

Capitalizing on the free-to-play mobile games audience, East Side Games Group ramps up the acquisitions, the awards and rolls out record revenues...

Ask anyone who has children if they play free-to-play mobile games. In about 95% of cases the answer will be 'yes'. Such is the popularity of mobile games today.

According to Statista, worldwide revenue from mobile games is "is expected to show an annual growth rate (CAGR 2022-2026) of 8.73%, resulting in a projected market volume of US\$174,586m by 2026." And "the average revenue per user (ARPU) in the Mobile Games segment is projected to amount to US\$64.66 in 2022."

Looking at the above statistics, this is an enormous market opportunity for those that can be successful in the mobile gaming segment. Today's Company is already Canada's leading free-to-play mobile game group.

East Side Games Group Inc. (TSX: EAGR | OTCQB: EAGRF) not only owns and creates games, they also license their proprietary Game Kit software platform that enables professional game developers to create games. East Side Games Group has a diverse portfolio of original and licensed IP mobile games that include: *Archer: Danger Phone*, *Bud Farm Idle Tycoon*, *Cheech & Chong Bud Farm*, *The Goldbergs: Back to the 80s*, *It's Always Sunny: The Gang Goes Mobile* and *Trailer Park Boys Grea\$y Money*, *RuPaul's Drag Race Superstar* and *The Office: Somehow We Manage*.

A sample of just some of East Side Games Group's free-to-play mobile games



Source: East Side Games Group website

East Side Games Group has been very busy in 2022 with acquisitions, new games announced (including “Star Trek”), a strong financial performance, and various award nominations

In January East Side Games Group announced that they had acquired 100% of N3TWORK Inc.'s interest in the 'Funko Pop! Blitz' mobile game. The game currently features characters from a variety of franchises including *Jurassic World* and *Back to the Future*, *The Office*, *Shrek*, *Trolls*, and *Masters of the Universe*.

Also in January the Company announced that they had entered into a multi-year partnership with BBC Studios for the worldwide release of a mobile title based on the *Doctor Who* franchise.

In February, the Company announced that it has entered into a multi-year partnership with ViacomCBS Consumer Products for the worldwide release of a *Star Trek: Lower Decks*-themed mobile game on iOS and Android. Regarding Star Trek, Wikipedia states: “Star Trek since its original debut in 1966 has been one of the most successful television series in science fiction television history and has been considered by many to have had a large influence in popular culture as a result.” Or put another way, Star Trek is wildly popular and has a cult following. The announcement also highlighted the magnitude of this deal stating: “The *Star Trek* franchise has had an unmistakable influence on adults and children alike for over 50 years. Being able to bring such a storied franchise to mobile in our trademark idle-game style is an honor for us here at ESGG,” said Darcy Taylor, Chief Executive Officer of ESGG. “We’re looking forward to sharing this new experience in the *Star Trek* franchise with everyone from new audiences to *Star Trek* super fans. This new mobile game is another top tier IP franchise that will only add to an already exciting launch slate in 2022.”

In March, East Side Games Group reported their Q4 earnings results which included record Q4 and FY2021 revenues up 49% YoY and 37% YoY respectively. They also announced record Q4 monthly average users (MAU) of 1.5 million, up 53% YoY.

Record Q4 2021 and FY 2021 results were announced on March 10, 2022

EXECUTIVE Summary

Organic Growth Ramps in Q4

- RECORD Q4 & FY REVENUE
- RECORD Q4 PLAYER AUDIENCE
- RAMPING “SUPER MARQUEE” IP PIPELINE
- SCALING GAME KIT(S) PARTNERS



Source: East Side Games Q4 2021 and FY 2021 financials presentation

Finally capping off a brilliant quarter, in mid-March East Side Games announced that they had been nominated for multiple awards, including Pocket Gamer People’s Choice and Canadian Game Awards Best Mobile Game.

East Side Games Group quotes 5 core reasons to invest in the company

- **Market Growth** in terms of quantitative and qualitative visibility in the largest and fastest growing entertainment market.
- **Proven Portfolio** – Proven game portfolio with recurring revenue stream and deep product pipeline.
- **Revenue Diversification** – Game Kit(s) technology Platform SaaS revenue model complements organic growth and enhances scalability.
- **Successful & Accelerating M&A** – Successful & Accelerating M&A Agenda to attract world class talent, teams and IP.
- **Scale Benefits** – Reduced cost of capital and scale

benefits operational synergies and profitability.

Source: East Side Games Group website

Summary of progress and growth strategy of East Side Games Group

SUMMARY

Execution of Growth Strategy Delivers Record Q4 & FY

- **RECORD ORGANIC GROWTH** with first 2 months of RuPaul's Drag Race Superstar and stable core portfolio revenue delivery
- **RECORD PLAYER AUDIENCE ON DISCIPLINED UA INVESTMENT**
 - Marketing ecosystem adaptation and successful UA campaigns.
- **RAMPING "SUPER MARQUEE" IP PIPELINE** with 3 new introductions 2022
 - NBC's, The Office: Some How We Manage (WW launch 1/27/22)
 - ViacomCBS, Star Trek: Lower Decks (WW Launch 1H 2022)
 - BBC Studios, Doctor Who (WW Launch 2H 2022)
- **SCALING GAME KIT(S) SOFTWARE PARTNERS**
 - Investing in future growth with the most games in production ever (9+)
- **EXECUTING ON OUR 3 PILLAR STRATEGY**
 - Positions us to continue growth and deliver on our long-term objectives

Source

Closing remarks

The global mobile gaming industry continues to enjoy very solid growth, with user penetration expected to hit 29.3% by 2026, East Side Games Group is aiming to grab some of this audience. The Company is rapidly growing their portfolio of free-to-play mobile games as well as their revenues, with FY2021 revenues up 37% accelerating in Q4 2021 up 49% YoY.

East Side Games Group has a market cap of C\$203 million. One to watch in 2022.

Rapidly Growing LEAF Mobile is now East Side Games Group as it expands its partnership with Mighty Kingdom and prepares to list on the LSE

Did you know that LEAF Mobile Inc. is now East Side Games Group Inc. (TSX: EAGR | OTCQB: EAGRF)? The Company is Canada's leading free-to-play mobile game group. Actually LEAF Mobile Inc. acquired East Side Games Inc. in early 2021 for C\$159M, but has clearly decided that rather than keeping the name as a subsidiary it is a better name for the whole company.

The name change was announced in December 2021. CEO Darcy Taylor commented about the name change saying: "We've been working on this change for some time, and it represents a change in our trade name; not our purpose, our vision, our structure, or how we operate and it comes at an exciting time in the Company's growth as we ramp our launch slate of new games and further scale our Game Kit partners."

Some of East Side Games (formerly LEAF Mobile Inc.) popular free to play mobile games



ABOUT

AWARDS

GAMES

JOB

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**RUPAUL'S DRAG RACE
SUPERSTAR**



**TRAILER PARK BOYS:
GREASY MONEY**



**THE OFFICE SOMEHOW
WE MANAGE**

Source: East Side Games Group website

East Side Games Group expands the Mighty Kingdom partnership

East Side Games Group recently announced an expansion of its publishing and Game Kit partnership with Mighty Kingdom Games Pty Ltd for the world wide release of three additional free-to-play mobile games on iOS and Android. The games are expected to launch during 2022 and 2023 and will be published by East Side Games. The company's CEO, Darcy Taylor stated:

"This expanded partnership with Mighty Kingdom is a testament to the quality and performance of our Game Kit technology that allows for a material decrease in the typical build to launch timeline for mobile games developed on the platform. Having Australia's largest independent game developer join us for an additional three games speaks volumes about our platform."

As you can imagine, in the mobile games development world, speed to market is important, as is the publisher's brand name, portfolio of games, and distribution. In the case of East Side Games Group, they rate well in all areas.

East Side Games Group to list on the LSE

Perhaps more exciting for investors is that East Side Games

Group will soon be listed on the London Stock Exchange (“LSE”). The Company stated in November 2021: “This secondary London listing is part of LEAF’s growth strategy and brings Canada’s largest free-to-play mobile game group to the LSE. The net proceeds of the capital raising will be used to further scale the business.”

East Side Games Group revenue is forecast to more than double in the next two years

East Side Games Group’s revenue in 2021 is forecast to be C\$90M and rise to C\$201M in 2023. If achieved, it would be a more than doubling of revenue in just 2 years. This is up enormously on 2020 revenue of C\$31M, making East Side Games one of the fastest growing mobile games publishers/developers. Clearly East Side Games Group is very serious in accelerating their growth to capture as much as possible from the booming mobile gaming market.

Facts about Mobile gaming

- Newzoo – Mobile games are expected to reach 2.6 billion players and generate revenues of USD 90 billion in 2021, representing more than half of the global games market in terms of revenue.
- Games are also the most dominant category within the mobile applications ecosystem with gaming accounting for more revenue on iOS than every other category combined.
- Sensor Tower – Games accounted for 66% of all [App Store] revenue in 2020, approximately USD 47.6 billion was spent on iOS games in 2020, up 25% from 2019.

Source

Closing remarks

Investors may be familiar with the name LEAF Mobile Inc. from some of our past articles here on InvestorIntel. The latest changes are really a new company name, which I think better

matches the company's core business of being a games developer and publisher.

East Side Games Group continues to grow its portfolio of game development studios, publisher partnerships, and mobile games which is now translating into rapidly growing revenues for the Company.

New exposure on the global stage via the LSE listing can only benefit the Company further. Stay tuned in 2022.