

Quarterly Activities Report

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, provides an update on the Company's operations as well as its Appendix 4C for the quarter ended 30 September 2021 (**Q3 2021**).

During the quarter a lot of effort has been made towards finalising previously announced strategic initiatives and ensuring our platform is the most powerful, scalable and flexible esports tournament hosting tool in the industry.

The Company has completed the build of the previously announced "Sit-n-Go" lobbies - another tournament variant now available to be utilised by players and brands. The power of immediate gratification that comes from queueing up a match and then playing almost instantaneously has such a positive impact on the player experience compared to appointment based tournaments that most sites offer. This makes the seventh different type of tournament our customers can take advantage of, more than just about any other platform in the industry.

In our last update the Company mentioned closing our deal with Globe Telecommunications, a leading telecom company in the Philippines. The Company held the event last month and, as a proof of concept, it was successful. KonekTayo Wifi is a business also owned by Globe. We have started hosting a separate proof of concept series of esports tournaments for their community running through to the 6th of November. The platform work needed to deliver these style of events is now complete and will allow Mogul to optimally deliver future events with little development effort.

The Company has also completed the development and deployment of our one-of-a-kind "Key Action Tournament Card". This is another quality of life benefit for the players not found anywhere else in the online hosting world. This feature allows players "one click" navigation from anywhere on our site once registered to an active tournament. In early testing we have found successful match join rates and match completion percentages are materially higher than previously.

In order to give players additional options for frictionless registration on Mogul.gg we have now successfully added Single Sign On (SSO) from the industry leading communication application Discord, as well as Google as a means to quickly authenticate players into the platform. This is in addition to already existing SSOs RazerID, Facebook Connect, as well as a custom email option.

Highlights:

- ReWired is fully built and quality far surpassed client expectations
- Refactored backend leads to infinite scalability
- Platform investment optimised allowing for right sized organization to flourish
- R&D Grants received as the innovation continues

Rewired - The Company has now completed the building of the bespoke tournament experience for the "ReWired Fest powered by Walmart". This custom built solution is replete with our new Sit-n-Go lobby variant, the latest SSO options, as well as the aforementioned Key Action Tournament Card for our two approved tournaments (Rocket League and Super Street Fighter V: Championship Edition).

The Company believes this is the best custom esports player experience in the world. The client recently shared with us that we have far exceeded their expectation on building a digital site that gives lift to all the diverse business goals of each sponsor. That said, due to growing concerns that the Delta variant of COVID 19 is having on live events this Fall, the event is now scheduled to take place on 29th April 2022 and will be held on the campus at the University of Arkansas. The digital platform is anticipated to go live in January 2022. This delay has garnered more sponsorship interest as the impact of the global pandemic is receding.

Refactoring - The Company has recently completed a series of rigorous load/balance stress tests of our backend scaling solution and saw very healthy results. This all adds up to a vast improvement in dynamic scalability, enhanced site performance and the ability to add and remove servers algorithmically as demand ebbs and flows. The Company has never been better positioned to dynamically scale up or down a client's bandwidth needs for an event of any size.

Platform Investment - Ongoing optimisations are now fully underway. As the larger set pieces of the platform have been built we expect to see significant expense reductions take place which is expected to increase the forecasted runway. The December 2021 quarter will see a significant drop in monthly expenditure, particularly in the human resources and contractors in engineering and product. These reductions offer a significant extension to the runway.

Concurrently, the Mogul Board and CEO are investigating other verticals within the video game ecosystem that may warrant investment. These include mobile, PC and console game developers that may (or may not) benefit from our tournament hosting



technology and expertise. The Company continues to review opportunities and will update the market as these opportunities progress

Financial Outlook:

The company is in a strong financial position with adequate cash reserves on the balance sheet and activity around spending was within budget tolerances.

Total of ~\$A875,000 was spent on operational activity which included ~\$A271,000 on tournament operations, ~\$A203,000 on staffing costs and ~\$A401,000 on administration and corporate costs. A further ~\$A470,000 on capitalised Intellectual Property. Through the September quarter the business activity had sales of \$A85,162. Since 1 October the Company has received \$A46,511 with the expected payments of ~\$A82,000 over the coming quarter.

The Company also received ~\$A154,000 from the Australian R&D Tax Offset program. This grant relates to the expenditure in R&D activities through the 2020 year. Further activity has been conducted in the current year that will provide financial benefit in the 2022 year.

The Company notes that in Q3 2021, the Company paid \$A79,557 to directors of the Company in fees, salaries and superannuation.

For further information, please contact:

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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 gaming, 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 has built a highly scalable core framework that powers robust automation for games, matchmaking, tournament lifecycle, prizing, and content production, with a focus on tooling for organization and administration. It has been done so to the

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benefit of both the player and the brands that need to engage with them in a credible way.

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")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	114
1.2 Payments for		
(a) research and development	-	-
(b) cost of sales	-	(3)
(c) advertising and marketing	-	-
(d) tournament operations	(271)	(734)
(e) staff costs	(203)	(974)
(f) administration and corporate costs	(401)	(947)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	154	213
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(720)	(2,329)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(76)
(d) investments	-	-
(e) intellectual property	(470)	(1,204)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	(48)	(48)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(520)	(1,328)

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	5,693	8,133
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(720)	(2,716)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(520)	(961)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	4	1
4.6	Cash and cash equivalents at end of period	4,457	4,457

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	4,457	5,694
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)	4,457	5,694

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	80
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 \$79,557 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.</i> <i>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)	720
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,457
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,457
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.19
<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>	
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?	
Answer: Not applicable.	
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?	
Answer: Not applicable.	
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?	
Answer: Not applicable.	
<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>	

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: 29 October 2021

Authorised by: By the Board

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.