



East Side Games Group Reports Second Quarter 2022 Financial Results

Q2 revenue of \$29.7M, an increase of 32% over the same period last year

Announced Normal Course Issuer Bid for up to 4.1 million shares

Vancouver, BC, August 11, 2022 – East Side Games Group (TSX: EAGR) (OTC: EAGRF) (“**ESGG**” or the “**Company**”), today announced financial results for the second quarter ended June 30, 2022. All amounts are stated in Canadian dollars on an IFRS basis unless otherwise indicated.

“Q2 was a solid quarter with 32% growth over the prior year. Total revenue for 2022 to date was \$65.3M, up 43% year over year. Excluding one time revenue items in the Q1 quarter, Q2 decreased approximately 15% from Q1 of this year, in line with industry trends. *RuPaul’s Drag Race Superstar*, which launched on October 25, 2021 and *The Office: Somehow We Manage*, which launched in late January of this year in partnership with Universal Games and Digital Platforms continue to perform” said Jason Bailey, CEO of ESGG.

“Our core portfolio of active titles also performed over the quarter. These titles continued to be EBITDA drivers. This foundation is paying for the development of new titles, GameKit R&D, as well as operational cash flow.” Said Mr. Bailey, “Given the slate of titles we intend to launch in the second half of this year and early 2023, including super marquee titles *Star Trek Lower Decks* and *Doctor Who* we expect to lean in and invest heavily into growth which will result in lower near-term EBITDA, but sets us up for a spectacular 2023 and beyond”.

“Today we also announced a share buy-back program as the board of directors and I believe that the market price of the Company’s common shares does not reflect the inherent value of the Company”, said Mr. Bailey.

Three and six months ended June 30, 2022 Highlights:

- Q2 2022 revenue was \$29.7 million, a 32% increase vs Q2 2021 revenue of \$22.5 million. For the six months ended June 30, 2022, revenue was \$65.3 million, a 43% increase vs the six months ended June 30, 2021.

- Cash for the Company at June 30, 2022 was \$9.3 million compared to \$9.2 million at December 31, 2021.
- Daily Active Users in Q1 were 347K and Monthly Active Users were 1.35M. Average Revenue per Daily Active User was \$0.93.
- The 2022 Earnout Milestone was achieved and paid in the first quarter of 2022 as \$10 million in cash and \$10 million in shares as per the Share Purchase Agreement. The 2023 Earnout Milestone of \$20 million, previously accrued, was reversed during Q2 2022 due to uncertainty in achieving the \$150 million revenue target.
- On August 11, 2022, the Company announced its intention to buy back up to 4,076,819 shares under its NCIB.
- During Q1 2022, the Company expanded its operating credit facility from \$3.5 million to \$7.1 million increasing its overall credit facilities to \$17.1 million. During Q2 2022, the Company added a \$10 million acquisition line for which a portion can be used in its NCIB. At June 30, 2022, the Company had \$0.3 Million in debt.
- Q2 2022 Adjusted EBITDA was \$0.6 million (Q2 2021 - \$2.6 million) and year to date Adjusted EBITDA was \$3.6 million (YTD 2021 - \$5.3 million).
- Q2 2022 net income was \$17.3 million (Q1 2022 - \$0.7 million) and year to date net income was \$17.9 million (YTD 2021 - \$0.4 million). Net income for the three and six months ended June 30, 2022 was primarily due to the reversal of the contingent payment.
- Added four new genres to the Game Kit core offering, Merge, Match, Blitz and Master and have partnership development agreements for each.
- Signed numerous, as yet unannounced Super MARquee IP agreements as well as multi game development agreements with GameKit partners.
- Soft Launched Star Trek Lower Decks, Doctor Who, Milk Farm Tycoon, Trailer Park Boys Merge, Bud Farm Munchie Match, and others.

Certain information provided in this news release is extracted from the consolidated financial statements (the "Financial Statements") and Management's Discussion & Analysis ("MD&A") of the Company for the three and six months ended June 30, 2022 and should be read in conjunction with them. It is only in the context of the fulsome information and disclosures contained in the Financial Statements and MD&A that an investor can properly analyze this information. The Financial Statements and MD&A can be found under the Company's profile on SEDAR and EDGAR.

Webcast and Conference Call Information

The Company will hold a conference call to discuss its performance with the investment community at 2:00 p.m. PT today. Related earnings release materials can be found on East Side Games Group website at <https://eastsidegamesgroup.com/investors/financial-information/>.

Webcast and Conference Call Details:

Webcast URL: <https://app.webinar.net/Xy9WDqk1O6>

Toll Free Dial-In Number: +1 (888) 440-2009

International Dial-In Number: +1 (438) 803-0546

Conference ID: 8631585

A replay will be available starting at 6:30 a.m. PT August 12, 2022 until September 11, 2022 by dialing +1 (800) 770-2030 or +1 (647) 362-9199 and entering the conference ID 8631585.

ABOUT EAST SIDE GAMES GROUP

East Side Games Group (formerly operating under the name “LEAF Mobile Inc.”) is a leading free-to-play mobile game group. Through our proprietary Game Kit software platform, we enable creators to successfully deliver memorable mobile gaming experiences that engage players everyday. We publish a diverse portfolio of original and licensed IP mobile games that include: *The Office: Somehow We Manage*, *RuPaul’s Drag Race Superstar*, *Bud Farm Idle Tycoon*, *Cheech & Chong Bud Farm*, *It’s Always Sunny: The Gang Goes Mobile*, *Trailer Park Boys Greasy Money* and other IP based and wholly owned properties.

Additional information about the Company continues to be available under its legal name, LEAF Mobile Inc., at www.sedar.com.

Forward-looking Information

Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding the proposed transactions described herein. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management’s current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including factors beyond the Company’s control. These forward-looking statements are made as of the date of this news release.

Contact Us

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