



## Enthusiast Gaming Expands into League of Legends with Acquisition of U.GG

180 million people played League of Legends in October 2021, an all-time high

2021 League of Legends World Championship sets viewership record

Arcane, the Netflix animated series based on League of Legends, reached #1 in 52 countries this month

U.GG featured on leagueoflegends.com as a resource for players

TORONTO, November 23, 2021 - **Enthusiast Gaming Holdings Inc.** ("Enthusiast Gaming" or the "Company") (NASDAQ:EGLX; TSX:EGLX) is pleased to announce it has acquired Outplayed, Inc. (the "**Acquisition**"), owners of U.GG, one of the largest League of Legends fan communities in the world. Unless otherwise stated, all dollar amounts are in U.S. dollars.

The consideration totals approximately \$44 million (the "**Purchase Price**") in cash and stock paid on closing and through a schedule of deferred anniversary payments (the "**Anniversary Payments**"), plus earnouts of up to \$12 million (the "**Earnouts**"), subject to certain performance milestones being achieved within a two-year period from the date of closing.

U.GG is expected to generate revenue of approximately \$8 million and net operating income of approximately \$3 million in 2022.

Founded in 2017 by Shinggo Lu and Alan Liang and based in Austin, Texas, U.GG was incubated at Harris Blitzer Sports & Entertainment's Sixers Innovation Lab. U.GG has grown into one of the largest global services for the world's most popular esports, League of Legends, by turning better data into smarter insights for fans and gamers. By combining a rigorous data science approach with a proprietary user-centric experience, U.GG provides actionable, data-driven insights supporting, educating, connecting, and engaging its current monthly active user base of 8 million. U.GG is featured on the League of Legends website as a resource for players.

League of Legends is a free to play PC game originally released in 2009 and is the flagship title of developer and publisher Riot Games. Recently, Riot Games announced that the number of active players across the League of Legends franchise reached 180 million in October 2021, a record high. The game also attracts a very large spectator audience for its competitive tournaments. The 2021 League of Legends World Championship held earlier this month reached a new record high for concurrent viewers of four million. The popularity of the League of Legends

franchise has expanded with the recent launch of an original animated series on Netflix, *Arcane*, which reached No. 1 in 52 countries.

*“League of Legends is one of the biggest games in the world, and U.GG is one of the game’s largest fan communities and stats sites,” said Adrian Montgomery, CEO of Enthusiast Gaming. “Financially, the acquisition is accretive and integrates very well within our existing business model, adding new media availability and opportunities for our direct sales team, proprietary content, and subscription offerings. Shinggo, Alan, and the U.GG team have built something special, and we are excited to welcome them to the Enthusiast Gaming family.”*

*“We are excited to join Enthusiast Gaming as we continue building a go-to destination for League of Legends fans” said Shinggo Lu, Founder & CEO of U.GG. “Alan and I would like to thank the Sixers Innovation Lab for being an integral part of our success to date. We are ready for the next part of our entrepreneurial journey alongside some of the brightest players in gaming and esports.”*

*“Over the last several years, the Sixers Innovation Lab and U.GG have worked in close partnership to expand U.GG’s reach and develop their industry-leading platform,” said Josh Harris, Founder and Managing General Partner of Harris Blitzer Sports & Entertainment. “This marks a promising new chapter in U.GG’s trajectory. Joining Enthusiast Gaming, one of the fastest growing video game and esports companies in North America, will help accelerate U.GG’s growth, expand its reach, and elevate the fan experience. There is no shortage of innovation happening in esports, and we look forward to seeing how this exciting transaction will continue to push the industry forward and deliver new and exciting experiences to passionate fans around the world.”*

## Transaction Terms

Pursuant to the terms of an agreement dated **November 22**, 2021, 100% of the issued and outstanding shares of Outplayed, Inc. were acquired by the Company through a wholly-owned subsidiary. The Purchase Price is comprised of i) \$7.5 million in cash paid on closing, ii) the issuance of 5.2 million common shares of the Company (the “**Closing Shares**”), iii) two deferred payments of \$8.5 million each, payable on the first and second anniversaries of the closing date (collectively, the “**Anniversary Payments**”), which may be settled in cash or common shares at the option of the Company. The Earnouts are comprised of two payments of \$6.0 million each, payable on the first and second anniversaries of the closing date, which may be settled in cash or common shares at the option of the Company. The Earnouts are subject to U.GG achieving certain performance milestones, and are in addition to the Purchase Price.

The Closing Shares are subject to a statutory hold period and a contractual lock-up as follows: 925,600 common shares issued to each of Shinggo Lu and Alan Liang will be released as to one third on each of 180, 360, and 540 days following the closing date; 3,348,800 common shares issued to other equity holders of Outplayed, Inc., including 1,440,400 common shares issued to Harris Blitzer Sports & Entertainment, or a designate thereof, will be released as to one half on each of 120 and 240 days following the closing date. Any common shares issued in connection with the Anniversary Payments or Earnouts will be subject to a contractual lock-up with one quarter being released every three months after issuance. The Acquisition is subject to other customary terms including, but not limited to, adjustments to the Purchase Price for cash and working capital in Outplayed, Inc. at time of closing.

Enthusiast Gaming was represented by Minden Gross LLP and Carter Ledyard & Milburn LLP and Outplayed, Inc. was represented by Troutman Pepper Hamilton Sanders LLP.

### **About Enthusiast Gaming**

Enthusiast Gaming is building the largest media and content platform for video game and esports fans to connect and engage worldwide. Combining the elements of its four core pillars; Media, Talent, Esports and Experiences, Enthusiast Gaming provides a unique opportunity and integrated approach to reach and connect with its coveted Gen Z and Millennial audience. Through its proprietary mix of digital media and entertainment assets, Enthusiast Gaming has built a vast network of like-minded communities to deliver the ultimate fan experience.

### **About Sixers Innovation Lab**

The Sixers Innovation Lab supports rapidly growing, early-stage companies in the consumer product space and provides speed and flexibility, individualized, industry-leading consulting and investment opportunities to startups with potential. Selected companies receive office space; access to industry experts, executives, and financiers; and third-party branding, marketing and legal services. The Sixers Innovation Lab is housed in the Philadelphia 76ers Training Complex Business Operations Facility. Entrepreneur Seth Berger, Founder and former CEO of AND 1, an American footwear and clothing company, manages the Lab. For more information or to apply go to [SixersInnovationLab.com](http://SixersInnovationLab.com); follow the Sixers Innovation Lab on Twitter at [@SixersLab](https://twitter.com/SixersLab).

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This news release contains certain statements that may constitute forward-looking information under applicable securities laws. All statements, other than those of historical fact, which address activities, events, outcomes, results, developments, performance or achievements that Enthusiast Gaming anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements formed in the future tense or indicating that certain actions, events or results “may”, “could”, “would”, “might” or “will”

(or other variations of the forgoing) be taken, occur, be achieved, or come to pass. Forward-looking statements in this news release include, but are not limited to, statements with respect to the effects of the Acquisition on the Company, including the growth of the audience of the Company's media properties, enhancements to revenue, other benefits and synergies resulting from the Acquisition, and the timing and terms of deferred payments to be made in accordance with the Agreement.

Forward-looking statements are based on assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, including, but not limited to, expectations and assumptions concerning: interest and foreign exchange rates; capital efficiencies, cost saving and synergies; growth and growth rates; the success in the esports and media industry; and the Company's growth plan. While Enthusiast Gaming considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Readers are cautioned not to place undue reliance on forward-looking statements. In addition, forward-looking statements necessarily involve known and unknown risks, including, without limitation, risks associated with general economic conditions; the timing and filing of the final base shelf prospectus and corresponding Registration Statement; the potential offering of any Securities by the Company; uncertainty with respect to the completion of any future offering; the ability to obtain applicable regulatory approvals for any contemplated offerings; the ability of the Company to negotiate and complete future funding transactions; adverse industry events; and future legislative, tax and regulatory developments. Readers are cautioned that the foregoing list is not exhaustive. For more information on the risk, uncertainties and assumptions that could cause anticipated opportunities and actual results to differ materially, please refer to the public filings of Enthusiast Gaming which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect our expectations as of the date hereof, and thus are subject to change thereafter. Enthusiast Gaming disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.