

## **September 2022 Quarterly Business Review & Appendix 4C**

Mogul Games Group Ltd (ASX: MGG) (**Mogul** or the **Company**) is pleased to provide an update on the Company's operations as well as its Appendix 4C for the quarter ended 30 September 2022 (**Q3 2022**).

### **Highlights:**

- Esports-focused partnership with European-based media and IT company – ESM.ONE Inc.
- Chris Bergstresser Appointed as MGG's CEO & MD
- Buy and build strategy in the video games sector continues to build momentum
- Strong balance sheet with ~\$A4.1m in cash to accelerate Mogul's execution against its buy and build strategy in the games sector

### **Partnership with ESM.ONE Inc**

Mogul announced (*ASX Announcement 28 September*) that it had entered into an Agreement with a European-based media and IT company – ESM.ONE Inc. The partnership focuses on ESM leveraging Mogul's Esports Tournament Technology and promoting it to all of ESM's existing and potential corporate and commercial partners.

The parties have agreed that all revenue generated from the joint project, including but not limited to memberships, subscriptions, advertising, sponsorship, and e-commerce, will be distributed on a 50/50 basis.

ESM.One is a European based media and IT company that focuses on the development of technological and managerial solutions in the field of esports. ESM.One's projects include Esports Charts and Streams Charts.

ESM provides some of the world's most popular and unique analytical services that provide comprehensive metrics for esports broadcasts and live streams.

Under the terms of the Agreement ESM will:

- engage and activate all their leagues, teams, and registered gamers and promote MGG's best in class Tournament Platform amongst all existing and potential corporate and commercial partners
- use reasonable endeavours to introduce and deliver advertising and sponsorship opportunities
- provide input and recommendations on relevant tournaments, registration, structure, timetable, game titles and administration and operations with



clear functionality and user interface requirements suitable for their esports market

ESM will also work with Mogul to evaluate all inbound inquiries with regard esports tournament platform.

### **Chris Bergstresser Appointed Chief Executive Officer & Managing Director**

Mogul announced (*ASX Announcement 21st July*) that Christopher Bergstresser will be appointed CEO and Managing Director of the Company.

Christopher is a senior entertainment executive with 30 years of experience founding, buying and building companies in the gaming and mobile sectors. Most recently Christopher held the role of Executive Director Mogul, was Group Chief Operating Officer of Enad Global 7, a Nasdaq First North listed, Swedish based, games company where he was responsible for building the expansion of the company, through a buy and build strategy (M&A investments) in video games.

Prior to that, as an Investment Executive at MTG (Modern Times Group), Christopher operated in a key advisory role to help MTG broaden its reach into games investment and M&A. MTG operates as a strategic and operational investment holding company managing a unique portfolio including gaming companies InnoGames, Ninja Kiwi and Kongregate.

Across an impressive career, Christopher has held senior gaming executive positions in major global gaming and media companies including SEGA, Atari and Konami (working with Microsoft, Disney and ESPN). He is also an experienced founder, having co-founded mobile analytics start-up Appscotch (sold to App Annie), video game software start-up Vector Entertainment and gaming TV producer Gamer.TV.

As CEO, Christopher will be working to leverage Mogul's existing best in class tournament technology whilst also leading Mogul's execution of buy and build strategy in the gaming sector. Christopher, in conjunction with the Board, are working to identify further key appointments to the senior executive team to accelerate the company's growth through the buy and build strategy and the esports tournament platform.

Christopher's appointment as CEO and Managing Director of the Company will take effect subject to the UK Home Office granting him permission to work for Mogul Games Group (UK). The application process is now in its final stages, and the Company will update shareholders as soon as final permissions are received.



## **Buy and Build Strategy Update**

Mogul is pleased to announce it has continued to progress the execution of its buy and build strategy, and remains confident that it is well-positioned to take advantage of continued consolidation in the sector - especially in light of the continued broader market downturn.

While the Company continues to pursue additional standalone esports tournament-related opportunities, it also anticipates that the buy-and-build strategy will generate more chances to implement the existing platform. Moreover, the buy-and-build strategy will allow the Company to assess additional potential use cases for the existing technology it has already successfully built.

Mogul has been actively assessing the application of the esports platform within the broader buy-and-build strategy, evaluating how the technology may be integrated into future video game titles which are currently under development by a prospective target company, or whether the tournament platform technology has application to their existing suite of video games. The platform would ideally be used to host sponsored online tournaments and online qualifiers for players of Mobile or PC games that have an existing engaged audience of competitive players.

Despite broader market volatility and valuation drawdowns the M&A market in the games industry remains very active and competitive. Revenue and EBITDA multiples have declined in line with broader public company valuations. This offers Mogul the opportunity to not only take advantage of its strong balance sheet and potentially transact at a multiple which will be more beneficial to new and existing shareholders.

Under the guidance of Chris Bergstresser and his M&A team, Mogul is now concurrently evaluating multiple potential acquisition opportunities across multiple geographic regions - including the United States & Canada & Europe. These opportunities have progressed to the formal due diligence stage and the Company looks forward to updating shareholders on progress as soon as possible.

With ~A\$4.1m currently in cash reserves and no debt, the company is in a strong position to accelerate execution against dual track esports tournament & buy and build strategies.

Mogul also continues to field inbound inquiries as it relates to its online esports tournament platform - specifically from esports organisers and video gaming groups looking to partner with Mogul for their tournament hosting activities. As Mogul onboards game development companies under its buy and build strategy, the company will also explore the potential synergies which these targets may be able to extract from our technology. The Company will continue to keep the market updated in accordance with its continuous disclosure obligations.



## Expenditure Summary

During Q3 2022, a total of ~\$A135,000 was spent on staffing costs and ~\$A335,000 on administration and corporate costs - related in part to the legal, financial and operational due diligence costs associated with the buy and build strategy.

Mogul notes that in Q3 2022, the Company paid ~\$A96,000 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 Mogul Games Group Ltd (ASX:MGG)

Mogul Games Group Ltd (ASX: MGG) (**Mogul** or the **Company**) is an ASX listed gaming, esports media and software business.

Mogul owns the mogul.gg tournament platform – the world's most advanced pure-play online esports tournament and matchmaking platform with automation for major esports titles.

## Appendix 4C

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

**Name of entity**

Mogul Games Group Ltd

**ABN**

22 148 878 782

**Quarter ended ("current quarter")**

30 September 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	23
1.2 Payments for		
(a) research and development	-	-
(b) cost of sales	-	-
(c) advertising and marketing	-	-
(d) tournament operations	-	(3)
(e) staff costs	(135)	(267)
(f) administration and corporate costs	(335)	(843)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	57
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(468)</b>	<b>(1,031)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(2)
(d) investments	-	-
(e) intellectual property	-	-
(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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2)</b>	<b>(2)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,570	5,132
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(468)	(1,031)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	2	3
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,102</b>	<b>4,102</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,102	4,570
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,102</b>	<b>4,570</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	96
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p>The amount paid to related parties and their associates is \$95,738 to directors of the Company in fees and salaries, and superannuation.</p>		

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(468)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,102
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,102
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	8.76
<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: 28 October 2022

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.