



ASX Release
30th April 2021

March 2021 Quarterly Business Review & Appendix 4C

Esports Mogul Limited (ASX: ESH) (**Mogul** or the **Company**), owner of the world's most advanced pure-play online esports tournament and match-making platform, is pleased to provide an update on the Company's operations as well as its Appendix 4C for the quarter ended 31 March 2021 (**Q1 2021**).

Letter from Michael Rubinelli - Mogul CEO

Evolving esports Landscape:

It's with a focus on delivering simple and repeatable revenue, tethered to actionable industry insights, that we update you on the evolution at Mogul during Q1, 2021. We continue to position Mogul as a platform built for brands to connect with esports gamers.

If 2020 reaffirmed anything in our company, it's that a business model placing revenue generation solely on the shoulders of the gamer & organizer is not financially viable. Both today's gamer & organizer have an expectation that tournaments remain free and accessible to all.

There are countless opportunities for gaming and non-gaming brands to partner with streamers, teams, leagues, broadcasts, and live events. We keep in mind, gamers are skeptical of advertisements in games, but gameplay content can provide a place for brand participation, in fact 45%¹ of gamers say they like brands that support gaming.

Gaming will continue to evolve and as a company, we will stay ahead of the trend. For dedicated players, gaming is replacing more traditional media like TV and music, which highlights the enormous opportunity for Mogul in the coming years.

Strategic Investment:

During Q1 2021 we continued to invest against our strategic roadmap, enhancing platform functionality, as well as strengthening our core leadership team.

On the product development front, we continue to bring new features to market, core to both gamer and brand expectations. This includes enhanced plug and play modularity, innovative tournament variants and the mobilization of the core platform.

In support of the momentum, we are witnessing working with brands, Mogul continued to focus attention on attracting world class talent. We've targeted the best from the world of marketing, making strategic hires from Global communications firm, Omnicom Group (OMC), creative powerhouse, Crispin Porter Bogusky & arts production juggernaut Meow Wolf.

¹ Source: Lightspeed/Mintel - 2,000 internet users aged 18+

As digital transformation continues to shape the marketing industry, organisations want ownership & control of their digital ecosystem, a 360 view of the customer and the ability to engage authentically with gamers. These secular trends directly inform our business plan.

With wind in our sails, Mogul is looking to hire 3 additional C-suite executives to further our competitive advantage, with focus in the near-term being placed on both B2B/B2C product development and commercialization.

Incremental Revenue Stream:

Esports remains a lucrative but complicated and nuanced channel to navigate, with brands struggling to connect authentically with gamers and deliver a meaningful ROI. We see this as our biggest opportunity, which is why we have created a new “solutions engineering” team, operating at the heart of any client engagement. The team focuses on delivering elegant and simple solutions to a complicated set of problems. Strategically, this paradigm furthers our ability to garner and retain business.

In Q1 2021, solutions engineering generated additional revenue on top of traditional tournament hosting income. Moving forward we anticipate solutions engineering services generating an additional 50% revenue per engagement versus 2020.

To be clear, this revenue is incremental to the fees we command for access to the core platform on every paid engagement.

Pipeline Traction:

Mogul has entered final negotiations to deliver platform and solutions engineering with additional brands in North America, Asia, Europe & Oceania. We are witnessing significant increased deal flow opportunities with a wide array of sectors, including consumer packaged goods, global retail, telcos & electronics. We will update the market with more formal news next month as we work through final scope and pricing.

We see professional sport franchises and physical events (festivals) as an exciting untapped sector, with adoption of esports in its infancy. We have deployed pilot programs against both use cases , and remain bullish about the bigger commercial opportunity.

We are encouraged to see a constant stream of new “esports focused agencies” emerge across the landscape. These companies represent an additional revenue opportunity for Mogul such that we can license our Martech platform for agencies to monetize down-stream with their clients.

It is with all of this in mind that we are confident that we will significantly increase revenue year over year for many years to come.

Financial Outlook:

We remain extremely excited by the commercial opportunities outlined in this letter and the impact they will have on our ability to generate revenue growth through the second half of 2021 and beyond. In focusing efforts on the right conversations with the right clients, in the right geographies, we have increased the revenue per engagement target substantially. It's clear that US and European based clients are willing to invest more behind the genre than legacy markets Mogul have previously operated in.

Mogul Revenue Model delivered \$32,000 in revenue, a 39% increase compared to Q1 2020 a typical slow time of the year for esports activities. The revenue make up was 99.5% driven from big brands. In all of 2019 the breakout was 59% consumers and 41% from brands.

The Company is funded for over 20 months of operation at a minimum. This does not take into any revenue growth over the same period.

Highlights:

- **Negotiations with Global Brands Continue and look forward to updating the market in May**
- **Mogul meaningfully expanded into North America, deploying new Martech products on behalf of Kellogg's**
- **Established Martech product tiering, providing brands with (Bronze, Silver, Gold) varying degrees of platform customisation**
- **Launched solutions engineering team, aimed at driving incremental revenue across each engagement**
- **Developed sales model, targeting esports agencies as an accelerant to revenue generation**
- **Launched new B2B positioning site launched and in market esh.mogul.gg that now dovetails with our new positioning to Brands**
- **Mogul successfully concluded its innovative technology test in SEA. Garnering several important insights**

Mogul deployed its first ever North American engagement for Kellogg's, sponsored Halo 5 tournament, in collaboration with Esport Arena

Combining the Company's technology and esports marketing expertise, Mogul worked with the game publisher, brand, and event organiser to deliver Halo tournaments to households across the country (*ASX Announcement 11 March 2021*). With COVID-19 making it impossible for people to participate through physical gaming centres, Mogul was tasked with bringing an entire tournament series online, making it accessible for a broad Kellogg consumer base.

Gamers were notified of the event through Kellogg's 4.2 million product packages bought and sold at Walmarts across the United States. A total prize pool of US\$25,000 and the challenge "battle the nation and test your skill" incentivised both serious and amateur gamers.

Esports Arena CEO, Tyler Endres commented "Mogul worked quickly and diligently in designing & deploying the tournament experience for this series. We were impressed by the quality of service provided, the agility of the platform and the thoughtfulness in execution. End-to-end, Mogul demonstrated why their SAAS model is considered a global leader in esports tournament design and implementation."

Established Martech product tiering, providing brands with (Bronze, Silver, Gold) varying degrees of platform customization.

Our Bronze, Silver & Gold product portfolio offers clients three clear tiers of engagement with Mogul. Bronze reflects our baseline product offering, minimizing the cost and complexity of entry for brands looking to move fast. Our silver product offers clients a customizable set of modules, designed for brands looking to impact the overall architecture of a tournament experience. Gold is reserved for clients looking to take Mogul's core technology and build an entire white labelled product for their business goals. Gold is priced at a significant premium when compared to Bronze and Silver.

We anticipate Silver representing the highest volume package sold over the next 12 months based on its ability to deliver a manageable level of customization for clients. Both bronze and silver products are intentionally built in a modular way, such as to facilitate a “build it once, sell it again and again” business model.

New B2B positioning site launched and in market, esh.mogul.gg, that now dovetails with our new positioning to Brands.

Our new B2B website is of paramount importance in articulating to the buying market what the platform can do for brands and business. This site is designed to generate interest in Mogul as a Martech solution, house credibility building case studies and thought leadership assets and serve as a destination for prospective buyers to initiate a sales lead.

Mogul successfully concluded it’s innovative technology and product feature test in SEA

Mogul, employing an agile approach to feature roll out in test markets, wrapped up a test in SEA in February. The main takeaway was significantly increased user retention when players engaged with an “always on” asynchronous tournament ladder format. Repeat rate (day to day retention) for players in this ~2,500 person competition was as high as 92% and on average clocked in around 70%. Expected repeat rate for sites and games is typically in the 50% range. Look for asynchronous ladder play to make its way to Mogul web in the third quarter of this year. This is one of several features that will be deployed in the near future to our tiered product offerings to Brands to increase overall player engagement.

The Company notes that in Q1 2021, the Company paid \$31,208 to directors of the Company in fees, salaries and superannuation.

-Ends-

For further information, please contact:

Gernot Abl

Non-Executive Chairman

e: gernot.abl@mogul.gg

ASX Release authorised by the Board of Directors

About Esports Mogul (ASX:ESH)

Esports Mogul Limited (ASX: ESH) (**Mogul** or the **Company**) is an ASX listed esports media and software business.

Mogul owns and operates the mogul.gg tournament platform – the **world’s most advanced pure-play online esports tournament and matchmaking platform** with automation for major esports titles, including in platform chat and streaming functionality.

Mogul’s platform attracts esports teams, tournament organisers, influencers, community groups, game publishers, and players of any skill level with a centralised esports offering built on an industry-leading tournament and matchmaking platform.

Mogul generates revenue by partnering with brands and creating unique sponsorship-driven esports experiences for players.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Esports Mogul Limited

ABN

22 148 878 782

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	34	34
1.2 Payments for		
(a) research and development	-	-
(b) cost of sales	-	-
(c) advertising and marketing	(221)	(221)
(d) tournament operations	(87)	(87)
(e) staff costs	(548)	(548)
(f) administration and corporate costs	(234)	(234)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	18	18
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,037)	(1,037)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(74)	(74)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Quarterly cash flow report for entities subject to Listing Rule 4.7B

2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(74)	(74)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,133	8,133
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,037)	(1,037)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(74)	(74)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

4.5	Effect of movement in exchange rates on cash held	(3)	(3)
4.6	Cash and cash equivalents at end of period	7,019	7,019

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,019	8,133
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,019	8,133

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	31
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
The amount paid to related parties and their associates is \$31,208 to directors of the Company in fees and salaries, and superannuation.		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,037
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,019
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	7,019
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.77
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: Not applicable. </div>	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: Not applicable. </div>	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: Not applicable. </div>	
<p><i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i></p>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2021

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.