

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, is pleased to provide an update on the Company's operations as well as its Appendix 4C for the quarter ended 30 June 2021 (**Q2 2021**).

Letter from Michael Rubinelli - Mogul CEO

Last quarter I discussed building simple and repeatable revenue through our platform as a service (PaaS) business model. I'm excited to share progress against that goal here.

As esports continues to garner attention as an emerging content channel, Mogul remains bullish on our 2021 positioning as a bespoke tournament hosting platform. My team continues to engage global brands daily with discussions focused on opening an always-on channel as a means of building a 1-1 relationship with esports gamers. It's clear that clients want to control and deliver branded experiences, gain more data on their customers than ever before, and, when possible, drive commerce. The Mogul platform is being built to address all these business objectives, with a solutions engineering team now in place to work through this diligently with clients.

As I mentioned last quarter, we see solutions engineering as having a significant impact on our business. Revenue generated in the short term through paid client consultation serves as a lightning rod for future product development initiatives. This group of individuals help drive both client retention and organic growth.

Working with clients to establish lasting engagement with the platform is key to populating the pipeline. Over time, this engagement furthers the stickiness of the platform and provides Mogul with a foundation of recurring revenue heading into 2022.

In closing, I remain excited by the conversations we are having with big brands and game publishers and look forward to announcing deals to the market in the near future.

Highlights:

- Mogul to host the IESF EILAT 2021 13th Esports World Championship series.
- Signed 12-month contract with European marketing firm, Cookies Digital.
- Engineered an industry-best, highly tailored gaming experience for Capcom's (Street Fighter V: Championship Edition) & Psyonix title (Rocket League), in support of the ReWired Festival with high levels of modularity.
- Refactored and deployed best in class CCU solution with oversight from AWS NA.

Pipeline Traction:

It's been a productive quarter from a new business perspective such that we have closed paid engagements with IESF and Cookies Digital. None of these engagements are considered material based only on the revenue generated from them. Instead, the value these engagements add comes in the form of credibility to our positioning and reinforcing the broader market opportunity.

Our strategy herein is to keep all new clients retained on the platform for a greater length of time. IESF (EILAT) is one example of a client we have retained for a second year, with Mogul contracted to be the official tournament host and platform partner for the upcoming IESF EILAT 2021: 13th Esports World Championship. This engagement also reflects the increased scope of our duties, growing from a regional host (Americas Qualifiers) to one that covers five major continents.

Additionally, signing Cookies Digital demonstrates that the agency market will pay for an esports platform. We see a clear opportunity to scale this product as it provides agencies with a platform that they don't have and can't feasibly build. This provides brands with an always on channel to speak directly in a credible and authentic way to coveted esports players on a consistent basis. The Mogul platform assists agencies in selling a solution to their brands, including tournament hosting, content delivery and testing.

Platform Development:

Sit & Go, a tournament format we are bringing to Mogul for the first time, is being developed with the express intent of providing "always-on" engagement opportunities, delivering immediate activities for all players and leading to a higher degree of gratification. Mogul has identified that players want to define their own schedules and play when it best suits them. The Sit & Go format eliminates the participant cap on tournament play and, additionally, the friction tied to waiting for a time slot to compete.

The ability to scale and do so efficiently at a reasonable cost is critical. Key members of Mogul's development team have spent a portion of Q1, and all of Q2 focused heavily on a codebase and infrastructure refactor that is tuned and ready to take on the volume accompanying platform initiatives with brands.

We see scaling and efficiency as crucial points of focus for our team. The "Road to ReWired" lays the groundwork for other branded experiences to come through faster deployment processes and further product offerings for brands with greatly improved unit economics.

Financial Outlook:

The Mogul Revenue Model delivered \$104,543 in revenue. This is a 42% increase compared to Q2 2020 and represents an increase of 234% compared to Q1 2021. The revenue was 100% driven by branded engagements.

We wish to advise the market that throughout the June 2021 quarter, Mogul spent \$489,660 on employee benefits and an additional non-cash expense of \$337,815 on Share-Based Payments.



Further expenditure includes \$356,414 on operational expenses and administration, \$366,823 on technology and \$223,478 on tournament operations and platform improvements. This expenditure is in line with budget expectations.

The Company is funded for over 18 months of operation at a minimum, not taking into account any revenue growth over the same period. This will be realised through a combination of recently updated cost-cutting measures through found efficiencies. For example, we are reducing our server footprint as well as reducing software licensing costs and superfluous subscriptions that have proven to be ineffective in positively impacting our growth.

The Company notes that in Q2 2021, the Company paid \$31,207 to directors of the Company in fees, salaries and superannuation.

-Ends-

For further information, please contact:

Investor Relations

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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 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")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	80	114
1.2 Payments for		
(a) research and development	-	-
(b) cost of sales	(3)	(3)
(c) advertising and marketing	-	-
(d) tournament operations	(258)	(463)
(e) staff costs	(508)	(771)
(f) administration and corporate costs	(312)	(546)
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	41	59
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(959)	(1,609)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(74)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	(367)	(734)
	(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	(367)	(808)

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	7,019	8,133
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(959)	(1,996)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(367)	(441)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	-	(3)
4.6	Cash and cash equivalents at end of period	5,694	5,693

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	5,693	7,019
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)	5,693	7,019

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.</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)	959
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,693
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,693
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.94
<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: 30 July 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.