






## **Quarterly Business Review**

**From commercial launch to new partnerships with global video game publishers and high profile esports organisations - rapidly increasing captive partner audience**

### **HIGHLIGHTS**

-  Progressed in the past four months from commercial launch of the Branded Hubs technology to partnerships with Hasbro's Wizards of the Coast, Ubisoft, Team Secret, Alliance, Critical Hit and Tier One – high profile partners providing further validation of the technology and the Company's strategy
-  Significant progress in developing recurring revenue streams with platform commercialisation strategy in place – focus on driving Branded Hub subscription model
-  Expanding globally with partnerships in North America, Europe, Southeast Asia, and the Middle East at various levels – across influencers, teams, organisations, and publishers
-  Material revenues from subscriptions and partnership activity expected to commence in upcoming quarters as marketing by both Mogul and its partners ramping up in coming months
-  Further partnerships expected to be signed globally across four core vertical markets

Esports Mogul Limited (ASX: ESH) (**Mogul** or the **Company**), the world's most advanced pure-play online esports tournament platform 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 September 2019 (**Q3 2019**).

### **Success of Branded Hubs Commercial Launch**

Mogul's Branded Hubs are a centralised hub for partners to showcase their esports related content including streams, sponsors, and upcoming events as well as feature their own branded tournaments that can be created within minutes on the Mogul platform.

Since completing the commercial launch of its Branded Hubs technology in August 2019, Mogul has since garnered significant attention from a number of high profile esports influencers, teams, organisations, and publishers. The commercial launch of Mogul's Branded Hubs was also accompanied by the launch of the first major monetisation strategy for the Mogul platform – the paid fan subscription model.

In the past few months alone, Mogul has signed a number of high profile partners to establish their own Branded Hub including Team Secret, Alliance, Hasbro's Wizards of the Coast, Rivalcade, The Plays, the Australian Esports League, Tier One Entertainment, SARENA, EmiEmiTV and Summoners' Society.

Many of the Branded Hubs being launched with Mogul's partners will also have paid fan subscription offerings where fans can pay a small monthly fee in return for exclusive access to partner content or tournaments on Mogul, as well as participate in special prizes and events. Revenue from these subscriptions is shared between Mogul and the partner on terms agreed with individual partners. With



some of Mogul's partners having millions of social media followers each, there is significant potential for Mogul and its partners to be earning large recurring revenues from these paid subscriptions.








Mogul's Chief Operating and Product Officer, Jamie Skella commented:

"The past four months have seen us complete the commercial launch of Mogul's Branded Hubs in August 2019, followed by a number of key product features including the paid fan subscription model, the Pick Up Groups feature and Ladders functionalities, as well as a number of optimisations such as to our payments system.



"Successfully launching and validating these product features and improvements was a key element in securing partnerships with some of the most well-known esports organisations in the world with our results already clearly visible given our recent partnership announcements".

### High Profile Partners Signed

Since July 2019, Mogul has secured the following high profile partnerships across its core target markets of esports teams, influencers, organisers, and publishers:

-  **Ubisoft:** Launched ladder functionality where gamers can compete on competitive ladders in specific games. Ubisoft partnered with Mogul to launch the Mogul Ladder Masters with the first game being Ubisoft's 'Tom Clancy's Rainbow Six Siege'.
-  **Australian Esports League:** Mogul to be exclusive platform provider for all of AEL's national tournaments and leagues as well as paid fan subscription and paid tournament entry.
-  **Tier One Entertainment:** Southeast Asian influencer talent agency whose streamers and influencers have over 7,600,000 followers combined. Branded Hub launched with fan subscriptions.
-  **SG Esports:** Esports organisation with a portfolio of teams, streamers, and community groups including Australia's largest League of Legends group, Summoners' Society. Weekly branded tournaments to be run by SG Esports on Mogul.
-  **Team Secret:** One of the top-ranked esports teams globally with a reach of over 2 million fans playing in tournaments such as The International 2019 with a prize pool of over US\$34 million. An entire 12-month calendar of Team Secret branded tournaments to be launched and monetised on a Branded Hub.
-  **Wizards of the Coast:** A division of Hasbro Inc. and publisher of Magic: The Gathering card game and online game Magic: The Gathering Arena. Over 1 billion games of Magic: The Gathering Arena have been played since September 2018. Mogul and Wizards of the Coast launched an Australia and New Zealand Magic: The Gathering Arena championship.
-  **SARENA:** A leading esports organisation and venue operator in the Middle East with exclusive rights to operate some of the highest-profile esports events in the region including events which form part of the FIFA Global Series of events leading into the FIFA eWorld Cups. Mogul set to launch a Branded Hub as well as a number of Branded Tournaments and roll out across SARENA's entire venue and gaming café network.



-  **Alliance:** Expanding the partnership with Alliance, one of the most recognised esports teams in Europe, to launch Branded League, the Alliance League Dota 2 in addition to Branded Hub and paid fan subscriptions.
-  **EmiEmiTV:** EmiEmiTV is one of SEA's independent League of Legends influencers. After successfully growing her brand alongside Mogul as a solo tournament organiser, she is set to launch a Branded Hub with a paid subscription for premium tournaments as Mogul's first solo influencer partner.

Mogul expects to continue this strong growth in high-value partnerships with prominent industry operators over the coming months, further diversifying the Company's potential revenue streams and increasing its total captive partner audience.

Mogul's Chief Marketing Officer, Mark Warburton commented:

"We are very pleased to see the strong interest from partners in the Mogul platform offering whether they be influencers, organisers, game publishers, or esports teams. As we continue to sign new partners and launch additional Branded Hubs and branded tournaments, our potential fan and gamer audience is expected to rapidly increase. With a larger audience on the Mogul platform, we will see a much larger capability to convert that into annuity revenues for both our partners and for Mogul."

### Further Product Development Activities

In support of the commercial launch of Branded Hubs and to further enrich the experience for gamers, fans, and partners on Mogul, the Company launched a number of product improvements in the past few months including integrating a new payments provider, a Pick-Up Groups feature, and a next-generation ladder functionality.

The new payments provider, Adyen, better positions the Company to transact as a global business with users all across the world, allowing for multi-language multi-currency transaction processing and settlement. Adyen will also provide Mogul with further data insights into its users and their transactions on the platform.

Mogul has also launched a Pick-Up Groups feature which matches solo gamers looking to join a team of comparative skill and gaming preferences based on intelligent matching into a team. These teams are then recognised on Mogul as equivalent to a registered team with the same access to team management features. If a member leaves, the team can invite another player of their choice or have Mogul match the team with a solo player looking to join a team. This system is far better than current public matchmaking of other platforms, promoting enduring friendship between gamers, and reducing the time spent searching for potential team members like currently done by many gamers.

Ladders have always been a highly requested feature on Mogul. Mogul has now not only launched ladders but built a next-generation ladder functionality into the platform bringing a new level of competition to Mogul. These next-generation features include 'Instant Challenges' allowing other teams on a ladder to challenge each other directly for ladder position, without the need for future scheduling where all players from each team are already online. This is a market-differentiating feature for Mogul, keeping players engaged frequently over a sustained period of time, and increasing gamer satisfaction on the Mogul platform.



### Expiry of Listed Options

The Company separately notes that 346,478,207 Listed Options exercisable at \$0.05 expiring 30 October 2019, have now expired.

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### About Mogul

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
-  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 report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

eSports Mogul Limited

**ABN**

22 148 878 782

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

30 September 2019

<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	13	48
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(130)	(1,030)
(d) tournament operations	(117)	(540)
(e) staff costs	(271)	(733)
(f) administration and corporate costs	(269)	(582)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
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)	(6)	(4)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(779)</b>	<b>(2,837)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(18)
(b) businesses (see item 10)	-	-
(c) investments	-	(6)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 9 months) \$A'000
	(d) intellectual property	(145)	(487)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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>(147)</b>	<b>(511)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	3,100
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from issue of performance right	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(222)
3.5	Loans made to unrelated parties	-	-
3.6	Repayment of loans from unrelated parties	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	(1)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>2,877</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 quarter/year to date	2,850	2,395
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(779)	(2,837)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(147)	(511)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,877

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>1,924</b>	<b>1,924</b>

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	46	48
5.2	Call deposits	1,878	2,802
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposit)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,924</b>	<b>2,850</b>

**6. Payments to directors of the entity and their associates**

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	118
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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

**7. Payments to related entities of the entity and their associates**

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	200
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	260
9.4 Tournament operations	160
9.5 Staff costs	280
9.6 Administration and corporate costs	90
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>990</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-



### 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.



Sign here:

Company Secretary

Date: 31 October 2019

Print name: George Lazarou

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.