

eSports Mogul Limited

Appendix 4E Preliminary Final Report

1. Reporting period

- Year ended 31 December 2020

Previous corresponding period

- Year ended 31 December 2019

2. Results for announcement to the market

	31 December 2020 Current Year \$	Percentage Change Up / (Down) \$	Change Up / (Down) \$	31 December 2019 Previous Correspondin g Year \$
2(a) Revenue from ordinary activities	303,621	249.03%	216,630	86,991
2(b) Loss from ordinary activities after tax	(5,483,432)	(7.39)%	(437,513)	(5,920,945)
2(c) Net Loss for the year attributable to members	(5,483,432)	(7.39)%	(437,513)	(5,920,945)

2(d) Dividends: The Company does not propose to pay any dividends in the current year.

2(e) Record Date: Not applicable

2(f) See attached Director's Report

3. Statement of Profit or Loss and Other Comprehensive Income

- See attached Annual Report

4. Statement of Financial Position

- See attached Annual Report

5. Statements of Cash Flows

- See attached Annual Report

6. Statements of Changes in Equity / Statement of Retained Earnings

- See attached Annual Report

7. Dividends

- The Company does not propose to pay any dividends in the current year.

8. Dividend reinvestment plan

- The Company does not propose to pay any dividends in the current year and does not have a dividend reinvestment plan.

9. Net tangible assets per security

	Current Year (31 December 2020)	Previous Corresponding Year (31 December 2019)
Cents per ordinary share	0.29 cents	0.23 cents

10. Details of entities over which control has been gained or lost

- **Control gained over entities:** Please refer to Note 10 of the attached Annual Report
- **Control lost over entities:** Please refer to Note 10 of the attached Annual Report

11. Details of Associates / Joint Ventures

- Not applicable

12. Other significant information

- Not applicable

13. Accounting Standards

- **For foreign entities, the set of accounting standards used in compiling the report:**
- International Financial Reporting Standards (IFRS)

14. Results of the period

- Refer to Director's Report in attached Annual Report

15. Statement on the financial statements

- Financial Statements are based on audited accounts.

16. Unaudited Accounts

- Not applicable

17. Auditor's audit report

- **For all entities, if the accounts are subject to audit dispute or qualification, include a description of the dispute or qualification:** Not applicable

eSports Mogul Limited
(ACN 148 878 782)

Annual Report

For the year ended 31 December 2020

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CORPORATE DIRECTORY

DIRECTORS

Non-Executive Chairman

Gernot Abl

Non-Executive Directors

Cameron Adams

Kate Vale

CHIEF EXECUTIVE OFFICER

Michael Rubinelli

COMPANY SECRETARY

George Lazarou

REGISTERED OFFICE

Suite 4, Level 10,
221 Queen St
Melbourne VIC 3000
Telephone: (03) 9642 2205

AUDITORS

Moore Australia Audit (VIC)
Level 18
530 Collins St
Melbourne VIC 3000

SHARE REGISTRAR

Automic Pty Ltd
Level 2
267 St Georges Terrace
PERTH WA 6000

SOLICITORS

Addisons
Level 12, 60 Carrington Street
Sydney NSW 2000
Telephone: +61 (2) 8915 1000
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STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: ESH, ESHOA

DIRECTORS' REPORT

The directors present the following report on eSport Mogul Limited (“the Company”) and the entities it controlled (“Group”) during or at the end of the financial year ended 31 December 2020.

1. DIRECTORS

The names and details of the Company’s directors in office during and since the financial year end until the date of the report are as follows.

Mr Gernot Abl	– Non-Executive Chairman (since 10 September 2020), Managing Director (until 10 September 2020)
Mr Cameron Adams	– Independent Non-Executive Director
Ms Kate Vale	– Independent Non-Executive Director (appointed 1 August 2020)
Mr Adam Jacoby	– Independent Non-Executive Chairman (resigned 30 October 2020)

INFORMATION ON DIRECTORS

Gernot Abl **Non-Executive Chairman (since 10 September 2020)**
Managing Director (until 10 September 2020)
Director since 14 November 2016

Qualifications B.Com & Law (First Class Honours in Finance), Finsia (Applied Finance and Valuations)

Experience Mr Abl’s background is in Law, Corporate Finance and Strategic Consulting and has over 15 years of entrepreneurial, business strategy, and investment experience gained as a management consultant with Deloitte Consulting and Deloitte Corporate Finance. Mr Abl has had significant success in the online gaming industry and currently serves as a director of several private start-up technology companies. Mr Abl also currently serves as the Non-Executive Chairman of Live Verdure Limited (ASX:LV1) - an Australian Direct to Consumer (DtoC) plant-based food, nutraceutical and skin care company.

Interest in Shares 25,000,000 Fully paid Ordinary Shares
Interest in Options 2,500,000 Listed Options with an exercise price of \$0.02 expiring on or before 31 October 2022.

Cameron Adams **Independent Non-Executive Director**
Director since 19 November 2019

Qualifications Bachelor of Law LLB
Bachelor of Science BSc

Experience Mr Adams is a co-founder and Chief Product Officer at Canva, an online design platform with over 25 million users (and one of the most exciting startups in Australia). He leads the design and product teams there as well as focusing on future product directions and innovative experiences.

After graduating with a Bachelor of Law/Bachelor of Science from the University of Melbourne in 2001, Cameron started a design agency that produced work for global clients such as Atlassian, NEC, TEDx and Sydney Festival. When Google came knocking in 2007 he couldn’t resist the call and spent the next 4 years helping Lars and Jens Rasmussen — co-founders of Google Maps — realise the design vision for their ground-breaking communication tool Google Wave.

DIRECTORS' REPORT (Continued)**INFORMATION ON DIRECTORS (Continued)**

In 2011 Mr Adams founded an ambitious email startup with two other Google alumni before meeting Melanie Perkins & Cliff Obrecht and deciding to help them build the beginnings of Canva. Mr Adams now leads the design and product strategy for Canva's apps, which has today grown to over 25 million users.

Through his work and his writing — which spans five books and numerous articles — Mr Adams has contributed to the foundations that underpin modern web design and has been asked to speak around the world at events such as South by Southwest, Fronteers, CeBIT, and Web Directions.

Interest in Shares 2,004,053 Fully paid Ordinary Shares

Kate Vale **Independent Non-Executive Director (appointed 1 August 2020)**

Qualifications Bachelor of Business

Experience Ms Vale is a visionary experienced Senior Executive and Consultant with more than 24 years of success across digital media, social media and technology industries.

Ms Vale has held senior leadership positions with organisations including Google, YouTube and Spotify.

As Managing Director, Australia and New Zealand with Spotify, Ms Vale was hired as the first regional employee and managed all aspects of the business across Australia and New Zealand. Ms Vale was instrumental in setting up the Asian operations in 2013. Ms Vale was instrumental in driving music streaming in Australia to reach the position of No. 1 revenue source for record labels in the country.

As Country Manager for Google Australia & New Zealand, Ms Vale established the Australian and New Zealand offices, hired and managed 150+ employees, and grew revenues from zero to US\$500 million over a six-year period. Ms Vale also drove YouTube product and sales strategy for ANZ managing sale of advertising solutions to advertisers and agencies.

Ms Vale served as a founding member of the IAB Australian Board. Ms Vale has achieved recognition for her success through her listing in the Top 40 Under 40 in Digital Age.

Interest in Shares Nil

Adam Jacoby **Independent Non-Executive Director (resigned 30 October)**

Qualifications Master of Entrepreneurship and Innovation

Experience Mr Jacoby was previously Chief Executive Officer of global sports travel business, Sportsnet Corporation, which was BRW's Fastest Growing Private Company (under \$100 million) in 2010. Prior to that he was the founder and CEO of IMS Sports, a leading sports marketing and athlete management business, from 1996 to 2003, and co-founder and General Manager of sport & leadership content company LFL Media from 2005 to 2008.

DIRECTORS' REPORT (Continued)

INFORMATION ON DIRECTORS (Continued)

Amongst other roles, Mr Jacoby was also a founding director of Mummu Sport, from 2010 to 2015. Mummu Sport is a world leader in sports travel logistics and was a BRW Fast Starter Award winner and Top 10 in Smart Company's Smart 50 Awards in 2015.

Mr Jacoby was previously a Non-Executive Director of globally focussed but Melbourne based, Centre for the Future and the Founder, Chief Steward and Council Member of the fast-growing global pro-democracy movement, MiVote.

Interest in Shares 250,000 Fully paid Ordinary Shares (at date of resignation)

The Directors have been in office to the date of this report unless otherwise stated.

Chief Executive Officer

Mr Michael Rubinelli was appointed Chief Executive Officer on 6 August 2020.

Mr Rubinelli is a technology and gaming leader with 20+ years' experience in executive leadership, product development and revenue growth. Mr Rubinelli has achieved considerable success with large gaming corporations as well as startup and turnaround environments.

Mr Rubinelli has held senior leadership positions with organisations including Electronic Arts, Midway and Disney.

Most recently with Kixeye, Mr Rubinelli led a distributed team of 80 developers across 3 studios creating Flash and mobile games, driving traffic and revenue growth. Prior to that Mr Rubinelli was CEO of gaming startup P4RC/Coin In, working with the founder raising capital whilst being responsible for executing against the strategic vision, including a pivot away from mobile gaming into apps.

At Disney, as Senior Vice President Studio Operations, Mr Rubinelli led all game-building operations for Facebook and mobile platforms, overseeing 16 studios (300+ employees) across North and South America. Achievements included building top-10 Facebook games Marvel: Avengers Alliance and Gardens of Time, which combined have generated in excess of US\$500 million in revenue to date. Mr Rubinelli also played a key role in assimilation of Disney's acquisition of Playdom, where Mr Rubinelli was previously the SVP of Studio Operations.

Mr Rubinelli has achieved great success over an extensive career in the gaming industry. Other highlights include developing and executing highly successful SKU's within these franchises: WWF, Mortal Kombat, Star Wars, Scooby Doo, NFL Blitz and FIFA, and managed all stages of production and design of numerous sports titles, including the hugely successful John Madden Football line for Electronic Arts.

DIRECTORS' REPORT (Continued)**INFORMATION ON DIRECTORS (Continued)****Company Secretary**

The following person held the position of Company Secretary during and at the end of the financial period:

Mr George Lazarou

Mr Lazarou is a qualified Chartered Accountant with over 25 years' experience, including five years as a partner of a mid-tier accounting firm, specialising in the areas of audit, advisory and corporate services. Mr Lazarou has extensive skills in the areas of corporate services, due diligence, independent expert reports, mergers & acquisitions and valuations.

Directorships of other listed companies

Directorships of other listed companies held by directors in the three (3) years immediately before the end of the financial year are as follows:

<i>Name</i>	<i>Company</i>	<i>Period of directorship</i>
Gernot Abl	Vortiv Limited	Appointed 30 June 2017 Resigned 31 July 2019
	Live Verdure Limited	Appointed 17 th October 2020 – Company admitted to the ASX on 10 th December 2020
Cameron Adams	-	-
Kate Vale	-	-
Adam Jacoby	-	-

2. PRINCIPAL ACTIVITIES

The principal activities of the Group primarily are an esports media and software business. At its core is the mogul.gg tournament platform technology – a tournament and matchmaking platform with automation for major esports titles.

3. OPERATING RESULTS

The consolidated loss of the Group after providing for income tax amounted to \$5,483,432 (2019: \$5,920,945).

4. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

5. REVIEW OF OPERATIONS

In Q1 2020, the Company launched a high-profile project with industry leading partner, Microsoft.

DIRECTORS' REPORT (Continued)

REVIEW OF OPERATIONS (Continued)

With Microsoft, Mogul launched a multi-national 12-month tournament series for Microsoft's PC game 'Age of Empires II', the 'Age of Empires II Asia Cup' which runs till February 2021 and was co-promoted by Mogul and Microsoft.

A key benefit of the Mogul platform, particularly to global partners like Microsoft, is the Company's proprietary language localisation technology. Localised versions of Mogul's platform have been launched in Simplified Mandarin, Thai, Vietnamese, Indonesian, Japanese, Korean, Arabic, Portuguese and several other languages. The intellectual property in these localisations is significant and goes far beyond a simple translation of menus and interfaces but rather towards creating a near-native user experience.

Board Renewal Completed and World Class CEO Appointed

During the second quarter the Company concluded a global search to renew the board and appoint a CEO. Kate Vale, ex Google, YouTube, Spotify Managing Director, joined the Mogul board on 1 August 2020. The Los Angeles based expat brings a unique blend of relevant global networks and extensive experience in scaling technology businesses within complex ecosystems. Kate has significant executive experience in digital, sales, marketing, business development and growth which will offer incredible support to Mogul's growth plans.

Michael Rubinelli commenced as Chief Executive Officer in early August. A former Electronic Arts, Midway and Disney executive, Michael brings significant experience in executive leadership, product development and revenue growth. The San Francisco based gaming and technology leader has a successful track record in large corporations as well as startup expertise ideal to lead Mogul's stage of growth.

Following these appointments, and in line with previous announcements, the Company announced Gernot Abl's move to Non-Executive Chairman and acknowledged the contribution of retiring Chairman and Non-Executive Director, Adam Jacoby. The Company is extremely well structured with significant global experience in esports, gaming, media entertainment and technology scale-ups led by world class management and board.

Mogul Revenue Model: Destination for Brands and Gamers

During the year the Company worked extensively with its partners and gamer communities on refining the Mogul offering. Esports remains the fastest growing segment in the \$160 billion gaming industry. Brands contribute over 75% of the \$1.1 billion global esports revenue¹.

The market opportunity for Mogul is to focus on Brands to the benefit of Gamers. The Company has commenced generating revenue from Brands paying Mogul to create unique sponsorship-driven esports experiences for players. Building upon our world class online tournament technology, Mogul has further developed its tournament-as-a-service offering for global brands, advertisers and agencies. Focussed on scaling through continuous improvement in automation, user-generated content and community Mogul aims to deliver the best esports community for Gamers. This now includes adding capacity to include world class AI powered broadcast, streaming and content creation into its online tournament events. This model has seen significant inbound interest from Publishers and Brands and we look forward to updating the market in due course.

¹ Esports Market – Global Outlook and Forecast 2020-2025

DIRECTORS' REPORT (Continued)

REVIEW OF OPERATIONS (Continued)

Game Publishers

The Company also continued to develop its relationship with the world's largest Game Publishers. Aligning with publishers on putting players first, the Company will continue to invest in relationships with global publishers.

The appointment of Michael Rubinelli as CEO has added significantly to the Company's publisher network. Mogul's integration with Fortnite is a significant competitive advantage that will benefit our gamers and brands. Currently, each Fortnite Battle Royale game is played as a last-player-standing-wins contest starting from 100 random entrants. Access to Fortnite's custom match-making combined with Mogul's best-in-class, free-for-all tournament variant format allows Mogul to offer rarefied pro-level tournament experiences for our brands and enthusiast gamers.

This functionality also brings additional opportunities for dynamic broadcasts, enabling a great experience for players and fans.

Mogul Revenue Model: Achieving Traction with Strongest ever Revenue Quarter

During the 4th Quarter Mogul was delighted to report its strongest ever revenue year following its best ever quarter. Revenue grew by ~441% from the September 2020 quarter to ~\$171K in the December 2020 quarter and finished the financial year with ~264% growth in revenue from the previous financial year.

During the quarter Mogul also continued to develop its revenue model, leveraging the mogul.gg platform as a premium destination for Brands and Gamers.

Funded for Expansion into Mobile and Continued Growth

During the 4th Quarter, the Company successfully raised capital via a placement and the subsequent exercise of options.

CPS Capital acted as Lead Manager, with Mogul raising \$8 million via the issue of 800 million fully paid ordinary shares at an issue price of \$0.01 per share, together with a free attaching listed option on a 1 for 2 basis, with an exercise price of \$0.02, expiring on 31 October 2022, in a significantly oversubscribed placement. 33,350,000 options with an expiry date of 23 July 2021 were exercised at \$0.02 each in late October raising a further \$668,000.

Immediate use of funds includes investment in:

- e-commerce and digital sales expertise
- scaling product and engineering resources
- data analytics

Mogul will also apply funds to the continued development of its mobile application (IOS and Android) with the goal of deploying feature parity with its web offering. Strategically, with no native mobile tournament solution currently in the market globally, the Company sees a significant first mover advantage. Mobile adoption is growing exponentially compared to PC and Console gaming with some of the biggest esports titles already exclusively mobile. Mogul has commenced engagement with major mobile-only game publishers and will update the market as those discussions unfold.

DIRECTORS' REPORT (Continued)

REVIEW OF OPERATIONS (Continued)

NASDAQ-listed Super League Gaming Inc Strategic Partnership

The Company announced a strategic partnership with NASDAQ-listed Super League Gaming Inc (Nasdaq: SLGG). Super League Gaming's technology suite includes patented, AI-powered streaming technology. Mogul and Super League Gaming have commenced joint business development activities in multiple regions globally, to partner on revenue-generating opportunities by providing end-to-end solutions for brands through esports tournament activations and streaming.

Mogul Deliver World Class Player Experience in Mobile Titles

Mogul continues to develop its global presence, building relationships with the world's largest Game Publishers. Mogul delivered fully automated matchmaking and tournaments to two of the game industry's best mobile titles. Aligning with publisher Supercell on putting players first, Mogul is one of a very select group of partners to deeply integrate with their Clash Royale and Brawl Stars titles. Automation makes for an exceptional player experience and the viewing capability of the integration amplifies tournaments from participation to streaming, boosting engagement between game titles, the gaming community and the brands that engage with tournaments-as-a-service on Mogul.

Mogul moves into Mobile

In conjunction with its webinar presentation to shareholders in December, the Company progressed one of its 2021 strategic pillars, announcing its move into mobile. Mogul is extending its best-in-class tournament experience with the introduction of a native mobile application. The first iteration of the Mogul mobile app moved into closed beta in a geo-location based test in South-East Asia. The beta launch is a milestone outcome from Mogul's investment in research and development of artificial intelligence driven technology in esports. This technology will allow Mogul to automate esports tournaments for game titles where publishers do not have API integrations available. Also, having successfully integrated the APIs of Supercell mobile titles into its online platform experience, the Mogul App will be further developed to consume these same APIs, creating a world first experience for gamers on mobile.

The mobile games market will generate US\$86.3 billion in 2020, accounting for 49% of the global US\$176 billion games market and is growing twice as fast as PC and Console². Mogul sees significant long term, first-mover, strategic value moving into mobile given rapid mobile adoption and growing publication of mobile esports titles. This move represents a great opportunity to deliver world-first experience on one divide for gamers, brands and publishers.

Corporate Activity in 2020

Issuance of Performance Rights, Options and Fully Paid Ordinary Shares

During the course of 2020 Mogul issued the following tranches of performance rights, options and ordinary shares:

- On 24 February 2020, the Company issued 4,978,000 fully paid ordinary shares for nil consideration in relation to the exercising of performance rights.
- On 28 May 2020, the Company issued:
 - 198,500,000 options exercisable at \$0.02 per option on or before 23 July 2021 to subscribers who participated in the placement undertaken by the Company December 2019.

² Newzoo

DIRECTORS' REPORT (Continued)**REVIEW OF OPERATIONS (Continued)**

- 5,000,000 fully paid ordinary shares for as partial consideration for entering into a Deed of Release to terminate and provide a mutual release from a Joint Lead Manager Mandate; and
- 2,004,053 fully paid ordinary shares for nil cash consideration in relation to the remuneration of the director, Mr Adams.
- On 26 August 2020, Company issued 120,000,000 performance rights to Mr Rubinelli as part of his Executive Services Agreement.
- On 26 October 2020, the Company issued:
 - 500,000,000 fully paid ordinary shares under a placement (Tranche 1) raising \$5,000,000, with each subscriber in the placement to receive one (1) free-attaching listed option for every two (2) placement shares subscribed for and issued, exercisable at \$0.02 per option on or before 31 October 2022; and
 - 750,000 fully paid ordinary shares to an employee under the Company's Employee Incentive Plan.
- On 30 October 2020, the Company issued 33,350,000 fully paid ordinary shares on the exercise of unlisted options, raising \$667,000.
- On 7 December 2020, the Company issued:
 - 300,000,000 fully paid ordinary shares under a placement (Tranche 2) raising \$3,000,000, each subscriber in the placement was to receive one (1) free-attaching listed option for every two (2) placement shares subscribed for and issued, exercisable at \$0.02 per option on or before 31 October 2022; and
 - 482,000,000 options exercisable at \$0.02 per option on or before 31 October 2020, with 400,000,000 to subscribers who participated in the placement undertaken by the Company in October and December 2020 and 82,000,000 to the Lead Manager and other brokers for services provided in relation to the placement.
- On 23 December 2020, the Company issued 10,000,000 performance rights for nil cash consideration to a consultant under the Company's Employee Incentive Plan.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the financial year:

- On 24 February 2020, the Company issued 4,978,000 fully paid ordinary shares for nil consideration in relation to the exercising of performance rights;
- On 5 May 2020, the Company cancelled 6,600,000 Class A Performance Rights, 6,600,000 Class B Performance Rights and 20,000,000 unlisted options exercisable at \$0.02 expiring on 21 August 2021 due to the departure of an employee in accordance with the terms and conditions of their issue;
- On 28 May 2020, the Company obtained shareholder approval at a meeting of shareholders and issued 198,500,000 unlisted options exercisable at \$0.02 expiring on 23 July 2021 to subscribers who participated in the placement undertaken by the Company in December 2019. The subscribers in the placement received one (1) free-attaching option for every two (2) placement shares subscribed for;
- On 28 May 2020, the Company obtained shareholder approval at a meeting of shareholders and issued 5,000,000 fully paid ordinary shares as partial consideration for entering into a Deed of Release to terminate and provide a mutual release from a Joint Lead Manager Mandate;
- On 28 May 2020, the Company obtained shareholder approval at a meeting of shareholders and issued 2,004,053 fully paid ordinary shares as remuneration to Mr Adams;

DIRECTORS' REPORT (Continued)**SIGNIFICANT CHANGES IN STATE OF AFFAIRS (Continued)**

- On 26 August 2020, the Company issued 120,000,000 performance rights to Mr Rubinelli as part of his Executive Services Agreement;
- On 26 October 2020, the Company issued 500,000,000 fully paid ordinary shares under a placement (Tranche 1) raising \$5,000,000, with each subscriber in the placement to receive one (1) free-attaching listed option for every two (2) placement shares subscribed for and issued, exercisable at \$0.02 per option on or before 31 October 2022, which was approved at a meeting of shareholders held on 30 November 2020;
- On 26 October 2020, the Company issued 750,000 fully paid ordinary shares to an employee under the Company's Employee Incentive Plan;
- On 30 October 2020, the Company issued 33,350,000 fully paid ordinary shares on the exercise of unlisted options, raising \$667,000;
- On 2 December 2020, the Company cancelled 15,400,000 Class A Performance Rights, 15,400,000 Class B Performance Rights and 5,000,000 unlisted options exercisable at \$0.02 expiring on 21 August 2021 due to the departure of an employee in accordance with the terms and conditions of their issue;
- On 7 December 2020, the Company issued 300,000,000 fully paid ordinary shares under a placement (Tranche 2) raising \$3,000,000, each subscriber in the placement was to receive one (1) free-attaching listed option for every two (2) placement shares subscribed for and issued, exercisable at \$0.02 per option on or before 31 October 2022. The Company obtained shareholder approval at a meeting of shareholders on 30 November 2020 to enable the Company to issue the Tranche 2 shares as part of the placement;
- On 7 December 2020 the Company issued 400,000,000 listed options exercisable at \$0.02 expiring on 31 October 2022 to subscribers who participated in the in the placement undertaken by the Company in October and December 2020 (Tranches 1 & 2);
- On 7 December 2020, the Company issued 82,000,000 listed options exercisable at \$0.02 expiring on 31 October 2022 to the Lead Manager and other brokers who assisted in the placement;
- On 24 December 2020, the Company cancelled 5,000,000 Class A Performance Rights and 5,000,000 Class B Performance Rights in accordance with the terms and conditions of their issue; and
- On 24 December 2020, the Company issued 10,000,000 performance rights for nil cash consideration to a consultant under the Company's Employee Incentive Plan.

There were no other significant changes in the state of affairs of the Company during the financial year.

7. AFTER REPORTING DATE EVENTS

COVID-19 and its impact on the Company has created unprecedented uncertainty in the economic environment that the Group operates within. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further effects on the financial position and performance of the Company. As at the date of this financial report, an estimate of the future effects of the COVID-19 pandemic on the Company's financial performance and/or financial position cannot be made, as the impact will depend on the magnitude and duration of the economic downturn with the full range of monetary impacts unknown.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' REPORT (Continued)

8. MEETINGS OF DIRECTORS

To assist it in undertaking its duties, the Board has established the following standing committees towards the end of the financial year, and as such, did not have any meetings during the year:

- Audit & Risk Committee; and
- Nomination & Remuneration Committee.

Details of Directors' membership of each committee and those eligible members' attendance at meetings throughout the period from 1 January 2020 to 31 December 2020 are set out below.

During the period, 9 meetings of directors were held. Attendances by each director during the period were as follows:

Directors	Directors' Meetings	
	Eligible to Attend	Attended
Gernot Abl	9	9
Cameron Adams *	9	9
Kate Vale (appointed 1 August 2020) *	4	4
Adam Jacoby (resigned 30 October 2020)	7	7

* Mr Adams is the Chairperson of the audit and risk committee and Ms Vale the Chairperson of the Nomination and Remuneration Committee.

9. FUTURE DEVELOPMENTS

Revenue Growth

The Group remains committed to building shareholder value by delivering increased traction in the Mogul model. This ultimately means achieving revenue by continuing to build upon our brand focused products that led to record revenue in the last half of 2020.

User Journey

By focusing on the highest level of automation with an assist from the biggest and best developers/publishers in the gaming industry, Mogul will improve upon their already best in class esports tournament hosting technology. New, intuitive interfaces that drive improved usability will also provide a smoother playing experience which will lead to greater site engagement.

The Best Place to Work

Mogul has made a concerted effort to become the best place to work for any individual in the esports and gaming space. Diversity, inclusion, autonomy, and empowerment amongst employees and the resulting job satisfaction is at an all time high. With a recent company-wide initiative to further define its culture, it is no surprise that Mogul has been able to attract top talent from inside the games industry and out. Recent hires include former employees from EA/Bioware, The Walt Disney Company, Omnicom Media Group, and The Integer Group, among many others.

DIRECTORS' REPORT (Continued)**9. FUTURE DEVELOPMENTS (Continued)****Expanding our Reach**

In the new year Mogul will look to increase our global footprint to include deals and events based in North America, Africa, and Europe with some of the biggest and best known brands in the world. Becoming a globally recognised brand will be a reality this year.

Moving into Mobile

In the coming months Mogul will continue to push into the mobile application market as it looks to move its current closed beta-test app into a more broadly distributed marketplace.

10. ENVIRONMENTAL ISSUES

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

11. OPTIONS

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of Options
23 July 2021	\$0.02	340,150,000
21 August 2021	\$0.02	25,000,000
		s
31 October 2022	\$0.02	482,000,000

680,500,000 options were issued, 33,350,000 options were exercised and 25,000,000 options expired during the year.

12. INDEMNIFYING OFFICERS OR AUDITOR

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Company has paid premiums to insure each Director and officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity of Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The total amount of premiums paid was \$42,820.

DIRECTORS' REPORT (Continued)**13. PROCEEDINGS ON BEHALF OF COMPANY**

On 22 October 2019, the Company commenced proceedings in the Federal Circuit Court of Australia against First Point Ventures Pty Ltd seeking a declaration that a Partnership Mandate Agreement which the Company entered into with First Point Ventures Pty Limited on 28 April 2019 be declared void ab initio on the basis of misrepresentations made by First Point Ventures Pty Ltd. This matter has been fully settled in December 2020.

14. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2020 has been received and can be found on page 28 of the annual report.

15. NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Moore Australia. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Moore Australia received or are due to receive the following amounts for the provision of non-audit services:

	2020	2019
	\$	\$
Tax compliance & consultancy	11,000	12,550
	<u>11,000</u>	<u>12,830</u>

16. DIVERSITY

The Company believes that the promotion of diversity on its Board and within the organisation generally is good practice and is committed to managing diversity as a means of enhancing the Company's performance. During the 2020 financial year the Company focused on participation of women on its Board and appointed Kate Vale as a non-executive director. If the Board is expanded to 4 members, the appointed director will be a woman. The Company will continue to focus on participation of women on its Board and within senior management and has set measurable objectives for achieving gender diversity.

Gender diversity objectives for the employment of women are as follows:

- to the Board – maintain 33%;
- to senior management (including board and company secretary) – 40% by 2022
- to the organisation as a whole – 40% by 2022

As at the date of this report, the Company has the following proportion of women appointed:

- to the Board – 33%
- to senior management (including board and company secretary) – 14%
- to the organisation as a whole – 25%

DIRECTORS' REPORT (Continued)

17. REMUNERATION REPORT - AUDITED

Details of key management personnel

The following persons were directors of the Company during the financial year unless otherwise stated:-

Mr Gernot Abl	– Non-Executive Chairman (since 10 September 2020), Managing Director (until 10 September 2020)
Mr Cameron Adams	– Independent Non-Executive Director
Ms Kate Vale	– Independent Non-Executive Director (appointed 1 August 2020)
Mr Adam Jacoby	– Independent Non-Executive Chairman (resigned 30 October 2020)

Remuneration Policy

The remuneration policy of the Group has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:-

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using a binomial option pricing method or Black Scholes model.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment, and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties, and accountability.

Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$250,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

DIRECTORS' REPORT (Continued)**17. REMUNERATION REPORT (Continued)****Performance based remuneration**

The Group has shared based and performance-based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and director's and executive's remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This will be facilitated through the issue of options and/or performance rights to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Group believes the policy will be effective in increasing shareholder wealth.

Compensation of key management personnel for the period ended 31 December 2020

	Short-Term Benefits	Post-Employment Benefits	Share-Based Payments		Value of equity as Proportion of remuneration
	Salary and Fees	Superannuation	Equity	Total	%
	\$	\$	\$	\$	
Directors					
Gernot Abl	456,058	20,227	-	476,285	-
Cameron Adams	26,000	2,470	56,940	85,410	66.67
Kate Vale ¹	-	-	32,850	32,850	100
Adam Jacoby ²	44,000	4,180	-	48,180	-
Executives					
Michael Rubinelli (CEO) ³	104,549	-	412,068	516,617	79.76
Remco Marcelis (CFO) ⁴	42,045	-	-	42,045	-
James Clyne (CFO) ⁵	58,936	-	-	58,936	-
Jamie Skella (COPO) ⁶	177,026	15,200	-	192,226	-
Mark Warburton (CMO) ⁷	86,762	7,521	-	94,283	-
Total	995,376	49,598	501,858	1,546,832	

¹ Kate Vale appointed as a Director on 1 August 2020

² Adam Jacoby resigned as Director on 30 October 2020

³ Michael Rubinelli appointed as CEO on 6 August 2020

⁴ Remco Marcelis receives his fees through Standard Ledger. He resigned on 19 May 2020.

⁵ James Clyne receives his fees through Clyne Partners

⁶ Jamie Skella resigned on 30 November 2020

⁷ Mark Warburton resigned on 30 April 2020

DIRECTORS' REPORT (Continued)**17. REMUNERATION REPORT (Continued)****Compensation of key management personnel for the period ended 31 December 2019**

	Short-Term Benefits	Post-Employment Benefits	Share-Based Payments		Value of equity as Proportion of remuneration
	Salary and Fees	Superannuation	Equity	Total	%
	\$	\$	\$	\$	
Directors					
Adam Jacoby	60,000	5,700	-	65,700	-
Gernot Abl	225,000	21,375	-	246,375	-
George Lazarou *	31,500	2,993	-	34,493	-
Cameron Adams **	3,417	325	-	3,742	-
Executives					
Jamie Skella (COPO)	173,590	16,491	161,474	351,555	45.93
Mark Warburton (CMO)	147,043	13,969	145,685	306,697	47.50
George Lazarou (CFO)***	120,000	-	-	120,000	-
Total	760,550	60,853	307,159	1,128,562	

* Resigned 19 November 2019

** Appointed 19 November 2019

*** Mr Lazarou receives his fees through Citadel Capital Pty Ltd

Equity issued as part of remuneration

During the financial year ended 31 December 2020, the following equity was issued as part of remuneration to Key Management Personnel:

- 2,004,053 fully paid ordinary shares; and
- 120,000,000 performance rights

For details on the valuation of the above equities, including models and assumptions used, please refer to Note 26. There were no alterations to the terms and conditions of any securities granted as remuneration since their grant date.

Remuneration policy of key management personnel

The objective of the Group's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

DIRECTORS' REPORT (Continued)

17. REMUNERATION REPORT (Continued)

Non-Executive Directors

The constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in a general meeting (currently \$250,000). The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The remuneration policy has been tailored to increase goal congruence between shareholders and Directors. This will be facilitated through the issue of free options to Directors to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing wealth.

Directors' fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:-

Name:	Gernot Abl
Title:	Managing Director (until 10 September 2020) Chairman (from 10 September 2020)
Agreement Commenced:	14 November 2018 (as Managing Director)
Agreement Updated:	3 September 2020 (as Chairman)
Term of Agreement:	Subject to re - election every 3 years

Details: There are three components to Mr Abl's remuneration:

(a) Gross Annual Remuneration Package

Base salary of \$90,000 plus superannuation per annum, to be reviewed annually by the Board.

(b) Short Term Incentive Benefits

On the achievement of a successful capital raising by the Company on or before 30 April 2021, the following shall be paid:

- A cash payment of \$40,000 to be paid in equal instalments of \$10,000 over the next four months; and
- 2.5% paid in cash based on the gross funds raised or 3% if paid in shares based on the gross funds raised (subject to shareholder approval), with the number of shares to be issued to be based on the capital raising price. If you select to receive the remuneration in shares and shareholder approval is not obtained at a meeting of shareholders, the payment will be made in cash at 2.5% of the gross funds raised.

DIRECTORS' REPORT (Continued)**17. REMUNERATION REPORT (Continued)****(c) Long Term Incentive Benefits**

Subject to compliance with the ASX Listing Rules, the Corporations Act and shareholder approval, the Company will issue the following securities to Mr Abl (or his nominee):

- (a) 7,500,000 Performance Rights subject to the following Tenure related vesting conditions:
 - (i) 1,875,000 Performance Rights, twelve (12) months from date of employment (**Tranche 1**);
 - (ii) 156,250 Performance Rights to vest on a monthly basis (1,875,000 in total) after Tranche 1 has been met but not issued until twenty four (24) months from date of employment (**Tranche 2**);
 - (iii) 156,250 Performance Rights to vest on a monthly basis (1,875,000 in total) after Tranche 2 has been met but not issued until thirty six (36) months from date of employment (**Tranche 3**); and
 - (iv) 156,250 Performance Rights to vest on a monthly basis (1,875,000 in total) after Tranche 3 has been met but not issued until forty eight (48) months from date of employment (**Tranche 4**).

- (b) 17,500,000 Performance Rights will be subject to the following Business Performance related vesting conditions:
 - (i) Milestone 1: 2,187,500 Performance Rights will independently vest (up to 4,375,000 Performance Rights in total), upon the achievement of either of the below vesting conditions being met:
 - A. 1 million Monthly Active Users (MAU's) for a consecutive 90 day period ("Active" is defined as a unique user who participates in content offered by Mogul); or
 - B. AU\$2.5 million in revenue to Mogul within 24 months from date of employment.

(the Initial Vesting Events); and

- (ii) Milestone 2: 6,562,500 Performance Rights will vest (up to 13,125,000 Performance Rights in total) provided each of the Initial Vesting Events as outlined at clause above has been met as follows:
 - A. 2,187,500 Performance Rights (up to 4,375,000 Performance Rights in total) twelve (12) months from date of Initial Vesting Event (Tranche 1);
 - B. 2,187,500 Performance Rights (up to 4,375,000 Performance Rights in total) twenty four (24) months from date of Initial Vesting Event (Tranche 2); and
 - C. 2,187,500 Performance Rights (up to 4,375,000 Performance Rights in total) thirty six (36) months from date of Initial Vesting Event (Tranche 3),

DIRECTORS' REPORT (Continued)**17. REMUNERATION REPORT (Continued)**

In the event of a Change of Control, all Performance Rights immediately vest, provided the Initial Vesting Events have been met. Any Performance Rights that do not vest and become exercisable in accordance with the Initial Vesting Events as outlined in clause (b)(i) will automatically lapse.

Any Performance Rights that do not vest and become exercisable in accordance with the Initial Vesting Events as outlined in clause (b)(i) will automatically lapse.

Name: Cameron Adams
 Title: Independent Non-Executive Director
 Agreement Commenced: 19 November 2019
 Terms of Agreement: Subject to re-election every 3 years

Details: Base salary of \$90,000 plus superannuation per annum, subject to annual review by the Board of the Company, however, it cannot be reduced and must increase by at least 3% per annum each year.

Base salary reduced to \$72,000 plus superannuation per annum from May 2020.

Of the base salary, the Company will accrue and not pay in cash \$48,000 per annum. The remaining portion of the base salary will be paid on a monthly basis.

Prior to each Annual General Meeting of the Company, the Board of Directors may elect to seek shareholder and regulatory approval for the accrued base salary to be paid by the issuance of the equal value of fully paid ordinary shares in the Company to Mr Adams or his nominee. The issue price will be calculated on a monthly basis at the monthly Volume Weighted Average Price (VWAP) for the month in which the accrued base salary is to be paid. If the shares are not issued to Mr Adams or his nominee, the Board of Directors must pay the accrued base salary in cash.

Name: Kate Vale
 Title: Independent Non-Executive Director
 Agreement Commenced: 1 August 2020
 Term of Agreement: Subject to re - election every 3 years

Details: Base salary of \$72,000 plus superannuation (if applicable) per annum, subject to annual review by the Board of the Company.

Of the base salary, the Company will accrue and not pay in cash all of the base salary of \$72,000.

DIRECTORS' REPORT (Continued)**17. REMUNERATION REPORT (Continued)**

Prior to each Annual General Meeting of the Company, the Board of Directors may elect to seek shareholder and regulatory approval for the accrued base salary to be paid by the issuance of the equal value of fully paid ordinary shares in the Company to Ms Vale or her nominee. The issue price will be calculated on a monthly basis at the monthly Volume Weighted Average Price (VWAP) for the month in which the accrued base salary is to be paid. If the shares are not issued to Ms Vale or her nominee, the Board of Directors must pay the accrued base salary in cash.

Name: Adam Jacoby
 Title: Independent Non-Executive Chairman
 Agreement Commenced: 31 December 2016, (Resigned 30 October 2020)
 Term of Agreement: Subject to re - election every 3 years
 Details: Base salary of \$60,000 plus superannuation per annum, to be reviewed annually by the Board.
 Base salary reduced to \$48,000 plus superannuation per annum from May 2020, due to COVID-19 to date of resignation.

Name: Michael Rubinelli
 Title: Chief Executive Officer
 Term of Agreement: 4 years

Details: There are two components to Mr Rubinelli's remuneration:

(a) Gross Annual Remuneration Package

Base salary of US\$210,000 per annum. The Company will also provide, plus payments for medical, vision and dental services not exceeding a monthly amount of US\$3,000 and any USA income tax obligations, which are expected to be approx. US\$12,000.

(b) Long Term Incentive Benefits

The Company issued the following Performance Rights to Mr Rubinelli (or his nominee):

- (a) 36,000,000 Performance Rights subject to the following Tenure related vesting conditions:
- (i) 9,000,000 Performance Rights, twelve (12) months from date of employment (Tranche 1);
 - (ii) 750,000 Performance Rights to vest on a monthly basis (9,000,000 in total) after Tranche 1 has been met but not issued until twenty four (24) months from date of employment (Tranche 2);
 - (iii) 750,000 Performance Rights to vest on a monthly basis (9,000,000 in total) after Tranche 2 has been met but not issued until thirty six (36) months from date of employment (Tranche 3); and
 - (iv) 750,000 Performance Rights to vest on a monthly basis (9,000,000 in total) after Tranche 3 has been met but not issued until forty eight (48) months from date of employment (Tranche 4).

DIRECTORS' REPORT (Continued)**17. REMUNERATION REPORT (Continued)**

(b) 84,000,000 Performance Rights will be subject to the following Business Performance related vesting conditions:

- (i) Milestone 1: 10,500,000 Performance Rights will independently vest (up to 21,000,000 Performance Rights in total), upon the achievement of either of the below vesting conditions being met:
 - A. 1 million Monthly Active Users (MAU's) for a consecutive 90 day period ("Active" is defined as a unique user who participates in content offered by Mogul); or
 - B. AU\$2.5 million in revenue to Mogul within 24 months from date of employment.

(the Initial Vesting Events); and

- (ii) Milestone 2: 31,500,000 Performance Rights will vest (up to 63,000,000 Performance Rights in total) provided each of the Initial Vesting Events as outlined at clause above has been met as follows:
 - A. 10,500,000 Performance Rights (up to 21,000,000 Performance Rights in total) twelve (12) months from date of Initial Vesting Event (Tranche 1);
 - B. 10,500,000 Performance Rights (up to 21,000,000 Performance Rights in total) twenty four (24) months from date of Initial Vesting Event (Tranche 2); and
 - C. 10,500,000 Performance Rights (up to 21,000,000 Performance Rights in total) thirty six (36) months from date of Initial Vesting Event (Tranche 3).

In the event of a Change of Control occurring within the first 2 years of the Commencement Date of the Executive, any Performance Rights not already vested, will, subject to shareholder approval, immediately vest.

In the event of a Change of Control occurring after the first 2 years of the Commencement Date of the Executive, all Performance Rights under immediately vest, provided the Initial Vesting Events have been met.

Any Performance Rights that do not vest and become exercisable in accordance with Initial Vesting Events as outlined under Milestone 1 will automatically lapse.

Name:	Remco Marcelis
Title:	Chief Financial Officer (CFO)
Agreement Commenced:	22 September 2019, resigned 18 May 2020
Term of Agreement:	Continue until terminated in accordance with the agreement
Details	The Company has an Agreement with Standard Ledger (Mr Remco Marcelis is a Managing Partner and Founder) for the provision of Chief Financial Officer services by Mr Remco Marcelis at a fixed fee of \$90,000 plus GST per year.

DIRECTORS' REPORT (Continued)**17. REMUNERATION REPORT (Continued)**

Name: James Clyne
 Title: Chief Financial Officer (CFO)
 Agreement Commenced: 19 May 2020
 Terms of Agreement: Continue until terminated in accordance with agreement
 Details: The Company has an Agreement with Clyne Partners Chartered Accountants (Mr. James Clyne is a Director and Shareholder) for the provision of Chief Financial Officer services by Mr. James Clyne at a fixed fee of \$90,000 plus GST per year.

Name: Jamie Skella
 Title: Chief Operations & Products Officer (COPO)
 Agreement Commenced: 19 May 2020 (resigned 30 November 2020)
 Term of Agreement: Resigned in accordance with the agreement
 Details: Base salary of \$200,000 plus superannuation per annum, to be reviewed annually by the Board, plus payment of all reasonable travelling and other incidental costs incurred while performing his duties. One month termination notice by either party.

Name: Mark Warburton
 Title: Chief Marketing Officer (CMO)
 Agreement Commenced: 22 May 2019 (Terminated 30 April 2020)
 Term of Agreement: Terminated in accordance with the agreement
 Details: Base salary of \$200,000 plus superannuation per annum, to be reviewed annually by the Board, and if performance is in line with expectations, subsequent years base minimum of \$250,000 plus superannuation per annum plus payment of all reasonable travelling and other incidental costs incurred while performing his duties. One month termination notice by either party.

Short Term Incentive (STI) is payable quarterly in the month following the end of each quarter and is equal to the Commission Rate x Net Revenue generated from New Opportunities.

Net Revenue is defined as revenue after any distribution or share.

New Opportunities is defined as revenue generating opportunities not already in eSports Mogul's business development pipeline opportunities.

Commission Rate is defined as 3% except in the first 12 months of employment only when the rate of 20% will apply.

In the first 12 months only, the STI will be paid as AU\$50,000 cash forward, at the following minimum instalments:

- AU\$12,500 at 3 months
- AU\$12,500 at 6 months
- AU\$12,500 at 9 months
- AU\$12,500 at 12 months

Retirement benefits

Other retirement benefits may be provided directly by the Group if approved by shareholders.

DIRECTORS' REPORT (Continued)**17. REMUNERATION REPORT (Continued)****Shareholdings of key management personnel**

2020	Balance at 1 January 2020	Holding on Date of Appointment	Bought& (Sold)	Holding on Date of Resignation	Balance at 31 December 2020
Gernot Abl	20,000,000	-	5,000,000	-	25,000,000
Cameron Adams	-	-	2,004,053	-	2,004,053
Kate Vale ¹	-	-	-	-	-
Adam Jacoby ²	250,000	-	-	(250,000)	-
Michael Rubinelli ³	-	-	-	-	-
Remco Marcelis ⁴	-	-	-	-	-
James Clyne ⁵	-	-	-	-	-
Jamie Skella ⁶	5,100,000	-	-	(5,100,000)	-
Mark Warburton ⁷	6,600,000	-	-	(6,600,000)	-
	<u>31,950,000</u>	<u>-</u>	<u>7,004,053</u>	<u>(11,950,000)</u>	<u>27,004,053</u>

¹ Kate Vale appointed as a Director on 1 August 2020

² Adam Jacoby resigned as Director on 30 October 2020

³ Michael Rubinelli appointed as CEO on 6 August 2020

⁴ Remco Marcelis resigned on 19 May 2020.

⁵ James Clyne appointed as CFO on 20 May 2020

⁶ Jamie Skella resigned on 30 November 2020

⁷ Mark Warburton resigned on 30 April 2020

2019	Balance at 1 January 2019	Holding on Date of Appointment	Bought& (Sold)	Holding on Date of Resignation	Balance at 31 December 2019
Adam Jacoby	250,000	-	-	-	250,000
Gernot Abl	20,000,000	-	-	-	20,000,000
Cameron Adams*	-	-	-	-	-
George Lazarou**	951,514	-	-	-	951,514
Jamie Skella ¹	-	-	5,100,000	-	5,100,000
Mark Warburton ²	-	-	6,600,000	-	6,600,000
	<u>21,201,514</u>	<u>-</u>	<u>11,700,000</u>	<u>-</u>	<u>32,901,514</u>

* Cameron Adams appointed as a Director on 19 November 2019

** George Lazarou resigned as a Director on 19 November 2019

¹ Jamie Skella was issued with 6,600,000 fully paid ordinary shares under the Company's Employee Incentive Plan

² Mark Warburton was issued with 6,600,000 fully paid ordinary shares under the Company's Employee Incentive Plan

DIRECTORS' REPORT (Continued)**17. REMUNERATION REPORT (Continued)****Option holdings of key management personnel**

The movement during the reporting period in the number of options over ordinary shares in eSports Mogul Limited held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2020	Balance at 1 January 2020	Holding on Date of Appointment	Expired	Issued	Holding at Date of Resignation	Balance at 31 December 2020	Total Vested at 31 December 2020	Total Exercisable at 31 December 2020
Gernot Abl	-	-	-	2,500,000	-	2,500,000	2,500,000	2,500,000
Cameron Adams	-	-	-	-	-	-	-	-
Kate Vale ¹	-	-	-	-	-	-	-	-
Adam Jacoby ²	-	-	-	-	-	-	-	-
Michael Rubinelli ³	-	-	-	-	-	-	-	-
Remco Marcelis ⁴	-	-	-	-	-	-	-	-
James Clyne ⁵	-	-	-	-	-	-	-	-
Jamie Skella ⁶	10,000,000	-	(5,000,000)	-	(5,000,000)	-	-	-
Mark Warburton ⁷	20,000,000	-	(20,000,000)	-	-	-	-	-
	30,000,000	-	(25,000,000)	2,500,000	(5,000,000)	2,500,000	2,500,000	2,500,000

¹ Kate Vale appointed as a Director on 1 August 2020

² Adam Jacoby resigned as Director on 30 October 2020

³ Michael Rubinelli appointed as CEO on 6 August 2020

⁴ Remco Marcelis resigned on 19 May 2020.

⁵ James Clyne appointed as CFO on 20 May 2020

⁶ Jamie Skella resigned on 30 November 2020

⁷ Mark Warburton resigned on 30 April 2020

2019	Balance at 1 January 2019	Holding on Date of Appointment	Expired	Issued	Holding at Date of Resignation	Balance at 31 December 2019	Total Vested at 31 December 2019	Total Exercisable at 31 December 2019
Adam Jacoby	-	-	-	-	-	-	-	-
Gernot Abl	-	-	-	-	-	-	-	-
Cameron Adams*	-	-	-	-	-	-	-	-
George Lazarou**	713,636	-	(713,636)	-	-	-	-	-
Jamie Skella ¹	-	-	-	10,000,000	-	10,000,000	-	-
Mark Warburton ²	-	-	-	20,000,000	-	20,000,000	-	-
	713,636	-	(713,636)	30,000,000	-	30,000,000	-	-

* Cameron Adams appointed as a Director on 19 November 2019

** George Lazarou resigned as a Director on 19 November 2019

¹ Jamie Skella was issued with 10,000,000 options under the Company's Employee Incentive Plan

² Mark Warburton was issued with 20,000,000 options under the Company's Employee Incentive Plan

DIRECTORS' REPORT (Continued)**17. REMUNERATION REPORT (Continued)****Performance Rights holdings of key management personnel**

The movement during the reporting period in the number of performance rights in eSports Mogul Limited held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2020	Balance at 1 January 2020	Holding on Date of Appointment	Issued	Lapsed	Holding at Date of Resignation	Balance at 31 December 2020	Total Vested at 31 December 2020	Total Exercisable at 31 December 2020
Gernot Abl	-	-	-	-	-	-	-	-
Cameron Adams	-	-	-	-	-	-	-	-
Kate Vale ¹	-	-	-	-	-	-	-	-
Adam Jacoby ²	-	-	-	-	-	-	-	-
Michael Rubinelli ³	-	-	120,000,000	-	-	120,000,000	-	-
Remco Marcelis ⁴	-	-	-	-	-	-	-	-
James Clyne ⁵	-	-	-	-	-	-	-	-
Jamie Skella ⁶	30,800,000	-	-	(30,800,000)	-	-	-	-
Mark Warburton ⁷	13,200,000	-	-	(13,200,000)	-	-	-	-
	44,000,000	-	120,000,000	(44,000,000)	-	120,000,000	-	-

¹ Kate Vale appointed as a Director on 1 August 2020

² Adam Jacoby resigned as Director on 30 October 2020

³ Michael Rubinelli was issued 120,000,000 performance rights under the Company's Employee Incentive Plan

⁴ Remco Marcelis resigned on 19 May 2020.

⁵ James Clyne appointed as CFO on 20 May 2020

⁶ Jamie Skella resigned on 30 November 2020

⁷ Mark Warburton resigned on 30 April 2020

2019	Balance at 1 January 2019	Holding on Date of Appointment	Issued	Lapsed	Holding at Date of Resignation	Balance at 31 December 2019	Total Vested at 31 December 2019	Total Exercisable at 31 December 2019
Adam Jacoby	-	-	-	-	-	-	-	-
Gernot Abl	-	-	-	-	-	-	-	-
Cameron Adams*	-	-	-	-	-	-	-	-
George Lazarou**	-	-	-	-	-	-	-	-
Jamie Skella ¹	-	-	30,800,000	-	-	30,800,000	-	-
Mark Warburton ²	-	-	13,200,000	-	-	13,200,000	-	-
	-	-	44,000,000	-	-	44,000,000	-	-

* Cameron Adams appointed as a Director on 19 November 2019

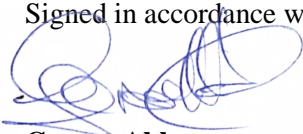
** George Lazarou resigned as a Director on 19 November 2019

¹ Jamie Skella was issued with 10,000,000 options under the Company's Employee Incentive Plan

² Mark Warburton was issued with 20,000,000 options under the Company's Employee Incentive Plan

DIRECTORS' REPORT (Continued)

Signed in accordance with a resolution of the Board of Directors.



Gernot Abl
Chairman

Dated this 26th day of February 2021

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ESPORTS MOGUL LIMITED & CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2020, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



**MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257**



**GEORGE DAKIS
Partner
Audit and Assurance**

Melbourne, Victoria

26 February 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Revenue from operations	2	303,621	86,991
Other income	2a	253,872	-
Unrealised foreign exchange gain		112	3,154
Administration expenses		(341,806)	(332,454)
Amortisation expense	12	(414,304)	(233,002)
Compliance & professional expenses		(1,510,687)	(738,601)
Cost of sales		(18,002)	-
Depreciation expense	11	(7,063)	(9,811)
Employee benefits	3	(2,333,125)	(1,736,100)
Finance costs		(18,945)	(16,670)
Foreign exchange loss		(26,271)	(5,329)
Impairment on intangibles	12	-	(120,878)
Impairment on equity investment		(105,325)	-
Marketing & promotional		(792,888)	(1,785,522)
Occupancy		(16,620)	(32,404)
Tournament operations		(446,616)	(842,353)
Travel expenses		(9,385)	(157,966)
		<hr/>	<hr/>
Loss before income tax expense	3	(5,483,432)	(5,920,945)
Income tax expense	4	-	-
Net loss after tax		<hr/> (5,483,432)	<hr/> (5,920,945)
		<hr/>	<hr/>
Total comprehensive loss for the period		(5,483,432)	(5,920,945)
		<hr/>	<hr/>
Total comprehensive loss is attributable to:			
Equity holders of eSports Mogul Limited		<hr/> (5,483,432)	<hr/> (5,920,945)
		<hr/> (5,483,432)	<hr/> (5,920,945)
		<hr/>	<hr/>
Basic and diluted earnings per share (cents per share)	21	(0.22)	(0.40)

The Company's potential ordinary shares were not considered dilutive as the Company is in a loss position.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	7	8,133,052	4,293,217
Trade & other receivables	8	363,770	145,634
Other assets	9	39,438	526,686
Consideration held in escrow		-	45,391
TOTAL CURRENT ASSETS		8,536,260	5,010,928
NON-CURRENT ASSETS			
Plant and equipment	11	7,064	14,127
Intangibles	12	1,933,119	1,372,614
Equity investment	13	-	105,325
TOTAL NON-CURRENT ASSETS		1,940,183	1,492,066
TOTAL ASSETS		10,476,443	6,502,994
CURRENT LIABILITIES			
Trade and other payables	14	311,458	354,963
Provisions	15	5,128	29,140
TOTAL CURRENT LIABILITIES		316,586	384,103
TOTAL LIABILITIES		316,586	384,103
NET ASSETS		10,159,857	6,118,891
EQUITY			
Issued capital	16	45,619,522	40,439,178
Reserves	17	9,741,532	5,397,478
Accumulated losses	18	(45,201,197)	(39,717,765)
TOTAL EQUITY		10,159,857	6,118,891

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Issued Capital	Accumulated Losses	Option Reserve	Share Based Payments Reserve	Acquisition Reserve- Controlling Interest	Total
	\$	\$	\$	\$		\$
Balance at 1 January 2020	40,439,178	(39,717,765)	4,358,558	1,334,841	(295,921)	6,118,891
<i>Total comprehensive income for the year</i>						
Loss for the period	-	(5,483,432)	-	-	-	(5,483,432)
Other comprehensive income	-	-	-	-	-	-
	-	(5,483,432)	-	-	-	(5,483,432)
<i>Transaction with owners in their capacity as owners:</i>						
Issue of shares – capital raising (net of expenses)	7,685,570	-	-	-	-	7,685,570
Issue of share-based payments	15,750	-	170,849	972,385	-	1,158,984
Issue of options to brokers	-	-	820	-	-	820
Issue of shares - HOA	12,024	-	-	-	-	12,024
Reclassification of free attaching options – cap raising	(3,200,000)	-	3,200,000	-	-	-
Redemption of Performance Shares	667,000	-	-	-	-	667,000
Balance at 31 December 2020	45,619,522	(45,201,197)	7,730,227	2,307,226	(295,921)	10,159,857
	Issued Capital	Accumulated Losses	Option Reserve	Share Based Payments Reserve	Acquisition Reserve- Controlling Interest	Total
	\$	\$	\$	\$		\$
Balance at 1 January 2019	33,450,156	(33,796,820)	4,163,464	937,986	(295,921)	4,458,865
<i>Total comprehensive income for the year</i>						
Loss for the period	-	(5,920,945)	-	-	-	(5,920,945)
Other comprehensive income	-	-	-	-	-	-
	-	(5,920,945)	-	-	-	(5,920,945)
<i>Transaction with owners in their capacity as owners:</i>						
Issue of shares – capital raising (net of expenses)	6,516,422	-	-	-	-	6,516,422
Issue of share-based payments	392,600	-	104,077	397,855	-	894,532
Issue of options to brokers	-	-	91,017	-	-	91,017
Issue of shares - HOA	80,000	-	-	-	-	80,000
Redemption of Performance Shares	-	-	-	(1,000)	-	(1,000)
Balance at 31 December 2019	40,439,178	(39,717,765)	4,358,558	1,334,841	(295,921)	6,118,891

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
- Receipts from customers		291,062	59,171
- Interest received		3,067	4,639
- Payments to suppliers and employees		(3,491,570)	(4,038,787)
- Payment of rent bond		(32,369)	(6,566)
- Receipt of government grant and tax incentives		100,000	-
- Receipt of rent bond		-	2,024
<i>Net cash used in operating activities</i>	22 (a)	<u>(3,129,810)</u>	<u>(3,979,519)</u>
Cash Flows from Investing Activities			
- Payment for plant and equipment		-	(16,555)
- Payment for intangibles		(982,175)	(732,538)
- Payment for equity investment		-	(6,000)
- Proceeds from sale of investments		45,391	-
<i>Net cash used in investing activities</i>		<u>(936,784)</u>	<u>(755,093)</u>
Cash Flows from Financing Activities			
- Proceeds from issue of shares		8,015,750	7,020,000
- Proceeds from exercise of options		667,820	-
- Payments for cost of issue of shares		(750,983)	(389,452)
- Redemption of Performance Shares		-	(1,000)
<i>Net cash provided by financing activities</i>		<u>7,932,587</u>	<u>6,629,548</u>
Net increase/(decrease) in cash and cash equivalents held		3,865,993	1,894,936
Cash and cash equivalents at beginning of financial period		4,293,217	2,395,126
Effect of movement in exchange rates on cash held		<u>(26,158)</u>	<u>3,155</u>
Cash and cash equivalents at end of financial period	22 (b)	<u>8,133,052</u>	<u>4,293,217</u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

eSports Mogul Limited (the "Company") is a Company domiciled in Australia and listed on the ASX.

The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The principal activities of the Group primarily are an esports media and software business. At its core is the mogul.gg tournament platform technology – a tournament and matchmaking platform with automation for major esports titles.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) as issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 for profit oriented entities. The consolidated financial report of the Group comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

The consolidated financial statements were authorised for issue by the Board of Directors on 26th February 2021.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value

Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

Use of Estimates and Judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Critical Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using either a binomial option pricing model or Black Scholes Model.

Income Tax Expenses

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

Fair Value Measurement

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. The fair values of financial instruments measured at amortised cost are disclosed in Note 31. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or cash-generating unit (CGU) at fair value less costs of disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of eSports Mogul Limited ('company' or 'parent entity') as at 31 December 2020 and the results of all subsidiaries for the year then ended. eSports Mogul Limited and its subsidiaries together are referred to in these financial statements as the 'group entity'.

Subsidiaries are all those entities over which the parent entity is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect returns through its power over the entity, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the group entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the group entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the group entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument, is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(d) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

I. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity are not in the profit or loss in the statement of comprehensive income.

(e) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Impairment

The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the profit or loss in the statement of comprehensive income in the cost of sales line item.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets vary from 40% to 50%.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(g) Earnings Per Share

Basic earnings per share (“EPS”) is calculated by dividing the net loss attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated as net loss attributable to members, adjusted for, costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Group has concluded that it is the principal in all of its revenue arrangements, since it is the primary obligator in all revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants that compensate the Group for expenses incurred are recognised in profit or loss; within 'Other income'; on a systematic basis in the periods in which the expenses are recognised. Note 2 provides further information on government grants. For the year ended 31 December 2020, the Group self-assessed its eligibility to access Australian government COVID-19 related grants. There were no unfulfilled conditions or other contingencies attaching to these government grants.

Interest income

Interest income is accrued when earned.

Subscription Revenue

Subscription revenue comprises the monthly or yearly fees from subscribers to Mogul's online platform. Subscribers pay directly via various online payment methods and subscription revenue is earned once payment has been accepted.

Other Revenue

Other revenue comprises tournament entry fees, fees charged on withdrawals from the Mogul wallet and prizemoney contributions. Revenue is recognised as performance obligations under any contracts are met.

(i) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics. All impairment losses are recognised either in the profit or loss in the statement of comprehensive income or revaluation reserves in the period in which the impairment arises.

Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held as financial assets at fair value through profit and loss, are measured at fair value. Gains or losses on investments held as financial assets at fair value are recognised in the profit or loss in the statement of comprehensive income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date.

(m) Intangible Assets

Licences

Licences that the Company acquires are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the term of the licence. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

Software under development and acquired

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services and employee costs.

Assets in the course of construction include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Company has an intention and ability to use the asset.

Other licences that the Company acquires are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

The Razer license fee is amortised over a useful life of 2 years and the Mogul Platform is amortised over a useful life of 5 years.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outlay of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(p) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(q) Share-Based Payment Transactions

The Company provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transaction").

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using either the binomial option pricing model or Black Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Issued Capital

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(s) Trade and Other Receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Company's credit risk exposure is located entirely within Singapore.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor (where applicable) and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two or more years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

(t) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

(u) Fair Value Measurement

Fair values of financial instruments measured at fair value through profit and loss are disclosed in Note 31.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which value measured or disclosed in the financial statements are categorised within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Board determines the policies and procedures for both recurring fair value measurement, such as derivatives, and non-recurring measurement, such as impairment tests.

At each reporting date, the Board analyses the movements in the values of assets and liabilities which are required to be re-measured or reassessed as per the Group's accounting policies. For this analysis, the Board verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents

The Board also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(v) New and amended accounting standards adopted by the Group

The Group has adopted all standards which became effective for the first time at 31 December 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

2. REVENUE FROM CONTINUING ACTIVITIES	2020	2019
	\$	\$
License income	44,118	-
Fees charged on withdrawals	4,387	11,150
Prizemoney contribution	-	20,000
Subscriptions	112,416	15,168
Tournament entry fees	92,150	36,034
Interest received	3,067	4,639
Other revenue	47,483	-
	303,621	86,991
2a. OTHER INCOME		
Cash flow boost	100,000	-
R&D revenue	153,872	-
	253,872	-
3. EXPENSES		
Loss has been determined after the following specific expenses:		
- Auditing or reviewing the financial report	45,000	42,500
- Depreciation	7,063	9,811
- Operating lease expense - rental	16,620	32,404
Employee benefits expense:		
- Annual leave	5,250	17,875
- Director's fees	157,532	94,917
- Income protection insurance	-	526
- Recruitment	139,775	95,867
- Share based payments	1,170,289	894,532
- Superannuation	54,546	65,297
- Wages	805,733	567,086
	2,333,125	1,736,100
Impairment:		
- Impairment on intangibles	-	120,878
- Impairment on equity investments	105,325	-
	105,325	120,878

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

4. INCOME TAX

(a) The components of tax expense comprise:	2020	2019
	\$	\$
Current income tax	-	-
Deferred tax	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
	2020	2019
	\$	\$
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2019: 30%) from continuing operations	(1,550,283)	(1,776,285)
Add tax effect of:		
- Other non-allowable items	322,416	1,046,338
- Revenue losses not recognised	1,258,852	878,841
- Other deferred tax balances not recognised	(3,485)	(148,894)
- Other non-assessable items	(27,500)	-
	<hr/>	<hr/>
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income from continuing operations	-	-
	<hr/>	<hr/>
(c) Unrecognised deferred tax assets at 30% (2019:30%) (Note 1):	2020	2019
	\$	\$
Carried forward revenue losses	7,429,493	6,752,812
Carried forward capital losses	3,541,332	3,863,272
Capital raising costs	170,726	218,075
Provisions and accruals	5,226	17,142
Financial investments	28,964	4,534
Other	-	1,788
	<hr/>	<hr/>
	11,175,741	10,857,623
	<hr/>	<hr/>
(d) The tax benefits of the above Deferred Tax Assets will only be obtained if:		
(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;		
(ii) the Group continues to comply with the conditions for deductibility imposed by law; and		
(iii) no changes in income tax legislation adversely affect the Group in utilising benefits.		

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

4. INCOME TAX (Continued)

(e) Tax Consolidation

eSports Mogul Limited and its wholly owned Australian resident subsidiaries formed a tax consolidated group with effect from 5 February 2014. eSports Mogul Limited is the head entity of the tax consolidated group.

Note 1 - the corporate tax rate for eligible companies will reduce from 27.5% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

	2020	2019
	\$	\$
5. AUDITOR'S REMUNERATION		
Remuneration of the auditor Moore Australia: Auditing and reviewing the financial statements of Group	45,000	42,500

6. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid during the year. No recommendation for payment of dividends has been made.

	2020	2019
	\$	\$
7. CASH AND CASH EQUIVALENTS		
Current		
Cash at bank and on hand	8,133,052	4,293,217

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

8. TRADE AND OTHER RECEIVABLES	2020	2019
	\$	\$
Current		
Trade receivables ¹	82,672	23,181
Other receivables	-	50,000
R&D receivable	153,872	-
GST receivable	127,226	72,453
	<u>363,770</u>	<u>145,634</u>
 <i>¹ Aging of gross carrying amounts due</i>		
0-30 days	12,433	1,175
30-60 days	52,864	517
60-90 days	2,195	170
90+ days	15,180	21,319
Total	<u>82,672</u>	<u>23,181</u>

The loss allowance provision as at 31 December 2020 is determined to be nil; which also incorporate forward-looking information.

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Company's credit risk exposure is located in Australia and Singapore.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor (where applicable) and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two or more years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

The Company does not currently hold any collateral as security.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

9. OTHER ASSETS

	2020	2019
	\$	\$
Current		
Prepayments ¹	3	519,620
Bond on office rental	39,435	7,066
	39,438	526,686

¹ \$512,434 relates to prepaid marketing expenses in relation to zSilver.

10. INTERESTS IN CONTROLLED ENTITIES

(a) Controlled entities consolidated

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding*		Investment(\$)	
			2020	2019	2020	2019
eSports Nominees Pty Ltd	Australia	Ordinary	100%	100%	-	-
SEA Esports Pte Ltd	Singapore	Ordinary	100%	100%	95	95
GameGeek Pte Ltd	Singapore	Ordinary	100%	100%	-	-
eSports Mogul LLC	United States	Ordinary	100%	N/A	-	-
					95	95

* Percentage of voting power is in proportion to ownership.

11. PLANT AND EQUIPMENT

	2020	2019
	\$	\$
Office Equipment		
At cost	34,252	34,252
Accumulated depreciation	(27,188)	(20,125)
Total	7,064	14,127

Movements in carrying amounts

<i>Office Equipment</i>		
Carrying amount at beginning of reporting period	14,127	7,383
Additions	-	16,555
Disposals	-	-
Depreciation expense	7,063	(9,811)
Carrying amount at end of reporting period	7,064	14,127

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

12. INTANGIBLES

	2020	2019
Non-Current	\$	\$
Mogul Platform		
Razer licence fee – at cost ¹	271,712	271,712
Accumulated amortisation	(271,712)	(271,712)
WDV Razer	-	-
Mogul platform – at cost ²	2,500,400	1,525,591
Accumulated amortisation	(567,281)	(152,977)
WDV Mogul	1,933,119	1,372,614
Academy Platform		
Academy Platform – at cost ³	-	120,878
Impairment	-	(120,878)
WDV Academy Platform	-	-
Total cost	2,772,112	1,918,181
Total accumulated amortisation	(838,993)	(424,689)
Total impairment	-	(120,878)
WDV	1,933,119	1,372,614

¹ The licence fee relates to the Razer (Asia-Pacific) Pte Ltd Tournament Platform, that has subsequently been renamed “Mogul” and runs for an initial 2-year period. The license fee has been fully amortised.

² Relates to costs associated with building out the Mogul Platform with additional functionality, games, etc. The Group is amortising the costs over a period of 5 years.

13. EQUITY INVESTMENT

	2020	2019
Non-Current	\$	\$
Financial assets at fair value through profit and loss		
Unquoted equity shares – Red 13 Pty Ltd	-	38,000
Unquoted equity shares – Unikrn Inc	-	67,325
	-	105,325

The above equity investments are classified as a financial asset at fair value through profit and loss.

The Directors have considered indicators of impairment in the value of its Equity Investments and have made an impairment of \$105,325 (\$2019: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

14. TRADE AND OTHER PAYABLES

	2020	2019
Current (unsecured)	\$	\$
Trade creditors ¹	154,004	243,153
Other creditors & accruals ²	157,454	111,810
	311,458	354,963

Terms and conditions relating to the above financial instruments.

1. *Trade creditors are non-interest bearing and generally on 30 day terms.*
2. *Other creditors are non-interest bearing have no fixed repayment terms.*

For further details refer to note 23 Financial Instruments.

15. PROVISIONS

	2020	2019
Current	\$	\$
Employee benefits	5,128	29,140
	5,128	29,140

16. ISSUED CAPITAL

	2020	2019
	\$	\$
2,877,166,328 (2019: 2,031,084,275) fully paid ordinary shares	45,619,522	40,439,178
	45,619,522	40,439,178

(a) Movements in fully paid ordinary shares on issue

	2020	
	\$	Number
At the beginning of the reporting period	40,439,178	2,031,084,275

Shares issued during the period:

Issue of shares on exercise of performance rights	-	4,978,000
Issue of shares to brokers	30,000	5,000,000
Issue of shares to directors	12,024	2,004,053
Issue of shares under employee incentive plan	15,750	750,000
Capital raising - placement	8,000,000	800,000,000
Issue of shares on exercise of options	667,000	33,350,000
Reclass of free attaching options from issued capital to options reserve	(3,200,000)	-
Capital raising costs	(344,430)	-

Balance at 31 December 2020

	45,619,522	2,877,166,328
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

16. ISSUED CAPITAL (Continued)

	2019	
	\$	Number
At the beginning of the reporting period	33,450,156	1,269,254,275
Shares issued during the period:		
Issue of shares on exercise of performance rights	-	13,400,000
Capital raising - placement	3,100,000	310,000,000
Issue of shares under employee incentive plan	392,600	30,200,000
Issue of shares under Heads of Agreement	80,000	8,000,000
Capital raising - placement	3,970,000	397,000,000
Issue of shares on exercise of performance rights	-	3,230,000
Capital raising costs	(553,578)	-
Balance at 31 December 2019	40,439,178	2,031,084,275

(b) Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholder's meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands. These fully paid ordinary shares have no par value.

(c) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being an eSports media software business, it does not have ready access to credit facilities, with the primary source of funding being equity raisings, given the early stage of its business. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet the building of its eSports media and software business and general corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The Group is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

17. RESERVES	2020	2019
	\$	\$
OPTION RESERVES		
847,150,000 (2019: 225,000,000) options	7,730,227	4,358,558
	2020	
(a) Movements in listed options on issue:	\$	Number
<i>Options</i>		
At the beginning of the reporting period	4,358,558	225,000,000
Options issued during the period:		
Issued as part of capital raising to subscribers	-	598,500,000
Issued as part of capital raising to brokers	820	82,000,000
Expense as part of Employee Incentive Plan	170,849	-
Reclass of free attaching options from issued capital to options reserve	3,200,000	-
Exercise of Unlisted Options	-	(33,350,000)
Cancellation of Employee Incentive Plan	-	(25,000,000)
Balance at 31 December 2020	7,730,227	847,150,000
	2019	
	\$	Number
<i>Options</i>		
At the beginning of the reporting period	4,163,464	346,478,207
Options issued during the period:		
Issued as part of capital raising to subscribers	-	155,000,000
Issued as part of capital raising to brokers	91,017	20,000,000
Issued as part of Employee Incentive Plan	104,077	50,000,000
Expiry of 30 October 2019 Listed Options	-	(346,478,207)
Balance at 31 December 2019	4,358,558	225,000,000

(b) Terms of Options

At the end of reporting period, there are 847,150,000 options over unissued shares as follows:

Expiry Date	Exercise Price	Number of Options
23 July 2021	\$0.02	340,150,000
21 August 2021	\$0.02	25,000,000
31 October 2022	\$0.02	482,000,000
		847,150,000

SHARE BASED PAYMENTS RESERVE	2020	2019
	\$	\$
Share based payments at the beginning of the reporting period	1,334,841	937,986
Employee equity settled transactions (refer note 26)	972,385	397,855
Redemption of Performance Shares	-	(1,000)
Share based payments at the end of the reporting period	2,307,226	1,334,841

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

18. ACCUMULATED LOSSES

	2020	2019
	\$	\$
Accumulated losses at the beginning of the reporting period	(39,717,765)	(33,796,820)
Net loss attributable to members	<u>(5,483,432)</u>	<u>(5,920,945)</u>
Accumulated losses at the end of the reporting period	<u>(45,201,197)</u>	<u>(39,717,765)</u>

19. RELATED PARTY DISCLOSURES

(a) Parent entity

The ultimate parent entity within the Group is eSports Mogul Limited.

(b) Intercompany transactions

Loans

eSports Mogul Limited has provided an unsecured, interest free loan to its wholly owned subsidiary, eSports Nominees Pty Ltd totalling \$1,782,936 (2019: \$1,838,081) at reporting date. The Company has made a provision for impairment against the loan of \$1,782,936 (2019: \$1,725,365) during the year ended 31 December 2020. There were repayments totalling \$Nil (2019: \$Nil) made during the year. This loan can be recalled on demand.

eSports Mogul Limited has provided an unsecured, interest free loan to its wholly owned subsidiary, SEA Esports Pte Ltd totalling \$7,324,556 (2019: \$5,847,734) at reporting date. The Company has made a provision for impairment against the loan of \$7,324,556 (2019: \$3,831,964) during the year ended 31 December 2020. There were no repayments made during the year. This loan can be recalled on demand.

eSports Mogul Limited has provided an unsecured, interest free loan to its wholly owned subsidiary GameGeek Pte Ltd totalling \$232,626 (2019: \$229,499) at reporting date. The Company has made a provision for impairment against the loan of \$232,626 (2019: \$229,499) during the year ended 31 December 2020. There were no repayments made during the year. This loan can be recalled on demand.

(c) Loans to key management personnel

There were no loans to key management personnel at the end of the year.

(d) Executive Agreement

On 27 September 2016, the Company entered into an Executive Services Agreement and on 12 October 2018 entered into an extension of Executive Services Agreement Letter for a further 2 years effective 14 November 2018 and a variation of the Executive Services Agreement on 17 November 2019, with Mr Gernot Abl as the Managing Director of the Company which terminated on 3 September 2020. Effective 3 September 2020, the Company entered into a Letter of Appointment agreement with Mr Gernot Abl as Non-Executive Chairman of the Company. Pursuant to the terms of the Letter of Appointment agreement, Mr Abl will be paid an amount of \$90,000 per annum plus statutory superannuation, reviewed annually. The Company will reimburse Mr Gernot Abl for all costs and expenses associated with attendance at any meetings with the Board. Further details in relation to short term and long term incentives can be found in Note 17 "Remuneration Report" of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

19. RELATED PARTY DISCLOSURES (Continued)

Either Mr Abl or the Company may terminate the Letter of Appointment agreement at any time in writing.

Payments totalling \$222,813 were also made to CSNA Pty Ltd ATF CGL Trust, an entity of which Mr Abl is a beneficiary, for services provided by Mr Abl in relation to the short term incentives per his Letter of Appointment and other consulting services.

For the year ended 31 December 2020:

- \$253,472 including statutory superannuation (2019: \$246,375) was paid to Mr Abl.
- \$222,813 (2019: \$Nil) excluding GST was paid to CSNA Pty Ltd ATF CGL Trust.

(f) Key management personnel compensation

	2020	2019
	\$	\$
The key management personnel compensation comprised:		
Short term employment benefits	995,376	760,550
Post employment benefits	49,598	60,853
Share based payments	501,858	307,159
	1,546,832	1,128,562

Detailed remuneration disclosures are provided in the Remuneration Report on pages 15 to 26.

20. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash, short term deposits and equity investments. The main purpose of the cash and term deposit is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments.

The directors' overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Financial Risk Exposures and Management

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and equity price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(i) Foreign Currency Risk

The Group is exposed to fluctuations in foreign currencies arising from paying suppliers in foreign currencies for work in relation to SEA Esports Pte Ltd and GameGeek Pte Ltd. The Group is in the process of formalising a policy in regard to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

20. FINANCIAL INSTRUMENTS (Continued)

(ii) Interest Rate Risk

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long term debt, and therefore this risk is minimal.

(ii) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entities' maximum exposure to credit risk.

(iii) Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows. The Group does not have any significant liquidity risk as the Group does not have any collateral debts.

(iv) Equity Price Risk

Price risk relates to the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market prices for equities. The Group is exposed to equity price risk, which arises from financial assets at fair value through profit and loss of equity investments held. Such risk is managed through diversification of investments across industries and geographical locations.

(v) Equity Price Risk Sensitivity Analysis

	2020	2019
	\$	\$
Change in profit/(loss)		
Increase in financial assets at fair value through profit and loss by 10%	-	10,532
Decrease in financial assets at fair value through profit and loss by 10%	-	(10,532)
Change in equity		
Increase in financial assets at fair value through profit and loss by 10%	-	10,532
Decrease in financial assets at fair value through profit and loss by 10%	-	(10,532)

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

20. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the statement of financial position.

2020	Weighted Average Effective Interest Rate %	Floating interest rate \$	Fixed Interest Rate Maturing		Non- Interest bearing \$
			Within 1 year \$	Over 1 year \$	
Financial Assets					
Cash at bank	0.09%	8,126,604	-	-	6,449
Trade & other receivables		-	-	-	363,770
Equity investment		-	-	-	-
Total Financial Assets		8,126,604	-	-	370,219
Financial Liabilities					
Trade & other creditors		-	-	-	311,458
Total Financial Liabilities		-	-	-	311,458

2019	Weighted Average Effective Interest Rate %	Floating interest rate \$	Fixed Interest Rate Maturing		Non- Interest bearing \$
			Within 1 year \$	Over 1 year \$	
Financial Assets					
Cash at bank	0.23%	4,233,622	-	-	59,595
Trade & other receivables		-	-	-	145,634
Equity investment		-	-	-	105,325
Consideration held in escrow		-	-	-	45,391
Total Financial Assets		4,233,622	-	-	355,945
Financial Liabilities					
Trade & other creditors		-	-	-	354,963
Total Financial Liabilities		-	-	-	354,963

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

20. FINANCIAL INSTRUMENTS (Continued)

	2020	2019
	\$	\$
Trade and sundry payables are expected to be paid as follows:		
Less than 6 months	311,458	354,963
6 months to 1 year	-	-
1-5 years	-	-
	311,458	354,963

(c) Net Fair Value of Financial Assets and Liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2020	2020	2019	2019
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
	\$	\$	\$	\$
Consolidated				
Cash and cash equivalents	8,133,052	8,133,052	4,293,217	4,293,217
Receivables	363,770	363,770	145,634	145,634
Equity investment	-	-	105,325	105,325
Consideration held in escrow	-	-	45,391	45,391
Payables	(311,458)	(311,458)	(354,963)	(354,963)
	<u>8,185,364</u>	<u>8,185,364</u>	<u>4,234,604</u>	<u>4,234,604</u>

(d) Interest Rate Sensitivity Analysis

At 31 December 2020, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2020	2019
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1% (100 basis points)	35,276	20,309
Decrease in interest rate by 1% (100 basis points)	(35,276)	(20,309)
Change in equity		
Increase in interest rate by 1% (100 basis points)	35,276	20,309
Decrease in interest rate by 1% (100 basis points)	(35,276)	(20,309)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

20. FINANCIAL INSTRUMENTS (Continued)

(e) Foreign Currency Exchange Rate Sensitivity Analysis

The Group's main foreign currency risk arises from cash and cash equivalents held in foreign currency bank accounts and trade and other payable amounts denominated in currencies other than the functional currency. At 31 December 2020 and 31 December 2019, the Group's exposure to foreign currency risk is not considered material.

21. EARNINGS PER SHARE	2020	2019
	\$	\$
(a) (Loss) used in the calculation of basic and dilutive earnings per share for continuing operations	(5,483,432)	(5,920,945)
	<i>Number of shares</i>	<i>Number of shares</i>
	<i>2020</i>	<i>2019</i>
(b) Weighted average number of ordinary shares outstanding during the reporting period used in calculation of basic and diluted earnings per share	2,500,221,364	1,497,525,759
22. CASH FLOW INFORMATION	2020	2019
	\$	\$
(a) Reconciliation of cash flow from operations with loss from ordinary activities after income tax.		
Loss after income tax	(5,483,432)	(5,920,945)
Adjustment for;		
- Depreciation	7,063	9,811
- Share based payments	1,155,258	974,531
- Annual leave accrual	5,251	17,875
- Unrealised foreign exchange gain	26,158	(3,154)
- Amortisation	414,304	233,002
- Impairment on intangibles	-	120,878
- Impairment on equity investments	105,325	-
Changes in assets and liabilities		
- (Increase)/Decrease in trade and other receivables	269,112	437,091
- (Increase)Decrease in deposits	(7,066)	(4,542)
- Increase/(Decrease) in trade and other payables	378,217	155,934
Net cash flow used in operating activities	(3,129,810)	(3,979,519)
(b) Reconciliation of cash and cash equivalents	2020	2019
	\$	\$
Cash and cash equivalents comprises:		
Cash at bank and on hand	8,133,052	4,293,217

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

(c) Non-cash financing and investing activities

The was no non-cash financing and investing activities during the financial year.

(d) Recognised employee share based payment expenses

The expense recognised for employee services received during the period are as follows:

	2020	2019
	\$	\$
Total expense rising from employee, consultant and Director share based payment transactions	972,385	894,532

Performance Rights – 31 December 2020

Chief Executive Officer

On 26 August 2020, the Company issued 120,000,000 performance rights to Mr. Rubinelli, the Chief Executive Officer, as part of his Executive Services Agreement.

The terms of the Performance Rights issued are as follows:-

- (a) 36,000,000 Performance Rights will be subject to the following Tenure related vesting conditions:
 - (i) 9,000,000 Performance Rights, twelve (12) months from date of employment (**Tranche 1**);
 - (ii) 750,000 Performance Rights to vest on a monthly basis (9,000,000 in total) after Tranche 1 has been met but not issued until twenty-four (24) months from date of employment (**Tranche 2**);
 - (iii) 750,000 Performance Rights to vest on a monthly basis (9,000,000 in total) after Tranche 2 has been met but not issued until thirty-six (36) months from date of employment (**Tranche 3**);
 - (iv) 750,000 Performance Rights to vest on a monthly basis (9,000,000 in total) after Tranche 3 has been met but not issued until forty-eight (48) months from date of employment (**Tranche 4**).

- (b) 84,000,000 Performance Rights will be subject to the following Business Performance related vesting conditions:
 - (i) Milestone 1: 10,500,000 Performance Rights will independently vest (up to 21,000,000 Performance Rights in total), upon the achievement of either of the below vesting conditions being met:
 - A. 1 million Monthly Active Users (MAU’s) for a consecutive 90-day period (“**Active**” is defined as a unique user who participates in content offer by Mogul); or
 - B. AU \$2.5 million in revenue to Mogul within 24 months from date of employment.

(together, the **Initial Vesting Events**); and

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

23. SHARE BASED PAYMENTS (Continued)

- (ii) Milestone 2: 31,500,000 Performance Rights will vest (up to 63,000,000 Performance Rights in total) provided each of the Initial Vesting Events as outlined in Milestone 1 has been met as follows:
- A. 10,500,000 Performance Rights (up to 21,000,000 Performance Rights in total) twelve (12) months from date of Initial Vesting Event (**Tranche 1**);
 - B. 10,500,000 Performance Rights (up to 21,000,000 Performance Rights in total) twenty-four (24) months from date of Initial Vesting Event (**Tranche 2**); and
 - C. 10,500,000 Performance Rights (up to 21,000,000 Performance Rights in total) thirty-six (36) months from date of Initial Vesting Event (**Tranche 3**).

Consultants

On 24 December 2020, the Company issued 10,000,000 performance rights to a consultant.

The terms of the Performance Rights issued are as follows:-

- (a) 3,000,000 Performance Rights will be subject to the following Tenure related vesting conditions:
- (i) 750,000 Performance Rights, twelve (12) months from date of employment (**Tranche 1**);
 - (ii) 62,500 Performance Rights to vest on a monthly basis (750,000 in total) after Tranche 1 has been met but not issued until twenty-four (24) months from date of employment (**Tranche 2**);
 - (iii) 62,500 Performance Rights to vest on a monthly basis (750,000 in total) after Tranche 2 has been met but not issued until thirty-six (36) months from date of employment (**Tranche 3**); and
 - (iv) 62,500 Performance Rights to vest on a monthly basis (750,000 in total) after Tranche 3 has been met but not issued until forty-eight (48) months from date of employment (**Tranche 4**).
- (b) 7,000,000 Performance Rights will be subject to the following Business Performance related vesting conditions:
- (i) Milestone 1: 875,000 Performance Rights will independently vest (up to 1,750,000 Performance Rights in total), upon the achievement of either of the below vesting conditions being met:
 - A. 1 million Monthly Active Users (MAU's) for a consecutive 90-day period ("Active" is defined as a unique user who participates in content offered by Mogul); or
 - B. AU \$2.5 million in revenue to Mogul within 24 months from 1 August 2020.

(the **Initial Vesting Events**); and
 - (ii) Milestone 2: 2,625,000 Performance Rights will vest (up to 5,250,000 Performance Rights in total) provided each of the Initial Vesting Events as outlined at clause (b)(i) above has been met as follows:
 - A. 875,000 Performance Rights (up to 1,750,000 Performance Rights in total) twelve (12) months from date of Initial Vesting Event (Tranche 1);
 - B. 875,000 Performance Rights (up to 1,750,000 Performance Rights in total) twenty-four (24) months from date of Initial Vesting Event (**Tranche 2**); and
 - C. 875,000 Performance Rights (up to 1,750,000 Performance Rights in total) thirty-six (36) months from date of Initial Vesting Event (**Tranche 3**).

The value of performance rights granted during the period was calculated using the Black-Scholes Option Pricing Model incorporating a Monte Carlo simulation and totalled \$1,950,000. The expense during the period ended 31 December 2020 amounted to \$412,068 (2019: \$Nil). The values and inputs are as follows:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

23. SHARE BASED PAYMENTS (Continued)

Chief Executive Officer:

Performance Rights	
Performance rights issued	120,000,000
Underlying share value	\$0.015
Exercise price of performance rights	Nil
Risk free interest rate	0.09%
Share price volatility	80%
Expiration period	6 August 2024
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.015

Consultant:

Performance Rights	
Performance rights issued	10,000,000
Underlying share value	\$0.015
Exercise price of performance rights	Nil
Risk free interest rate	0.09%
Share price volatility	80%
Expiration period	1 January 2025
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.015

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The Performance Rights were subscribed for nil consideration per Performance Right.

Performance Rights – 31 December 2019

On 21 August 2019, the Company granted 62,500,000 performance rights to senior executives, employees and consultants.

The terms of the Performance Rights issued are as follows:-

Class A

- (a) 27,000,000 Performance Rights were granted on 21 August 2019;
- (b) 27,000,000 Performance Rights will vest and become exercisable upon the Company achieving Annualised Recurring Revenue being at least A\$2,000,000 in any six-month period commencing 1 January 2020 to 1 January 2022.

Annualised Gross Recurring Revenue is defined as the amount of gross revenue forecast to be generated during a 12 month period, measured on the actual gross revenues for each Half Year and Annual reporting period for the six months);

- (c) Vested Performance Rights can be exercised from vesting until 14 January 2022.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

23. SHARE BASED PAYMENTS (Continued)

Class B

- (a) 27,000,000 Performance Rights were granted on 21 August 2019;
- (b) 27,000,000 Performance Rights will vest and become exercisable upon the Company achieving Annualised Recurring Revenue being at least A\$6,000,000 in any six-month period commencing 1 January 2020 to 1 January 2024);

Annualised Gross Recurring Revenue is defined as the amount of gross revenue forecast to be generated during a 12 month period, measured on the actual gross revenues for each Half Year and Annual reporting period for the six months);

- (c) Vested Performance Rights can be exercised from vesting until 14 January 2024.

Class C

- (a) 8,500,000 Performance Rights were granted on 21 August 2019;
- (b) 50% of the Performance Rights vesting in the September 2019 Quarter and 50% vesting in the December 2019 Quarter. The Performance Rights will vest and become exercisable upon the Company achieving:
- 50% of quarterly KPI from “Delivery on Schedule”;
 - up to 13% of quarterly KPI from “Critical & External Bugs”;
 - up to 12% of quarterly KPI from “Stakeholder Sentiment”; and
 - 25% of quarterly KPI from “Company Wide Revenue”;
- (c) Vested Performance Rights can be exercised from vesting until 14 January 2020.

On 13 November 2019, the Company granted 3,000,000 performance rights to senior executives and consultants.

Class D

- (a) 3,000,000 Performance Rights were granted on 13 November 2019;
- (b) The 3,000,000 Performance Rights are subject to various vesting conditions;
- (c) Vested Performance Rights can be exercised from vesting until 14 January 2020.

The value of performance rights granted during the period was calculated using the Black-Scholes Option Pricing Model incorporating a Monte Carlo simulation and totalled \$842,500. The expense during the period ended 31 December 2020 amounted to \$560,317 (2018: \$210,012). The values and inputs are as follows:

Class A:

Performance Rights	
Performance rights issued	27,000,000
Underlying share value	\$0.013
Exercise price of performance rights	Nil
Risk free interest rate	0.73%
Share price volatility	106%
Expiration period	14 January 2022
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.013

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

23. SHARE BASED PAYMENTS (Continued)

Class B:

Performance Rights	
Performance rights issued	27,000,000
Underlying share value	\$0.013
Exercise price of performance rights	Nil
Risk free interest rate	0.7%
Share price volatility	106%
Expiration period	14 January 2024
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.013

Class C:

Performance Rights	
Performance rights issued	8,500,000
Underlying share value	\$0.013
Exercise price of performance rights	Nil
Risk free interest rate	0.73%
Share price volatility	106%
Expiration period	14 January 2020
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.013

Class D:

Performance Rights	
Performance rights issued	3,000,000
Underlying share value	\$0.01
Exercise price of performance rights	Nil
Risk free interest rate	0.73%
Share price volatility	106%
Expiration period	14 January 2020
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.01

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The Performance Rights were subscribed for nil consideration per Performance Right.

4,978,000 Performance Rights have vested since the financial period, with 47,492,000 Performance Rights having been cancelled and 3,230,000 Performance Rights having been exercised.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

23. SHARE BASED PAYMENTS (Continued)

Options – 31 December 2020

On 28 May 2020, the Company issued 198,500,000 options to subscribers who participated in the placement undertaken by the Company in December 2019.

On 7 December 2020, the Company issued:

- 400,000,000 options to subscribers who participated in the placement undertaken by the Company in October and December 2020.
- 82,000,000 options to brokers who assisted in the placement.

The options granted are free attaching options as part of the placement that occurred in December 2019 and October and December 2020. The value of these options is \$3,200,000.

Employee Incentive Plan Shares – 31 December 2020

On 26 October 2020, the company issued 750,000 fully paid ordinary shares under the Company's Employee Incentive Plan to a senior executive. The fair value of these shares amounted to \$15,750 (2019: \$Nil) and were expensed to profit and loss.

Options – 31 December 2019

On 23 July 2019, the Company issued 20,000,000 options to brokers in relation to services provided with the capital raising completed in late May 2019.

The value of options granted during the period to brokers was calculated using the Black-Scholes Option Pricing Model incorporating a Monte Carlo simulation and totalled \$91,017.

The values and inputs are as follows:

Options	
Options issued	20,000,000
Underlying share value	\$0.011
Exercise price of options	\$0.02
Risk free interest rate	0.93%
Share price volatility	106%
Expiration period	23 July 2021
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.0046

On 21 August 2019, the Company granted 50,000,000 options to senior executives.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

23. SHARE BASED PAYMENTS (Continued)

The key terms of the options issued are as follows:-

- (a) 50,000,000 Options were granted on 21 August 2019;
- (b) 50% vest after 12 months of employment and are exercisable at \$0.02 per option on or before the date which is two years from the date of issue; and
- (c) 50% vest after 24 months of employment and are exercisable at \$0.02 per option on or before the date which is two years from the date of issue.

The value of options granted during the period was calculated using the Black-Scholes Option Pricing Model incorporating a Monte Carlo simulation and totalled \$293,251. The expense during the period ended 31 December 2020 amounted to \$170,849 (2018: \$104,077). The values and inputs are as follows:

Options	
Options issued	50,000,000
Underlying share value	\$0.013
Exercise price of options	\$0.02
Risk free interest rate	0.73%
Share price volatility	106%
Expiration period	21 August 2021
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.0059

30,000,000 options to senior executives have been cancelled since the financial period due to departure of employees in accordance with terms and conditions of their issue.

Employee Incentive Plan Shares – 31 December 2019

On 21 August 2019, the company issued 30,200,000 fully paid ordinary shares under the Company's Employee Incentive Plan to senior executives, employees and consultants. The fair value of these shares amounted to \$392,600 (2018: \$Nil) and were expensed to profit and loss.

Partner Shares – Year Ended 31 December 2019

On 6 September 2019, the company issued 8,000,000 fully paid ordinary shares as part of a Heads of Agreement with Alliance. The fair value of these shares amounted to \$80,000 and were expensed to profit and loss.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

23. SHARE BASED PAYMENTS (Continued)

A summary of the movements of all company options issued is as follows:-

	Number	Weighted Average Exercise Price
Options outstanding as at 1 January 2019	225,000,000	\$0.02
Options outstanding as at 31 December 2019	225,000,000	\$0.02
Issued as part of capital raising	598,500,000	\$0.02
Issued to brokers for capital raising services	82,000,000	\$0.02
Options exercised	(33,350,000)	(\$0.02)
Options cancelled	(25,000,000)	(\$0.02)
Options outstanding as at 31 December 2020	847,150,000	\$0.02
Options exercisable as at 31 December 2020	847,150,000	
Options exercisable as at 31 December 2019	225,000,000	

As at the date of this report, there 33,350,000 options were exercised during the year.

24. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its eSports, and corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments

(i) *eSports*

Segment assets, such as equity investments and intangible assets and all expenses related to the eSports business are reported on in this segment.

(ii) *Unallocated*

Corporate, including treasury, corporate and regulatory expenses arising from operating an entity. Corporate assets, including cash and cash equivalents are reported in this segment.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

24. SEGMENT INFORMATION (Continued)

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables.

The following represents revenue, profit information, for reportable segments for the period ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

24. SEGMENT INFORMATION (Continued)

2020	eSports	Unallocated	Total
	\$	\$	\$
Revenue from continuing operations			
Cash flow boost	-	100,000	100,000
Fees charged on withdrawals	4,387	-	4,387
Interest revenue	-	3,067	3,067
License income	-	44,118	44,118
Other Revenue	-	47,483	47,483
R&D Revenue	-	153,872	153,872
Subscriptions	112,416	-	112,416
Tournament entry fees	92,150	-	92,150
- Administration	(65,938)	(275,870)	(341,808)
- Amortisation	(414,304)	-	(414,304)
- Cost of sales	-	(18,002)	(18,002)
- Compliance & Professional	(17,751)	(1,492,935)	(1,510,686)
- Depreciation	-	(7,063)	(7,063)
- Employee Benefits	-	(2,333,125)	(2,333,125)
- Finance	(6,196)	(12,749)	(18,945)
- Foreign Exchange Gain/(Loss)	4,680	(4,568)	112
- Impairment of Intangibles	(67,325)	(38,000)	(105,325)
- Marketing & Promotional	(713,027)	(79,861)	(792,888)
- Occupancy	-	(16,620)	(16,620)
- Tournament Operations	(464,616)	-	(446,616)
- Travel	-	(9,385)	(9,385)
Net profit/(loss) before tax from continuing operations	(1,495,330)	(3,988,102)	(5,483,432)
<hr/>			
2020	\$	\$	\$
Segment assets	1,967,283	8,509,160	10,476,443
<hr/>			
Segment liabilities	27,295	289,291	316,586
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

24. SEGMENT INFORMATION (Continued)

2019	eSports	Unallocated	Total
	\$	\$	\$
Revenue from continuing operations			
Fees charged on withdrawals	11,150	-	11,150
Prizemoney contribution	20,000	-	20,000
Subscriptions	15,168	-	15,168
Tournament entry fees	36,034	-	36,034
Interest revenue	-	4,639	4,639
Unrealised Foreign Exchange Gain	-	3,154	3,154
Net profit/(loss) before tax from continuing operations	(2,775,518)	(3,145,427)	(5,920,945)
- Administration	(88,170)	(244,284)	(332,454)
- Amortisation	(233,002)	-	(233,002)
- Compliance & Professional	(29,720)	(708,881)	(738,601)
- Depreciation	-	(9,811)	(9,811)
- Employee Benefits	-	(1,736,100)	(1,736,100)
- Finance	(9,447)	(7,223)	(16,670)
- Foreign Exchange Gain/(Loss)	226	(5,555)	(5,329)
- Impairment of Intangibles	(120,878)	-	(120,878)
- Marketing & Promotional	(1,532,634)	(252,888)	(1,785,522)
- Occupancy	(1,346)	(31,058)	(32,404)
- Tournament Operations	(842,353)	-	(842,353)
- Travel	(546)	(157,420)	(157,966)
2019			
	\$	\$	\$
Segment assets	2,047,548	4,455,446	6,502,994
Segment liabilities	36,767	347,336	384,103

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

24. SEGMENT INFORMATION (Continued)

Revenue by geographical region

There was \$208,953 in revenue attributable to external customers for the period ended 31 December 2020 (2019: \$82,352), which relates to Asia.

Assets by geographical region

The only reportable segment assets located outside of Australia as at 31 December 2020 totalling \$1,967,283 (2019: \$2,047,548) are:-

- an equity investment of NIL in the USA (2019: \$112,716); and
- cash of \$4, trade receivables of \$34,156, prepayments of \$4 and intangibles of \$1,933,119 in Singapore (2019: \$1,934,832).

25. EVENTS SUBSEQUENT TO REPORTING DATE

COVID-19 and its impact on the Company has created unprecedented uncertainty in the economic environment that the Group operates within. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further effects on the financial position and performance of the Company. As at the date of this financial report, an estimate of the future effects of the COVID-19 pandemic on the Company's financial performance and/or financial position cannot be made, as the impact will depend on the magnitude and duration of the economic downturn with the full range of monetary impacts unknown.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

26. CONTINGENT LIABILITIES

On 22 October 2019, the Company commenced proceedings in the Federal Circuit Court of Australia against First Point Ventures Pty Ltd (**First Point Ventures Proceedings**) seeking a declaration that a Partnership Mandate Agreement which the Company entered into with First Point Ventures Pty Ltd on 28 April 2019 be declared void ab initio on the basis of misrepresentations made by First Point Ventures Pty Ltd.

In the First Point Ventures Proceedings, First Point Ventures Pty Ltd has filed a cross-claim seeking damages allegedly due under the Partnership Mandate Agreement or in the alternative, reasonable remuneration, for the services it allegedly provided under the Partnership Mandate Agreement. The Company is defending the cross-claim and is confident the cross-claim will be dismissed. This matter has been fully settled in December 2020.

There are no contingent liabilities to declare.

27. COMMITMENTS

	2020	2019
Operating lease expenditure commitments	\$	\$
No later than 6 months	-	7,140
Between 6 and 12 months	-	-
Between 12 and 18 months	-	-
	-	7,140

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

28. FAIR VALUE MEASUREMENTS

The Group measures and recognises the obligation for contingent consideration arising from a business combination at fair value on a recurring basis after initial recognition. The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

a) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:-

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value; or
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset as its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the Groups assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

28. FAIR VALUE MEASUREMENTS (Continued)

	31 December 2020			Total
	Level 1	Level 2	Level 3	
<i>Assets</i>	\$	\$	\$	\$
Equity investment	-	-	-	-
Total assets recognised at fair value	-	-	-	-

b) Valuation Techniques and Unobservable Inputs Used to Measure Level 3 Fair Values

Equity Investment

In circumstances where a valuation technique for financial instruments is based on significant unobservable inputs, such instruments are included in level 3. These include investments in unlisted equity investments. The Directors utilised as at period end information provided by the underlying entities and used its best estimate based on events during and subsequent to period end in valuing its investments.

Contingent consideration arising from acquisition of eSports Nominees Pty Ltd

On 14 November 2016, the Company acquired all the issued capital of eSports Nominees Pty Ltd. In acquiring eSports Nominees Pty Ltd, the Group incurred a contingent consideration liability consisting of an obligation to make an additional payment in fully paid ordinary shares provided various milestones are met.

The fair value of the contingent consideration \$Nil (2019: \$Nil) is measured using a discounted cash flow methodology and determined on the basis of the agreed consideration to be paid for achieving each of the milestones within the time period, weighted by the probability of meeting each milestone. The discount rate used is based on the Group's weighted average cost of capital.

The following table provides qualitative information regarding the key significant unobservable inputs, the ranges of those inputs and the relationships of unobservable inputs to the fair value measurement:

Significant Unobservable Inputs Used	Range of Unobservable Inputs Used	Estimated Sensitivity of Fair Value Measurements to Changes in Unobservable Inputs
Probability of achieving milestones – 0%	0%	If the probability rate is 5% higher/lower, the fair value would increase/decrease by \$110,000
Discount Rate (risk adjusted) – 20%	15%-25%	If the discount rate is 1% higher/lower, the fair value would decrease/increase by \$Nil

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

28. FAIR VALUE MEASUREMENTS (Continued)

Valuation processes

Given the size of the organisation, the Board of Directors, amongst other things, manage the risk exposures of the Group. The Group's finance department calculates the fair value of the contingent liability on a six monthly basis in light of the likelihood of meeting the milestones. The Company uses a discounted cash flow model that is prepared internally. Any significant movements in the contingent liability are reported to the Board on a six monthly basis.

There has been no change in the valuation technique used to measure the fair value of the contingent consideration liability since the parent entity acquired control of eSports Mogul Pty Ltd.

There were no significant interrelationships between the unobservable inputs that could materially affect the fair value of the contingent consideration.

Reconciliation of Recurring Fair Value Measurement	2020	2019
	\$	\$
Movements in level 3 liabilities during the current financial year are set out below:		
Opening Balance	-	-
Additions	-	-
Impairment	-	-
	<u>-</u>	<u>-</u>

29. PARENT ENTITY INFORMATION

Information for eSports Mogul Limited	2020	2019
	\$	\$
Current assets	8,502,097	4,403,319
Total assets	8,509,257	6,584,028
Current liabilities	289,292	347,069
Total liabilities	289,292	347,069
Issued capital	49,854,334	40,439,178
Reserves	5,802,642	5,693,399
Accumulated losses	(47,437,010)	(39,895,618)
Total shareholders' equity	<u>8,219,966</u>	<u>6,236,959</u>
Net loss after tax of the parent entity	(7,541,392)	(5,874,432)
Total comprehensive income of the parent	(7,541,392)	(5,874,432)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

30. COMPARATIVE INFORMATION

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

31. COMPANY DETAILS

The registered office and principal place of business address is:

Suite 4, Level 10
221 Queen Street
Melbourne Victoria 3000

DIRECTORS' DECLARATION

The directors declare that:

1. The financial statements, notes and additional disclosures included in the Directors' report and designated as audited, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and Corporations Regulations 2001;
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the year ended on that date;
 - (c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.
2. The Chief Executive Officer and Chief Financial Officer have declared that:
 - (b) the financial records of the company for the financial period have been properly maintained in accordance with section 295A of the Corporations Act 2001;
 - (c) the financial statements and notes for the financial period comply with Accounting Standards; and
 - (d) the financial statements and notes for the financial period give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Gernot Abl
Chairman

Dated this 26th day of February 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESPORTS MOGUL LIMITED & CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of eSports Mogul Limited & Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER 1 – VALUATION OF INTANGIBLES

Refer to Note 12 - Intangibles

As at 31 December 2020 the Group has intangible assets of \$1,933,119 (2019: \$1,372,614) which represents the capitalised development costs associated with the development of the Mogul operating platform.

The valuation and recoverability of intangible assets was a key audit matter given the significance of the technology to the group's operations and the judgement involved in the assessment of its overall value.

Our procedures included, amongst others:

- Obtained an understanding of the processes and assumptions involved in capitalisation of intangible assets;
 - Evaluated the progress made by management in developing the Mogul platform to date and assessing for any indicators of impairment by reviewing minutes of Board minutes, ASX announcement and other documentation;
 - Tested capitalised expenditures related to these intangibles during the year on a sample basis against supporting documentation.
 - Reviewed the reasonableness of management estimates made, including useful life;
 - Compared the market capitalisation of the Group (\$45.43 Million) to its net asset position (\$10 Million) at balance date and noted the market capitalisation was significantly higher than its recorded amount; and
 - Assessed the appropriateness of the relevant disclosure in the financial statements.
-

KEY AUDIT MATTER 2 – SHARE BASED PAYMENTS

Refer to Note 17 Reserves & Note 23 Share Based Payments

During the year ended 31 December 2020, total share based payments amounting to \$1,170,289 (2019: \$894,532) was recognised by the Group arising from services provided by employees, contractors and consultants.

The fair value of the share-based payments is determined using the Black Scholes model which takes into account the terms and conditions upon which the instruments were granted and a number of key underlying assumptions.

The value of these share-based payments is considered a key audit matter due to it being a material balance and its valuation is subject to significant judgment and accounting estimation.

Our procedures included, amongst others:

- Reviewed ASX announcements and other documentation (including the Company's Employee Incentive Plan & Various offer letters) pertaining to the underlying share-based payment;
 - Assessed the valuation methodology used by management to estimate the fair value of equity instruments issued (where they relate to performance rights and options), including testing the integrity of information provided, assessing the appropriateness of key assumptions input into the valuation model as applicable;
 - Ensured the proper expensing of the share-based payments on a proportionate basis across the relevant financial period from grant date to vesting date;
 - Assessing whether the share-based payments have been appropriately classified and accounted for in the financial statements; and
 - Assessing the appropriateness of the relevant disclosures in the financial statements.
-

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 26 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of eSports Mogul Ltd & Controlled Entities, for the year ended 31 December 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



GEORGE S DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

26 February 2021

CORPORATE GOVERNANCE SUMMARY

1.1. Roles and Responsibilities of Board and Management

The Role of the Board and Delegations

The Board is accountable to shareholders for the activities and performance of eSports Mogul Limited by overseeing the creation of sustainable shareholder value within an appropriate risk framework and having regard for stakeholder interests and community expectations.

The Board is responsible for setting eSports Mogul Limited's vision and strategy. eSports Mogul Limited's vision is to build an esports destination to provide connection and community for esports players from a diverse range of backgrounds. This is a long-term vision and the Board sets strategic priorities each year to work towards fulfilling this vision.

Directors are actively involved in setting, approving and regularly monitoring eSports Mogul Limited's strategic priorities and holding management accountable for progress.

This process includes one annual Board strategy meeting, regular Board reporting and meetings, and discussion and review with management. Similarly, the Board ensures that rigorous governance processes operate effectively to guide decision making across the business.

The Board's responsibilities are set out in the Board Charter, which is available at [Corporate Governance Plan](#)

The Board's role and responsibilities include:

- establishing, promoting and maintaining the strategic direction of eSports Mogul Limited;
- approving business plans, budgets and financial policies;
- considering management recommendations on strategic business matters;
- establishing, promoting and maintaining proper processes and controls to maintain the integrity of accounting and financial records and reporting;
- fairly and responsibly rewarding executives, having regard to the performance of the executives, eSports Mogul Limited's risk management framework and culture, the interests of shareholders, market conditions and eSports Mogul Limited's overall performance;
- adopting and overseeing of implementation of corporate governance practices;
- overseeing the establishment, promotion and maintenance of effective risk management policies and processes;
- reviewing Board composition and performance;
- appointing, evaluating and remunerating the Chief Executive Officer (CEO) and approving the appointment of the Chief Financial Officer (CFO) and Company Secretary; and
- determining the CEO's delegated authority.

The Board has now established committees to assist in carrying out its responsibilities and to consider certain issues and functions in detail.

The Board committees are discussed at section 1.3.

Management responsibility

The Board has delegated to the CEO the authority and powers necessary to implement the strategies approved by the Board and to manage the business affairs of eSports Mogul Limited within the policies and delegation limits specified by the Board from time to time. The CEO may delegate authority to management but remains accountable for all authorities delegated to management.

1.2. Directors' Skills Matrix

The Board has determined that its current members have an appropriate collective mix of skills, experience and expertise to:

- exercise independent judgement;
- have a proper understanding of, and competence to deal with, current and emerging issues of the business;
- encourage enhanced eSports Mogul Limited performance; and
- effectively review and challenge the performance of management.

The Board's competencies are assessed annually and the results of the most recent (January 2021) assessment are shown in the table below.

Areas of expertise/leadership qualities	Average Self-Assessment Rating*
Risk & Compliance	3.33
Financial & Audit	3
Strategy	4
Policy Development	3.83
Technology	3.67
Executive Management	4.17
Industry Specific Skills	3
Leadership	4.67
Ethics and Integrity	5
Contribution	4.33
Negotiation	4
Crisis Management	4.67
Previous Board Experience	4.17

*Self-assessment rating from 1 to 5, with 1 being the lowest and 5 being the highest

Given the relatively small size of the Board at present the Board skills matrix shows some skill gaps. The Board will consider adding Non-Executive Directors with complementary skills to augment, add perspective and to help improve diversity on the Board as the Company grows.

1.3. Board Committees

To assist it in undertaking its duties, the Board has established the following standing committees towards the end of the financial year, and as such, did not have any meetings during the year:

- Audit & Risk Committee; and
- Nomination & Remuneration Committee.

Each committee has its own charter, copies of which are available at [Corporate Governance Plan](#).

The charters specify the composition, responsibilities, duties, reporting obligations, meeting arrangements, authority and resources available to the committees and the provisions for review of the charter.

Details of Directors' membership of each committee and those eligible members' attendance at meetings throughout the period from 1 January 2020 to 31 December 2020 are set out below.

During the period, 9 meetings of directors were held. Attendances by each director during the period were as follows:

Directors	Directors' Meetings		Audit & Risk		Nomination & Remuneration	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Gernot Abl	9	9	-	-	-	-
Cameron Adams *	9	9	-	-	-	-
Kate Vale (appointed 1 August 2020) *	4	4	-	-	-	-
Adam Jacoby (resigned 30 October 2020)	7	7	-	-	-	-

* Mr Adams is the Chairperson of the audit and risk committee and Ms Vale the Chairperson of the Nomination and Remuneration Committee.

1.4. Risk Management Framework

Esports Mogul Limited's Board is responsible, in conjunction with senior management, for the management of risks associated with the business and implementing structures and policies to adequately monitor and manage these risks.

The Board has established the Audit & Risk Committee (**ARC**) to assist in discharging its risk management responsibilities. In particular, this committee assist the Board in setting the appropriate risk appetite and for ensuring that there is an effective risk management framework that is able to manage, monitor and control the various risks to which the business is exposed.

On a day-to-day basis, the CEO, has the responsibility for monitoring the implementation of the risk framework, including the monitoring, reporting and analysis of the various risks faced by the business, and providing effective challenge to activities and decisions that may materially affect Esports Mogul Limited's risk profile.

Esports Mogul Limited has a robust risk management framework which supports its operating segments, and its risk appetite distinguishes risks from which Esports Mogul Limited will seek to make an economic return from those which it seeks to minimise and which it does not consider will provide a return. The management of these risks is fundamental to Esports Mogul Limited's business, customers and to building long-term shareholder value.

In addition to having a separate risk management function, Esports Mogul Limited recognises that a requirement for an effective risk management framework is for there to be a strong risk culture throughout the organisation, where risk is everybody's business. The foundation of this risk culture is a set of values, the Esports Mogul Limited values. All employees are assessed against the Esports Mogul Limited values as part of the annual performance review process, and this outcome contributes to the overall performance rating and remuneration outcomes. In addition to this, Esports Mogul Limited regularly assesses its risk culture through external audits to ensure that the management of risk and day-to-day compliance remains entrenched within the way in which Esports Mogul Limited operates. The Board is responsible for setting and monitoring the risk appetite for Esports Mogul Limited when pursuing its strategic objectives. The

Board's approach to, and appetite for risk provides that, subject to earning acceptable economic returns, it can retain exposure to credit risk, liquidity risk and market risk.

- Credit default risk – is the risk of loss in the value of an asset due to a counterparty failing to discharge its contractual obligations when they fall due;
- Liquidity risk – is the potential impact of Esports Mogul Limited's short, medium and long-term funding and liquidity management requirements; and
- Market risk - is the risk that changes in the market prices such as foreign exchange rates, interest rates and equity prices will affect Esports Mogul Limited's income or value of its holdings of financial instruments.

Esports Mogul Limited seeks to minimise or hedge the risks for which it does not consider an appropriate return can be generated.

These risks include:

- Foreign exchange risk – is the risk of a change in asset values as a result of movements in foreign exchange rates;
- Inflation risk – is the risk of a change in asset values and Esports Mogul Limited's earnings as a result of movements in inflation both in Australia and jurisdictions in which Esports Mogul Limited owns assets;
- Operational risk – is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events; and
- Regulatory and compliance risk – is the risk of legal or regulatory sanctions or loss as a result of Esports Mogul Limited's failure to comply with laws, regulations or regulatory policy applying to its business.

ADDITIONAL SHAREHOLDER INFORMATION**Shareholding**

The distribution of members and their holdings of equity securities in the Company as at 15 February 2021 were as follows:

Number Held as at 15 February 2021	Class of Equity Securities
	Fully Paid Ordinary Shares
1- 1,000	51
1,001 - 5,000	19
5,001 – 10,000	80
10,001 - 100,000	3,203
100,001 and over	3,251
TOTALS	6,604

Holders of less than a marketable parcel: 1,036

Substantial Shareholders

There are currently no substantial shareholders listed in the Company's register as at 15 February 2021.

Voting RightsOrdinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

On-market buyback

There is no current on-market buy-back.

Unquoted Securities

Securities	Number of Securities	Number of Holders	 Holders with more than 20%
Options (23 July 2021)	340,150,000	186	None
Options (21 August 2021)	25,000,000	2	Mick O'Kane – 80%
Performance Rights	130,000,000	2	Michael Rubinelli– 92.3%

ADDITIONAL SHAREHOLDER INFORMATION (CONTINUED)**Twenty Largest Shareholders**

The names of the twenty largest ordinary fully paid shareholders as at 15 February 2021 are as follows:

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Emery Number 2 Pty Ltd <Scott Emery Family No 2 A/C>	98,379,233	3.42
HSBC Custody Nominees (Australia) Limited-GSCO ECA	73,340,667	2.55
R F Thomson (Qld) Pty Ltd <Thompson (Qld) Family No 2 A/C>	32,500,000	1.13
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	28,641,116	1.00
Citycorp Nominees Pty Ltd	27,675,033	0.96
CS Third Nominees Pty Ltd <HSBC Cust Nom AU Ltd 13 A/C>	27,606,033	0.96
Cyber Century Limited	27,000,000	0.96
Mr Garry Dean Shaw	23,000,000	0.80
Mr Huanbin Xia	20,829,457	0.72
Mr Michael Duncombe & Ms Elaine Bracewell & Ms Jane Duncombe <Duncombe Family Super Fund A/C>	20,092,070	0.70
Mr Bin Lau	20,000,000	0.70
Bellite Pty Ltd <Meyer Family BTML A/C>	16,800,000	0.58
Evergreen MM & SS Pty Ltd	15,670,000	0.54
CK Corporate Pty Ltd <Ekistics PBD A/C>	15,000,000	0.52
CSNA Pty Ltd <CGL A/C>	15,000,000	0.52
Mrs Jane Catherine Jocelyn Bell & Mr Geoffrey Arthur Bell <Schooner Super Fund A/C>	14,006,547	0.49
Ms Chunyan Niu	13,947,271	0.48
Mrs Jane Catherine Jocelyn Bell	13,016,460	0.45
Liquidity Group Pty Ltd <The Liquidity A/C>	13,000,000	0.45
Mr Richard Joseph Teague	13,000,000	0.45
TOTAL	529,003,887	18.38

Listed Option Holders

The distribution of members and their holdings of listed options in the Group as at 15 February 2021 were as follows:

Number Held as at 15 February 2021	Class of Equity Securities Listed options exercisable at \$0.02 on or before 31 October 2022
1- 1,000	1
1,001 - 5,000	1
5,001 – 10,000	2
10,001 - 100,000	19
100,001 and over	346
TOTALS	369

Holders of less than a marketable parcel: 14

ADDITIONAL SHAREHOLDER INFORMATION (CONTINUED)**Twenty Largest Listed Option Holders**

The names of the twenty largest listed option holders as at 15 February 2021 are as follows:

Name	Number of Listed Options exercisable at \$0.02 on or before 31 October 2022 Held	% Held of Listed Options
Mr Andrew David Wilson <Wilson Family A/C>	26,500,000	5.50
Emery Number 2 Pty Ltd <Scott Emery Family No 2 A/C>	20,000,000	4.15
Celtic Capital Pty Ltd <Income A/C>	18,154,213	3.77
CPS Capital No 4 Pty Ltd	16,799,999	3.49
CS Third Nominees Pty Ltd <HSBC Cust Nom AU Ltd 13 A/C>	14,878,771	3.09
Havana Nominees (WA) Pty Ltd	13,000,000	2.70
Veritas Securities Limited	10,000,000	2.07
Mr Bin Liu	10,000,000	2.07
Mrs Stella Margaret Lennox	10,000,000	2.07
Rojul Nominees Pty Ltd <RR Martin Super Fund A/C>	10,000,000	2.07
Jetosea Pty Ltd	7,500,000	1.56
M&K Korkidas Pty Ltd <M&K Korkidas Pty Ltd Super Fund A/C>	6,900,000	1.43
Mr Simon Patrick Bowman	6,750,000	1.40
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	5,307,143	1.10
Toorak Gutter Girl Pty Ltd <Manor High Super A/C>	5,128,571	1.06
Citicorp Nominees Pty Ltd	5,000,000	1.04
Davsam Pty Ltd <Roseman Retirement Fund A/C>	5,000,000	1.04
Ashabia Pty Ltd <Ashabia Super Fund A/C>	4,000,000	0.83
Mr Mason King	3,500,000	0.73
Strata Nominees Pty Ltd <C&C Bontempo Super No 2 A/C>	3,500,000	0.73
TOTAL	201,918,697	41.90

Company Secretary

The name of the Company Secretary is George Lazarou.

Address and telephone details of the entity's registered and administrative office

Suite 4
Level 10
221 Queen St,
Melbourne Victoria 3000
Telephone: + (61) 3 9642 2205

Address and telephone details of the office at which a register of securities is kept

Automic Pty Ltd
Level 2
267 St Georges Terrace
PERTH WA 6000
Telephone: 1300 288 664

Securities exchange on which the Company's securities are quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange.