



## Dear Shareholders

The third quarter of 2023 was rather bittersweet for everyone at MGG. On one hand, we finalized the sale of our Mongolian property assets, a goal that was necessitated by our subscale size. While foreshadowed for quite some time, I was still saddened to crystalize this transaction. Mongolia has been part of my life for over a decade, and I always believed that we could somehow turn things around if we simply waited long enough for Mongolia's economic fortunes to recover. Unfortunately, this recovery has never arrived, and it became apparent that the time had come to extract our remaining capital and engage it in more lucrative purposes, especially as our Mongolian operations have mostly operated at a loss for the past few years.

At the same time, MGG had built a wonderful team that could accomplish anything, even under almost impossible circumstances—our most valuable assets, that never showed up on our balance sheet. Unfortunately, no one should toil away at a company that is slowly shrinking, and moving on is also for their own good, though I will miss them dearly. I will forever remember the loyalty and resourcefulness of our core team, many of whom were with us since 2011. We accomplished incredible things during our time together, and while that has not translated into financial rewards for you as shareholders, I don't think you realize how much we really accomplished. I also don't think you realize how difficult things frequently were in Mongolia, only to have one of our employees find a creative way to save the day. Putting it differently, things could have turned out much worse for us as shareholders and we're happy that we were able to ultimately extract value from our Mongolian assets.

We segregate our business lines into three categories: Investment Properties (discontinued), Subscription Business Products, and Corporate Division (which includes our investment portfolio).

Given the complicated nature of the accounting for discontinued operations, I'm going to break with normal practices and simply summarize that we sold our 5 remaining property assets for \$10,692,643. Of that amount, \$10,279,408 has now been sent to Canada. The remainder has been used to pay commissions, various associated taxes, and generous severance to our employees. We expect that as we wind down our operations, there will be an additional small disbursement of proceeds to Canada before year-end when we expect that our operations in Mongolia will be finalized.

Subsequent to the complete disposal of our Mongolian operations, we will have four core assets remaining at MGG;

- Our Subscription Business Products.
- Our office property in Rincon, Puerto Rico.
- Our cash, net marketable securities, and digital assets.
- Canadian Tax assets related to the disposal of our Mongolian subsidiaries.

I have on many occasions noted that there are tax and regulatory reasons why we cannot be a publicly traded business where the primary assets are marketable securities. Therefore, we MUST purchase over 25% of an operating business in the very near future. Unfortunately, we have not been able to identify any attractive opportunities and have started to lose confidence that we will be able to identify an opportunity that is sufficiently attractive. If we cannot find a suitable acquisition in the near future, we will likely choose to liquidate this Company, so as not to burden shareholders with the costs of a public company.

In the meantime, we hope that future gains from our existing marketable securities portfolio can utilize our tax assets, maximizing the after-tax return to shareholders.

During the next quarter, our plan is to continue the wind-up of our Mongolian operations, utilize the revenues from KEDM to offset the operating costs of MGG, continue to be diligent in reducing corporate expenses, now that MGG no longer has associated costs from Mongolia, manage our public securities and digital portfolio, and seek out a potential transaction so that this business can continue forward.

### **Investment Properties:**

During the quarter we reported \$181,127 (2022- \$199,481) of leasing revenue and \$2,908 (2022 - \$2,361) of other revenue (primarily 3rd party), offset by \$878,991 (2022- \$166,610) of expenses in Mongolia.

**Subscription Business Products:**

KEDM, our subscription business, which tracks various Event-Driven strategies, continued to produce income for our company. During the third quarter, we recognized \$727,496 (Q3 2022 – \$857,492) of revenue while taking in \$898,597 (Q3 2022 – \$1,155,650) of gross subscription receipts. As noted previously, we believe that KEDM has reached a more mature state and that churn will likely remain above our ability to add new subscribers. We've tried a variety of methods to grow the subscriber base, but a weaker equity market, with reduced returns for investors, has led many subscribers to cancel their subscriptions. Meanwhile, we've struggled to replace these subscribers. That said, we believe that there is a core base of subscribers that will likely continue to renew their subscriptions as they value the data that we provide. As KEDM shrinks into this core base, we believe that overall churn will stabilize at a lower level that is offset by new subscriber additions and we expect that KEDM will remain a profitable business for us.

As a reminder, as of January 1st of 2023, my Registered Investment Advisor, Praetorian PR LLC, is now contracting with MGG to produce KEDM. To learn more about KEDM, go to [www.KEDM.COM](http://www.KEDM.COM). Additionally, the company is considering acquiring other subscription products that would be complementary to KEDM.

**Corporate Division:**

Our public securities portfolio produced a \$7,511,239 unrealized gain (Q3 2022 – \$2,869,227 unrealized loss) and a \$449,077 realized gain (Q3 2022 – \$1,561,860 realized gain). I would like to caution you strongly that returns like we have recently experienced, are highly unlikely to be repeated in future quarters. At quarter end, our portfolio was concentrated in investments in oil futures and futures options, energy services companies, uranium equities, and a Florida land owner. Additionally, we own a small position in a cryptocurrency named Monero, that we added moderately to during the first quarter of 2023. We view these investments as highly liquid, inflation-protected, alternatives to holding cash, and we intend to liquidate various investments should we find additional businesses to launch or acquire stakes in.

**Conclusion**

While we remain optimistic about Mongolia's long-term future, it remains mired in an economic crisis. As a result, we decided to finally wind-down operations and dispose of our remaining property assets. We waited for over a decade for a recovery in Mongolia's economy. One day that recovery will come, but unfortunately, as shareholders, we will not take part.

Gen and I made many life-long friends in Mongolia, and will cherish our memories of operating in such a remarkable country. We want to wish all our friends and former employees the best in all of their endeavors.

During the quarter, the company repurchased 138,500 shares under its Normal Course Issuer Bid. At quarter end, our share count was 27,065,199, or 22% fewer than during our peak share count in 2016. To date, the company has repurchased a total of 8,551,900 shares.

Sincerely,



Harris Kupperman  
CEO