ended December 31, 2023 totaled \$9.5 million, a quarterly revenue record, reflecting an increase of \$2.4 million, or 34%, compared to \$7.1 million in the fourth quarter of 2022, driven primarily by strong percentage increases in our publishing and content studio revenue category.

Inside of our immersive experience and media offering, we have two key components which work in tandem to deliver an advertisers' full set of campaign objectives:

- Publishing and content studio revenue increased \$3.6 million, or 206%, driven primarily by a 231% increase in custom game development and immersive experience related revenues, including revenues for custom game or immersive experiences for Kraft Lunchables, and Universal Pictures, "Migration." The increase also reflected a \$944,000, or 182% increase in content production revenues, driven by our Super Studios project for Toyota, spotlighting the new Grand Highlander, and content production project for Bytedance subsidiary, Nuverse, related to the Marvel Snap mobile app, during the quarter.
- Media and advertising revenue decreased \$1.1 million, or 22%, to \$3.8 million, compared to \$4.9 million in the comparable prior year quarter. The change reflected a \$385,000, or 13% net decrease in on-platform, off-platform and other related media sales revenue and a \$730,000, or 39% decrease in influencer marketing related revenues, reflecting a strategic shift in the allocation of resources and a focus on higher margin media and custom products.

Fourth quarter direct to consumer revenue was \$310,000, compared \$412,000 in the comparable prior year quarter. The decrease was driven primarily by a 44% decrease in "in-game" platform sales of digital goods within our Mineville, official Microsoft Minecraft partner gaming server property, partially offset by a 4% increase in revenues for our Minehut digital property. Fourth quarter 2023 direct to consumer revenue results reflect a conscious decision to narrow our product strategies and allocate resources to the revenue streams that offer the most growth as we more aggressively march toward profitability.

Fourth quarter 2023 cost of revenue increased \$1.7 million, or 42%, to \$5.8 million, compared to \$4.1 million in the comparable prior year quarter, driven primarily by the 34% increase in related quarterly revenues. The greater than proportionate change in cost of revenue was also driven by partial delivery during the fourth quarter of 2023 under a significant custom integration and platform media revenue contract with a customer that had a higher average direct cost profile in the current quarter compared to

the programs that generated revenues during the comparable prior year quarter.

GAAP operating expense in the fourth quarter of 2023, which included significant noncash charges, was \$16.7 million, compared to \$19.2 million in the comparable prior year quarter.

Excluding non-cash stock compensation, amortization, legal settlement and intangible asset impairment charges, proforma operating expense in the fourth quarter of 2023 was \$6.1 million, compared to \$8.9 million in the fourth quarter of 2022, reflecting a 22% decrease in proforma operating expense, a material reduction reflecting the impact of the Company's focus on, and commitment to, ongoing cost reduction and optimization activities.

The decrease in operating expense, excluding noncash items, was driven primarily by a 42% reduction in cloud services and other technology platform costs, a 44% decrease in engineering personnel costs, and reductions in marketing and other corporate costs. Operating expense in the fourth quarter of 2023 included net accrued contingent consideration expense totaling \$529,000, compared to \$1.4 million in the fourth quarter of 2022, related to earn out provisions in connection with our acquisitions of Super Biz in fiscal year 2021 and Melon, Inc. in May 2023.

In the fourth quarter of 2023, we recorded a non-cash impairment charge totaling \$7.1 million related to partner relationship related intangible assets, and related developed technology intangible assets originally acquired in connection with the acquisition of Mobcrush, Inc. in June 2021. The impairment charge reflected a reduction in projected cash flows based on historical operating results, and a strategic decision to deploy resources in other areas of the business. The impairment charge was based on the difference between the estimated fair value and the carrying value of the intangible assets as of December 31, 2023.

On a GAAP-basis, net loss in the fourth quarter of 2023 was \$13.3 million, or \$(3.47) per share, compared to a net loss of \$16.2 million, or \$(8.63) per share, in the comparable prior year quarter. GAAP net loss for the fourth quarter of 2023 included noncash credits related to the change in fair value of warrant liabilities and M&A related contingent consideration, totaling \$364,000. The weighted average diluted share count for the fourth quarter of 2023, as adjusted for the September 2023 1-for-20 reverse stock split previously announced, was 4.3 million, compared to 1.9 million for the fourth quarter of 2022.

Pro forma net loss for the fourth quarter of 2023, which excludes the impact of noncash charges and credits, was \$3.2 million, or \$(0.75) per share, compared to a pro forma net loss of \$5.8 million, or \$(3.11) per share, in the comparable prior year quarter, which reflects in part the increase in topline revenues

and is further evidence of the effectiveness of the operating expense reduction measures we began instituting in the back half of 2022.

As of December 31, 2023, we reported \$7.6 million in cash with no material debt. During the fourth quarter of 2023, we raised net proceeds totaling \$7.2 million through a private placement to continue to finance our working capital needs.

Consistent with our focus on narrowing our product strategies and expending resources on the revenue streams that offer the most growth, on February 29, 2024, we sold our Minehut direct to consumer business unit to GamerSafer, Inc, pursuant to an Asset Purchase Agreement where we will receive \$1.0 million of purchase consideration for Minehut, to be paid by GamerSafer in revenue and royalty sharing over a period of two years. The transaction allows Super League to streamline its position in partnering with major brands to build, market, and operate 3D experiences across multiple immersive platforms, including open gaming powerhouses like Minecraft, and aligns with the Company's cost improvement initiatives. Super League and GamerSafer will maintain a commercial relationship which ensures that Minehut can remain an ongoing destination available to Super League's partners.

Fiscal Year 2023 Results

During fiscal year 2023, we continued to grow our annual topline, delivering fiscal year 2023 record revenues of \$25.1 million, an increase of 27%, when compared to \$19.7 million in fiscal year 2022, driven by strong percentage increases in our publishing and content studio revenue category.

Publishing and content studio revenue, excluding product design and software development kit related revenue recognized during fiscal year 2022, increased \$7.0 million, or 122%, driven primarily by a 253% increase in custom game development and immersive experience related revenues, including revenues from custom game or immersive experiences for Kraft Lunchables, Lego, Dave & Busters, Proctor & Gamble, Yas Island, Hamilton, Arm & Hammer, Universal Pictures, "Trolls Band Together," Universal Pictures, "Migration," and Motorola Solutions. Publishing and content studio sales revenue for fiscal year 2022 included \$919,000 of product design and software development kit related revenue pursuant to a development agreement with a customer.

Media and advertising revenue decreased \$1.2 million, or 10%, to \$10.9 million, compared to \$12.1 million in the comparable prior year period. The change reflected a \$1.6 million increase in on-platform, off-platform and other related media sales revenue, offset by a \$2.8 million decrease in

influencer marketing related revenues, reflecting a strategic shift in the allocation of resources to higher margin media and custom products.

Direct to consumer revenue decreased \$383,000, or 21%, compared to the comparable prior year period, driven primarily by a 35% decrease in "in-game" platform sales of digital goods within our Mineville, official Microsoft Minecraft partner gaming server digital property, partially offset by a 26% increase in revenues for our Minehut digital property, which provides Minecraft server hosting services on a subscription basis and other digital goods to the Minecraft gaming community.

Fiscal year 2023 cost of revenue increased 37% to \$15.3 million, compared to \$11.2 million in fiscal year 2022, driven primarily by the 27% increase in related annual revenues. The greater than proportionate change in cost of revenue was driven by partial delivery during the second half of 2023 under a significant custom integration and platform media revenue contract with a customer that had a higher average direct cost profile compared to the programs that generated revenues during the prior year period, and lower cost product design and software development kit related revenue recognized during the first quarter of 2022.

Total GAAP operating expense for fiscal year 2023 decreased to \$42.6 million, compared to \$93.5 million in the comparable prior year period. Operating expense for fiscal year 2023 included aggregate noncash impairment and loss on intangible asset disposal charges totaling \$9.3 million, and fiscal year 2022 included a noncash goodwill impairment charge of \$50.3 million. Fiscal year 2023 operating expense also included net accrued contingent consideration expense totaling \$1.1 million, compared to \$3.2 million in fiscal year 2022, related to earn out provisions in connection with our acquisitions Super Biz in fiscal year 2021 and Melon, Inc. in May 2023.

Excluding noncash stock compensation expense, noncash impairment charges and mark to market related fair value adjustments on certain liabilities, pro forma operating expense decreased \$8.4 million, or 25%, reflecting significant decreases in cloud services and other technology platform costs and decreases in personnel, marketing and other corporate costs, reflecting the impact of ongoing cost reduction and optimization activities.

On a GAAP-basis, which includes significant noncash charges as described earlier, net loss for fiscal year 2023 was \$30.3 million, or \$(13.67) per share, compared to a net loss of \$85.5 million, or \$(45.95) per share, for fiscal year 2022.

Pro forma net loss for fiscal year 2023, which excludes the impact of non-cash impairment charges and other noncash charges and credits, was \$15.3 million, or \$(5.48) per share, compared to a pro forma net loss of \$25.5 million, or \$(13.73) per share, for fiscal year 2022.

Summary

Looking ahead to 2024, with macro tailwinds demonstrating a firm trajectory, we are uniquely positioned to be the omni-channel solution that captures the 3D web brand engagement. We continue to focus on building on the operating leverage created in 2023 with the expectation that our model continues to evolve from short-term campaign-based revenues to persistent 3D presence and ultimately omni-channel multi-layered solutions. We look forward to another year of strong revenue growth with the trend of larger, longer-term deals driving us towards break-even in the second half of this year.

We thank you for your interest and ongoing support. Please join us for a continued earnings discussion today at 5pm E.T. and live questions from our covering research analysts.

In Super League,



Ann Hand
CEO of Super League



About Super League

Super League (Nasdaq: SLE) is a leading creator and publisher of content experiences and media solutions across the world's largest immersive platforms. From open gaming powerhouses such as Roblox, Minecraft and Fortnite Creative, to bespoke worlds built using the most advanced 3D creation tools, Super League's innovative solutions provide incomparable access to massive audiences who gather in immersive digital spaces to socialize, play, explore, collaborate, shop, learn and create. As a true end-to-end activation partner for dozens of global brands, Super League is effectively a brand's operating system for the 3D Web offering a complete range of development, distribution, monetization and optimization capabilities designed to engage users through dynamic, energized programs. As an originator of new experiences fueled by a network of top developers, a comprehensive set of proprietary creator tools and a future-forward team of creative professionals, Super League accelerates IP and audience success within the fastest growing sector of the media industry. For more, go to superleague.com.



SUPER LEAGUE ENTERPRISE, INC CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

	December 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 7,609,000	\$ 2,482,000
Accounts receivable	8,287,000	6,134,000
Prepaid expenses and other current assets	862,000	1,381,000
Total current assets	16,758,000	9,997,000
Property and Equipment, net	70,000	147,000
Intangible assets, net	6,636,000	20,066,000
Goodwill	1,864,000	-
Total assets	\$ 25,328,000	\$ 30,210,000
Liabilities		
Accounts payable and accrued expenses	\$ 10,420,000	\$ 6,697,000
Accrued contingent consideration	1,812,000	3,206,000
Contract Liabilities	339,000	111,000
Secured loan—SLR Facility	800,000	-
Convertible note payable, net	-	679,000
Total current liabilities	13,371,000	10,693,000
Accrued contingent consideration – long term	396,000	-
Warrant liability	1,571,000	-
Deferred tax liability	-	313,000
Total liabilities	15,338,000	11,006,000
Stockholders' Equity		
Preferred Stock	-	-
Common Stock	81,000	47,000
Additional paid-in capital	258,923,000	229,900,000
Accumulated deficit	(249,014,000)	(210,743,000)
Total stockholders' equity	9,990,000	19,204,000
Total liabilities and stockholders' equity	\$ 25,328,000	\$ 30,210,000

SUPER LEAGUE ENTERPRISE, INC CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
REVENUE	\$ 9,510,000	\$ 7,122,000	\$ 25,079,000	\$ 19,677,000
COST OF REVENUE	(5,785,000)	(4,076,000)	(15,297,000)	(11,162,000)
GROSS PROFIT	3,725,000	3,046,000	9,782,000	8,515,000
OPERATING EXPENSES				
Selling, marketing and advertising	3,696,000	3,343,000	12,450,000	12,036,000
Engineering, technology and development	2,219,000	3,269,000	9,500,000	15,876,000
General and administrative	3,165,000	2,976,000	10,258,000	12,094,000
Contingent consideration	529,000	1,370,000	1,075,000	3,206,000
Loss on intangible asset disposal	-	-	2,284,000	-
Impairment of intangible assets	7,052,000	-	7,052,000	-
Impairment of goodwill	-	8,263,000	-	50,263,000
TOTAL OPERATING EXPENSES	16,661,000	19,221,000	42,619,000	93,475,000
NET OPERATING LOSS	(12,936,000)	(16,175,000)	(32,837,000)	(84,960,000)
OTHER INCOME (EXPENSE)				
Interest expense and other	(3,000)	(197,000)	(23,000)	(696,000)
Loss on exchange of preferred instruments	(681,000)	-	(681,000)	-
Change in fair value of warrant liability	346,000	-	2,898,000	-
OTHER INCOME (EXPENSE)	(338,000)	(197,000)	2,194,000	(696,000)
NET LOSS BEFORE BENEFIT FROM INCOME TAXES	(13,274,000)	(16,372,000)	(30,643,000)	(85,656,000)
BENEFIT FROM INCOME TAXES	-	159,000	313,000	205,000
NET LOSS	\$ (13,274,000)	\$ (16,213,000)	\$ (30,330,000)	\$ (85,451,000)
Net loss attributable to common stockholders - basic and diluted				
Basic and diluted net loss per common share	\$ (3.47)	\$ (8.63)	\$ (13.67)	\$ (45.95)
Weighted-average number of shares outstanding, basic and diluted	4,264,905	1,878,986	2,799,106	1,859,474
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION (Unaudited)				
GAAP net loss	\$ (13,274,000)	\$ (16,213,000)	\$ (30,330,000)	\$ (85,451,000)
Add back:				
Non-cash stock compensation	560,000	979,000	2,735,000	4,263,000
Non-cash amortization of intangibles	1,406,000	1,307,000	7,522,000	5,629,000
Intangible asset and goodwill impairment	7,052,000	8,263,000	7,052,000	50,263,000
Change in fair value of warrant liability & contingent consideration	(364,000)	-	(3,443,000)	-
Other	1,441,000	-	1,441,000	-
Noncash benefit for income taxes	-	(159,000)	(313,000)	(205,000)
Proforma net loss	\$ (3,179,000)	\$ (5,823,000)	\$ (15,336,000)	\$ (25,501,000)
Pro forma non-GAAP net earnings (loss) per common share — diluted	\$ 0.75	\$ (3.10)	\$ (5.48)	\$ (13.71)
Non-GAAP weighted-average shares — diluted	4,264,905	1,878,986	2,799,106	1,859,474

SUPER LEAGUE ENTERPRISE, INC
CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS (Unaudited)

Twelve Months Ended
December 31,

2023

2022

Operating Activities

Net loss	\$ (30,330,000)	\$ (85,451,000)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	5,376,000	5,403,000
Stock-based compensation	2,735,000	4,263,000
Write off of intangible asset	2,284,000	423,000
Impairment of intangible assets and goodwill	7,052,000	50,263,000
Change in fair value of warrant liability	(2,898,000)	-
Loss on exchange of placement agent warrants	681,000	-
Change in fair value of contingent consideration	(545,000)	-
Amortization of original issue discount on convertible notes	40,000	280,000

Changes in assets and liabilities

Accounts Receivable	(2,113,000)	193,000
Prepaid Expenses and Other Assets	146,000	182,000
Accounts payable and accrued expenses	3,412,000	1,402,000
Accrued contingent consideration	(1,064,000)	3,206,000
Contract liabilities	228,000	35,000
Deferred taxes	(313,000)	(205,000)
Accrued interest on notes payable	(180,000)	180,000
Net Cash Used in Operating Activities	(15,489,000)	(19,826,000)

Investing Activities

Cash paid in connection with Melon Acquisition, net	(150,000)	-
Purchase of property and equipment	(8,000)	(149,000)
Capitalization of software development costs	(650,000)	(923,000)
Purchase of game property	-	(500,000)
Acquisition of other intangibles	(17,000)	(118,000)
Net Cash Used in Investing Activities	(825,000)	(1,690,000)

Financing Activities

Proceeds from issuance of preferred stock, net	19,295,000	8,926,000
Proceeds from issuance of common stock, net	1,885,000	320,000
Proceeds from issuance of convertible notes, net	-	4,000,000
Payments on convertible notes	(539,000)	(3,781,000)
Secured loan—AR Facility	800,000	-
Net Cash Provided by Financing Activities	21,441,000	9,465,000

Net Increase (Decrease) in Cash and Cash Equivalents	5,127,000	(12,051,000)
Cash and Cash Equivalents at Beginning of the Period	2,482,000	14,533,000
Cash and Cash Equivalents at End of the Period	\$ 7,609,000	\$ 2,482,000

Forward-Looking Statements

Statements in this press release that are not strictly historical are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. A reader can identify forward-looking statements because they are not limited to historical fact or they use words such as "scheduled," "may," "will," "could," "should," "would," "expect," "believe," "anticipate," "project," "plan," "estimate," "forecast," "goal," "target," "objective," "committed," "intend," "continue," or "will likely result," and similar expressions that concern Super League's strategy, plans, intentions, or beliefs about future occurrences or results.

Forward-looking statements involve substantial risks, uncertainties, assumptions, and other factors that may change at any time and may cause actual results to differ materially from those expressed or implied by such statements. Forward-looking statements in this communication include, among other things, statements about Super League's growth strategies, the ability to actualize the benefits of the acquisition of SL Studios, the ability to actualize or increase the size of deals with our clients, our possible or assumed business strategies, new products, potential market opportunities and our ability to secure adequate working capital. Risks and uncertainties include, among other things, our ability to implement our plans, forecasts and other expectations with respect to our business, including the success of any measures aimed at reducing costs; the possibility that brands and advertisers may take substantial time to adopting advertising within the immersive gaming platforms, if at all; our ability to realize the anticipated benefits of events that took place during and subsequent to the

year ended December 31, 2023, including the possibility that the expected benefits, particularly from our partnership with Roblox and the acquisitions consummated in 2021 and 2023, will not be realized or will not be realized within the expected time period; unknown liabilities that may or may not be within our control; the full performance and payment of contracts mentioned herein by the Company's customers; attracting new customers and maintaining and expanding our existing customer base; our ability to scale and update our platform to respond to customers' needs and rapid technological change; increased competition in our market and our ability to compete effectively; and expansion of our operations and increased adoption of our platform internationally. Additional risks and uncertainties that could affect our financial condition and operating results will be included in the section titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2023 and other filings that we make from time to time with the Securities and Exchange Commission (the "SEC") which, once filed, are available on the SEC's website at www.sec.gov.

All forward-looking statements are qualified in their entirety by the cautionary statements that Super League makes from time to time in its SEC filings and public communications. Super League cannot assure the reader that it will realize the results or developments Super League anticipates, or, even if substantially realized, that they will result in the consequences or affect Super League in the way Super League expects. Forward-looking statements speak only as of the date made, and any forward-looking statements contained in this communication are based on assumptions that we believe to be reasonable as of this date. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons if actual results differ materially from those anticipated in the forward-looking statements. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements included herein or that may be made elsewhere from time to time by, or on behalf of, Super League.

Information About Non-GAAP Financial Measures

As used herein, "GAAP" refers to accounting principles generally accepted in the United States of America. To supplement our financial statements included in our annual and quarterly reports filed with the SEC, which financial statements are prepared and presented in accordance with GAAP, this earnings release includes pro forma net loss, a financial measure that is considered a non-GAAP financial measure as defined in Rule 101 of Regulation G promulgated by the Securities and Exchange Commission. Generally, a non-GAAP financial measure is a numerical measure of a company's historical or future performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use pro forma net loss, pro forma earnings per share (EPS) and other non-GAAP financial measures for internal financial and operational decision-making purposes and to evaluate period-to-period comparisons of the performance and results of operations of our business. Our management believes these non-GAAP financial measures provide meaningful supplemental information regarding the performance of our business by excluding non-cash goodwill impairment charges, non-cash stock compensation charges, non-cash amortization of intangible asset charges, and non-recurring, non-cash credits, that may not be indicative of our recurring core business operating results. These non-GAAP financial measures also facilitate management's internal planning and comparisons to our historical performance and liquidity. We believe these non-GAAP financial measures are useful to investors as they allow for greater transparency with respect to key metrics used by management in its financial and operational decision making and are used by our institutional investors and the analyst community to help them analyze the performance and operational results of our core business.

Pro Forma Net Loss and EPS. We define pro forma net loss as net loss calculated in accordance with GAAP, but excluding non-cash goodwill impairment charges, non-cash stock compensation charges, non-cash amortization of intangible assets, and non-recurring, non-cash credits. Pro forma EPS is defined as pro forma net income divided by the weighted average outstanding shares, on a fully diluted basis, calculated in accordance with GAAP, for the respective reporting period.

Due to the inherent volatility in stock prices, the use of estimates and assumptions in connection with the valuation and expensing of share-based awards and the variety of award types that companies can issue under FASB ASC Topic 718, management believes that providing a non-GAAP financial measure that excludes non-cash stock compensation allows investors to make meaningful comparisons between our recurring core business operating results and those of other companies period to period, as well as providing our management with a critical tool for financial and operational decision making and for evaluating our own period-to-period recurring core business operating results.

Due to the use of estimates and assumptions pursuant to the guidance set forth in FASB ASC Topic 805 in connection with the valuation of assets acquired and liabilities assumed in connection with business combinations, for merger and acquisition transactions that include the issuance of common stock as all or a component of the purchase consideration, management believes that providing a non-GAAP financial measure that excludes non-cash goodwill and non-cash amortization related to these assets acquired for the applicable reporting period allows investors to make meaningful comparisons between our recurring core business operating results and those of other companies period to period, as well as providing our management with a critical tool for financial and operational decision making and for evaluating our own period-to-period recurring core business operating results.

There are several limitations related to the use of pro forma net loss and EPS versus net loss EPS calculated in accordance with GAAP. For example, non-GAAP net loss excludes the impact of significant non-cash stock compensation that are or may be recurring for the foreseeable future. In addition, non-cash stock compensation is a critical component of our employee compensation and retention programs and the cost associated with consideration issued in connection with mergers and acquisitions is a critical component of the cost of those acquisitions over the useful lives of the related intangible assets acquired. Management compensates for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP net loss and evaluating non-GAAP net loss in conjunction with net loss and EPS calculated in accordance with GAAP.

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