



**ASX Release
30 April 2020**

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 platform, is pleased to provide an update on the Company's operations as well as its Appendix 4C for the quarter ended 31 March 2020 (**Q1 2020**).

Highlights:

- Launched two high-profile projects with industry leading partners - Microsoft & Team Secret
- Strong inbound interest in Mogul platform with COVID-19 boosting interest in esports sector
- Mogul well positioned for current market: can meet demand for all-online esports event hosting and need for stronger marketing and branding opportunities
- Mogul focussed on enhancing product offering, targeting growth in subscribed gamers and securing more organisers, teams, influencers, and publishers to Mogul
- Financial position secured with funding for at least the next 12 months on worst-case scenario of no revenue growth

Esports Industry Leaders Partner with Mogul

In Q1 2020, the Company launched two high profile projects with industry leading partners, Microsoft and Team Secret.

With Microsoft, Mogul launched a multi-national 12 month tournament series for Microsoft's PC game 'Age of Empires II', the 'Age of Empires II Asia Cup' which runs till February 2021 and was co-promoted by Mogul and Microsoft. With Team Secret, Mogul launched the 'Secret Stars' Branded Hub which included exclusive paid and free-to-play tournaments and subscriptions.

A key benefit of the Mogul platform, particularly to global partners like Microsoft, is the Company's proprietary language localisation technology. Localised versions of Mogul's platform have been launched in Simplified Mandarin, Thai, Vietnamese, Indonesian, Japanese, Korean, Arabic, Portugese and several other languages. The intellectual property in these localisations is significant and goes far beyond a simple translation of menus and interfaces but rather towards creating a near-native user experience.

The Leading All-Online Esports Tournament Platform

With COVID-19 making in-person esports events and tournaments untenable for the foreseeable future, Mogul has been promoting its platform as an all-online solution. For event hosts and marketers, Mogul offers a strong marketing and branding platform packaged with its world class tournament hosting and resulting technology, whilst also significantly reducing the cost of administering and hosting these events.



The Company has received significant inbound interest as a result of the pandemic related travel and gathering restrictions, and is well placed to attract and support organisers, teams, influencers, and publishers in establishing a presence on Mogul.

Having secured high profile partners including Razer, Mineski, Hasbro, Microsoft, and Team Secret within less than a year since launch of the Company's Branded Hubs offering, Mogul continues to work with potential new partners for launching on the Mogul platform, as well as with existing partners to expand their current activities.

Well Funded for Continued Growth

As at the end of Q1 2020, Mogul's available cash was over \$3.1 million against a quarterly net operating cash flow of \$761,000. On this basis, the Company is funded for over 12 months of operation at a minimum. This does not take into account the significant cost reduction initiatives announced in early April, nor any revenue growth over the same period. Accordingly, the Company is confident that it has sufficient funding for its operations well into 2021 at a minimum.

The Board has taken this action to ensure that the Company does not need to seek additional funding from equity capital markets for the foreseeable future given current market conditions. In determining the action to be taken, the Board has sought to ensure that these reductions would not affect the Company's ability to service existing partners, continue to launch new product features, and to attract new partners to the platform.

The Company notes that in Q1 2020, the Company paid \$77,000 to directors of the Company in fees and salaries, with no other related party payments made in the quarter. This amount will reduce in Q2 2020, with the directors of the Company voluntarily taking a 20% reduction in fees/salary in the near term.

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About 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.



- Gamers join the mogul.gg community to compete for glory, cash and prizes in all the major esports game titles – cross-platform and title agnostic
- With commercialisation in place, Mogul offers a revenue-generating monthly subscription feature, named Mogul VIP, where platform users can subscribe for exclusive VIP tournaments, bonus cash winnings and unlock more perks
- Game publishers are able to reduce the cost of grassroots esports activations, supporting their game titles through Branded Hubs
- Esports teams get better fan engagement and active participation while building new revenue streams through team memberships, branded tournaments, and fan subscriptions
- Tournament organisers, influencers, and community groups can run their own online events – improving player experience, monetising their audience, reducing operating costs, and saving time in event administration and management

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 2020

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	26	26
1.2 Payments for		
(a) research and development	-	-
(b) cost of sales	(17)	(17)
(c) advertising and marketing	(226)	(226)
(d) tournament operations	(115)	(115)
(e) staff costs	(189)	(189)
(f) administration and corporate costs	(240)	(240)
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	-	-
1.8 Other (provide details if material)	(1)	(1)
1.9 Net cash from / (used in) operating activities	(761)	(761)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(298)	(298)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)	-	-
2.6	Net cash from / (used in) investing activities	(298)	(298)

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	(82)	(82)
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	(82)	(82)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,293	4,293
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(761)	(761)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(298)	(298)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(82)	(82)
4.5	Effect of movement in exchange rates on cash held	8	8
4.6	Cash and cash equivalents at end of period	3,160	3,160

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	104	34
5.2	Call deposits	3,056	4,259
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)	3,160	4,293

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
77
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Includes director's fee, salaries & superannuation for executive and non-executive directors.

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

7. Financing facilities

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.

	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)	761
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,160
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,160
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.15

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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 as the Company has sufficient funding to continue operations for over 12 months even if assuming no increase in revenues from current levels.

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.

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.

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 2020

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.