

September 7, 2021

LEET TECHNOLOGY INC. (OTCPK: LTES)

BUSINESS DESCRIPTION

Leet Technology Inc. is a technology company that provides a platform for competitive gaming (including e-sports and arcade games) in the fast-growing Southeast Asian market. The company aims to capitalize on the global trend of increased interest in competitive gaming, as technology has enabled the simultaneous participation of players in different locations, and live streaming has expanded the gaming audience. Leet is leveraging its platform, including its modularity, design and scalability, to provide white label solutions to Information and Communications technology (ICT) and Over-the-Top (OTT) companies in Southeast Asia. These companies use Leet's technology to host gaming tournaments on their own platforms.

Leet Technology has built an end-to-end gaming ecosystem for game developers that allows competitive tournaments to be hosted on Leet's platform. The Matchroom.net platform enables mass audiences of casual competitors in both e-sports and arcade-style, skill-based game categories to participate in both in-house & branded tournaments, and to win daily prizes. The platform is designed to enhance partners' branding, user acquisition, conversion and monetization efforts, and to foster relationships between brands and gaming communities.

Leet's current coverage area includes Southeast Asia, namely Malaysia, Philippines, Indonesia, Thailand, Singapore, Cambodia, and India. In 2022-2023, it plans to expand into Vietnam, as well as into markets in South Asia, the Middle East, and Africa.

The e-sports industry reached Southeast Asia in 2016, with the first prize-money tournament in Malaysia, and has expanded significantly since that time. Matchroom.net went live in 2019, and has thus far hosted more than 1,000 online tournaments for a wide range of popular games on mobile, console, and PC platforms. The company has hosted events with up to 15,000 participants in a single event and has served more than 120,000 gamers to date.

(continued on next page)

KEY STATISTICS

Key Stock Statistics

Recent price (9/3/21)	\$0.24
52 week high/low	\$1.20 - \$0.05
Shares outstanding (M)	140.4
Market cap (M)	34.0
Dividend	Nil
Yield	Nil

Sector Overview

Sector	Information Technology
Sector % of S&P 500	28.0%

Financials (\$M)

Cash & Mkt Securities	0.0
Debt	0.0
Working Capital (\$M)	-3.7
Current Ratio	0.0
Total Debt/Equity (%)	NM
Payout ratio	NM
Revenue (M) TTM	0.1
Net Income (M) TTM	NM
Net Margin	NM

Risk

Beta	NA
Inst. ownership	0%

Valuation

P/E forward EPS	NA
Price/Sales (TTM)	NM
Price/Book (TTM)	NM

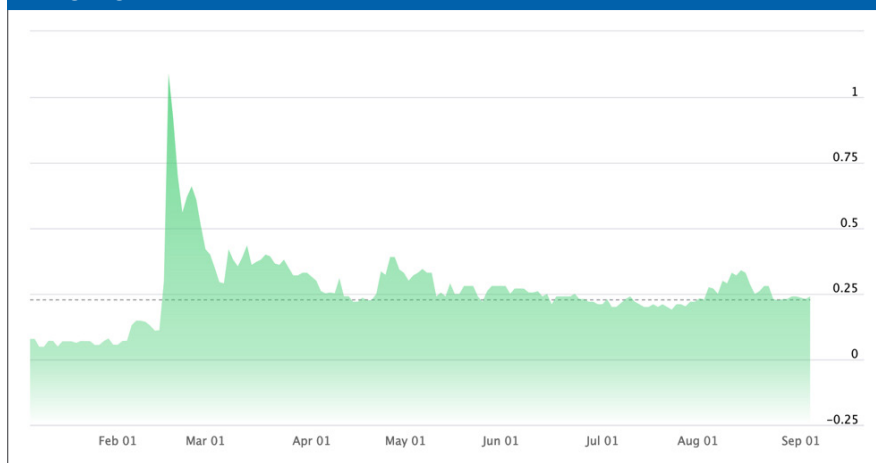
Top Holders

NA

Management

CEO	Mr. Keith Long
CFO	Mr. Kamal Hamidon
Interim CTO	Mr. Daniel Pacheco
Company website	https://myleet.com

PRICE CHART



COMPANY SPONSORED REPORT. SEE LAST PAGE FOR DISCLOSURES.

Although the Southeast Asian market is at an earlier stage of growth than in North America and China, its mobile gaming industry has been among the fastest-growing markets in the world. In 2019, overall gaming-market revenue in the region increased by 17%, to \$4.3 billion, with mobile accounting for 70%, or \$3.1 billion, of the total, according to Statista. According to Research & Markets, the Southeast Asia gaming market is expected to register a compounded annual growth rate (CAGR) of 8.5% between 2020 and 2025.

Within the mobile gaming category, e-sports remains at an early growth stage globally. However, Research & Markets forecasts the global e-sports market will triple by 2025, and reach \$3 billion in revenue, up from approximately \$1 billion at the end of 2019. The number of players in Southeast Asia is expected to increase rapidly, reaching 320 million by 2023. As well, some 90% of players participate in e-sports, according to Markets & Research. As such, we expect that e-sports in Southeast Asia will continue to experience growth at levels that are comparable to the global trend over the coming years.

The industry has capitalized on increased consumer interest in mobile games as mobile devices have become more powerful and affordable, and is now benefiting from the shift to 5G technology. According to Research & Markets, internet penetration in Southeast Asia is expected to expand to 99% by 2023, up from 77% in 2019. As a result, players who were previously limited to stationary PCs can now participate in mobile settings. This has led to significant market expansion for Leet and other gaming companies, and provided new opportunities to monetize play.

The e-sports industry has also seen increased user interest due to the cancellation of live sporting events during the COVID-19 pandemic, with more gamers competing in online tournaments and more viewers watching livestreams. This increased interest in online games has also attracted ICT providers, who see it as a way to stimulate data usage and monetize their infrastructure.

Matchroom.net hosts tournaments under its R3KTNATION series for popular titles including Call of Duty Mobile, FIFA, and Apex Legends. The platform is supported by a membership model and has a wallet system that allows users to earn money from prize pools. The platform also elevates the social aspect of the gaming experience through the use of chat and usage-tracking features, among others. Leading game developers allow access to their titles, and, as a result, customer acquisition costs are very low. Matchroom's platform also continues to evolve. The platform is currently developing features that will allow users and subscribers to redeem points for the purchase of in-game products, gaming merchandise, and exclusive, "limited edition" items. Subscribers will also be able

to receive coaching from other streamers or professional players in the foreseeable future as part of the platform offerings.

A key revenue-generating feature of Matchroom is its packaging of activities, rewards, and tools that will attract gamers to a subscription service. The company also works with corporate sponsors and advertisers in conducting tournaments. Sponsoring companies may participate in prize pools and offer product ad placements, sampling, and giveaways as part of a broader e-commerce strategy.

In addition to its internal capabilities, Leet's white-label solutions, gaming infrastructure, and implementation services allow ICT providers and OTT companies to increase data usage. In this business, Leet shares revenue with its partners. The partners incur acquisition and marketing costs, while Leet provides the back-end infrastructure to customize the appearance and logistics for each tournament experience. Leet also uses social media and brand and "influencer" marketing, and works with mobile carriers to co-promote tournaments.

COMPETITIVE ADVANTAGE

A key competitive advantage for Leet is its value proposition to its telecom and game developer partners. Leet provides telecom carriers with gaming technology that allows them to generate more revenue and earnings from their mobile customers. The company's custom white-label solutions typically generate earnings for partner carriers within 1-2 quarters, helping them to offset the impact of declining voice-based usage. Carriers also benefit from the fact that gamers have higher-than-average data usage and are more likely to be retained. In addition, they can reward end users with loyalty points that further drive retention and overall usage.

Leet's offering also allows telecom operators to run tournaments without a dedicated team of content developers and e-sports operators. This allows carriers to eliminate the technology risk of e-sports tournaments and focus solely on the marketing side of the event. In particular, Leet's infrastructure ensures the cybersecurity of e-sports events, which usually require billing information from players.

In order to maximize its consumer reach, Leet's gaming catalog addresses multiple age groups with a wide array of titles rather than appealing only to Millennials. It is also well positioned to capitalize on the increased demand for games based on current sporting events. For example, the company has hosted tournaments related to the recent Euro 2020 soccer championship, and plans a similar event for the 2022 World Cup. It has also hosted tournaments related to popular auto racing events.

(continued on next page)

PEER COMPARISON

Company	Ticker	Recent Price (\$)	52-Week High (\$)	52-Week Low (\$)	Mkt. Cap (\$MIL)	1-yr Price Change (%)	1-yr Rev Growth (%)	1 YR EPS Growth (%)	P/E Ratio	Beta	Yield (%)
LEET TECHNOLOGY INC	OTCPK: LTES	0.24	1.20	0.05	34	200	40	NM	NM	NA	NA
ESPORTS TECHNOLOGIES INC	NASDAQ: EBET	33.38	54.00	18.65	442	-8	39	NM	NM	NA	NA
ENGINE MEDIA HOLDINGS INC	TSXV: GAME	7.84*	16.50*	6.57*	121*	-30	163	NM	NM	0.85	NA
ENTHUSIAST GAMING HOLDINGS INC	TSX: EGLX	5.50*	11.10*	1.38*	695*	235	498	NM	NM	NA	NA

* Statistics in Canadian Dollars (CAD)

Leet's operating model is attractive in several respects. First, the platform is highly scalable and not technology-constrained, as most of the infrastructure related to partnered tournaments is stored on the telecom carrier's own servers. Second, the partnerships involve long-term commitments from partners, usually in the three-year range, making Leet's business more stable. We view this stability favorably given the intense industry competition from companies such as ESPL, Mogul.gg, Yamisok, ESL, and others that are expanding in the Southeast Asian and South Asian markets.

Lastly, we note that the expansion of the e-sports market has received support from the Malaysian government. As part of its 2021 annual budget, the government allocated the equivalent of \$3.6 million for the development of e-sports, the third straight year in which the industry has received Malaysian government support. In our view, a favorable regulatory environment should help make e-sports more attractive for ICT providers and drive continued investment in the platform.

ANALYST COMMENTARY: EARNINGS

We view current revenue and earnings at Leet, a relatively new company, as less significant for investors than evidence that management is executing its strategy. For the year ended December 31, 2020, Leet reported net revenue of \$73,416, up 40% from 2019. As of June 30, 2021, Leet had negative working capital of approximately \$3.7 million and cash and other receivables of \$115,000. It is currently seeking additional sources of capital.

In 2Q21, revenue totaled \$115,000, compared with approximately \$22,000 in the prior year period. During 1Q, the company generated initial revenue from a new revenue stream, Maroo Mall. We expect revenue to grow over the remainder of 2021 as Leet generates revenue from recently announced partnerships with mobile carriers, and its subscription model, which was introduced at the beginning of the year, gains traction.

Since August 2021, the company's shares trade on the OTC market under the ticker LTES. Previously, the shares had traded under ticker BDIC, following its merger with Blow & Drive Interlock Corp, which was completed in November 2020.

MANAGEMENT

Keith Long is the co-founder and CEO of Leet Technology. He has more than 20 years of experience in the Asian gaming industry, and has held senior management positions at Terra ICT (eGames

Global), Asiasoft, and Migme. Mr. Long began his career with HP and Computer Sciences Corp. before joining Terra ICT in 2003. Terra was one of the first companies to bring online video games to Malaysia and Southeast Asia.

Leet recently appointed technology executive Elain Lockman, CEO and co-founder of Malaysia-based Ata Plus Sdn Bhd, a blockchain-enhanced equity crowdfunding online platform, as an independent director. We view this appointment favorably, which we see providing a broader perspective on the gaming industry and helping Leet to develop products that appeal to a wide range of users.

RECENT DEVELOPMENTS

Since completing its back-end platform build in 2020, Leet has focused on expanding its business with mobile network operators in South East Asia, and has made substantial progress in this regard. In April 2020, Cellcard, Cambodia's leading telecommunications company, launched its e-sports and gaming platform (PlayGame) in collaboration with Matchroom. In November 2020, Leet entered into a framework agreement with Telenor Digital, a unit of telecom provider Telenor Group, which has 182 million subscribers. In December 2020, Leet formed a direct operator billing partnership with Celcom, another large mobile carrier in Malaysia.

In February 2021, Matchroom signed a master service agreement with PayTM, an Indian digital-payment and e-commerce platform serving more than 350 million users. Under this agreement, it will deliver e-sports content to PayTM customers in India as well as in the Middle East and North Africa.

In October 2020, Smart Communications, the Philippines' leading telecommunications operator, launched a tournament on the title Call of Duty in partnership with Leet. Subsequently, in June 2021, Smart Communications expanded the partnership to include a full white-label of Matchroom, which is expected to launch in the fourth quarter of 2021.

In January 2021, Matchroom.net launched an expanded, subscription-based model with the ability to deliver "next-level" rewards and experiences for users. The upgrade established the site as a fully integrated virtual playground able to host a larger number of tournaments for a larger participant pool. The site upgrade will also enable Leet to capitalize on the evolution of the e-sports industry from a niche hobby to an established, mainstream industry.

Steve Silver

INCOME STATEMENT

Growth Analysis (\$MIL)	2020	1Q 2021	2Q 2021
Revenues	0.1	0.0	0.1
Gross Profit	-0.3	-0.1	0.0
Sales General and Marketing	0.5	0.2	0.3
R&D	0.0	0.0	0.0
Operating Income	-0.9	-0.3	-0.3
Interest Expense	0.0	0.0	0.0
Pretax Income	-0.8	-0.3	-0.3
Tax Rate (%)	NA	NA	NA
Net income	-0.8	-0.3	-0.3
Diluted Shares	25.2	144.5	141.4
EPS	-0.02	0.00	0.00
Dividend	NA	NA	NA
Growth Rates (%)			
Revenue	NA	NA	NA
Operating Income	NA	NA	NA
Net Income	NA	NA	NA
EPS	NA	NA	NA
Valuation Analysis			
Price (\$): High	NA	NA	NA
Price (\$):Low	NA	NA	NA
PE: High	NA	NA	NA
PE: Low	NA	NA	NA
PS: High	NA	NA	NA
PS: Low	NA	NA	NA
Yield: High	NA	NA	NA
Yield: Low	NA	NA	NA
Financial & Risk Analysis (\$MIL)			
Cash	0.0	0.1	0.1
Working Capital	-3.1	-3.4	-3.4
Current Ratio	0.0	0.0	0.0
LTDebt/Equity (%)	NA	NA	NA
Total Debt/Equity (%)	NA	NA	NA
Ratio Analysis			
Gross Profit Margin	22.8%	16.0%	0.0%
Operating Margin	NM	NM	NM
Net Margin	NM	NM	NM
Return on Assets (%)	NA	NA	NA
Return on Equity (%)	NA	NA	NA
Op Inc/Int Exp	NA	NA	NA
Div Payout	NA	NA	NA

DISCLAIMER

Argus Research Co. has received a flat fee from the company discussed in this report as part of an “Equity Report” agreement between Argus and the company. No part of Argus Research’s compensation is directly or indirectly related to the content of this assessment or to other opinions expressed in this report. Argus Research provides a suite of Equity Report services including but not limited to initial reports with ongoing coverage and updates; distribution to Argus Research’s clients; a license to enable the company to proactively use and distribute the report ; a press release announcing our initial coverage and updates; and optional access to the Vickers Research database. The price for this suite of services generally ranges from \$11,000 to \$16,000 depending on the level of services selected. Argus Research receives no part of its compensation in the form of stock or other securities issued by the company discussed in this report, and has no long equity position or short sale position in the company’s stock. Argus Research is not involved in underwriting securities for the subject company, and will receive no proceeds or other financial benefit from any securities offering by the company. Argus Research; its officers, directors, and affiliates; and the author of this report have no financial interest in, or affiliation with, the subject firm. The report is disseminated primarily in electronic form and is made available at approximately the same time to all eligible recipients.

Argus Research Co. (ARC) is an independent investment research provider whose parent company, Argus Investors’ Counsel, Inc. (AIC), is registered with the U.S. Securities and Exchange Commission. Argus Investors’ Counsel is a subsidiary of The Argus Research Group, Inc. Neither The Argus Research Group nor any affiliate is a member of the FINRA or the SIPC. Argus Research is not a registered broker dealer and does not have investment banking operations. The Argus trademark, service mark and logo are the intellectual property of The Argus Research Group, Inc.

The information contained in this research report is produced and copyrighted by Argus Research Co., and any unauthorized use, duplication, redistribution or disclosure is prohibited by law and can result in prosecution. The content of this report may be derived from Argus research reports, notes, or analyses. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. This report is not an offer to sell or a solicitation of an offer to buy any security. The information and material presented in this report are for general information only and do not specifically address individual investment objectives, financial situations or the particular needs of any specific person who may receive this report. Investing in any security or investment strategies discussed may not be suitable for you and it is recommended that you consult an independent investment advisor. Nothing in this report constitutes individual investment, legal or tax advice. Argus may issue or may have issued other reports that are inconsistent with or may reach different conclusions than those represented in this report, and all opinions are reflective of judgments made on the original date of publication. Argus is under no obligation to ensure that other reports are brought to the attention of any recipient of this report. Argus shall accept no liability for any loss arising from the use of this report, nor shall Argus treat all recipients of this report as customers simply by virtue of their receipt of this material. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance.

Argus has provided independent research since 1934. Argus Investors’ Counsel (AIC), a portfolio management business based in Stamford, Connecticut, is a customer of Argus Research Co. (ARC), based in New York. Argus Investors’ Counsel pays Argus Research Co. for research used in the management of the AIC core equity strategy and model portfolio and UIT products, and has the same access to Argus Research Co. reports as other customers. However, clients and prospective clients should note that Argus Investors’ Counsel and Argus Research Co., as units of The Argus Research Group, have certain employees in common, including those with both research and portfolio management responsibilities, and that Argus Research Co. employees participate in the management and marketing of the AIC core equity strategy and UIT and model portfolio products.