

eSports Mogul Limited

Appendix 4D

Half Year Report

For the period ended 30 June 2020

(Previous corresponding period: 30 June 2019)

Results for announcement to the market

	30 June 2020 Current Period \$	Percentage Change Up/(Down)	Change Up/(Down) \$	30 June 2019 Previous Corresponding Period \$
Revenue from ordinary activities	161,242	266.6%	117,255	43,987
Loss from ordinary activities after tax	(2,228,141)	(21.0%)	593,678	(2,821,819)
Net Loss for the period attributable to members	(2,228,141)	(21.0%)	593,678	(2,821,819)

Dividends

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

Net tangible assets per security

	Current Period (30 June 2020)	Previous Corresponding Period (30 June 2019)
Cents per ordinary share	0.11 cents	0.21 cents

Details of entities over which control has been gained or lost

Control gained over entities

Not applicable

Control lost over entities

Not applicable

Details of Associates

Details of Associates	Current Period	Previous Corresponding Period
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Not applicable

Accounting Standards

For foreign entities, the set of accounting standards used in compiling the report:-

International Financial Reporting Standards (IFRS)

Auditor's review 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

ABN 22 148 878 782

Financial Report
For the Half Year Ended
30 June 2020

ESPORTS MOGUL LIMITED
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30 JUNE 2020

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DIRECTORS

Managing Director
Gernot Abl

Non-Executive Chairman
Adam Jacoby

Non-Executive Directors
Cameron Adams
Kate Vale

CHIEF EXECUTIVE OFFICER
Michael Rubinelli

COMPANY SECRETARY
George Lazarou

REGISTERED OFFICE
Level 21
459 Collins St
Melbourne VIC 3000
Telephone: (03) 8630 3315
Facsimile: (08) 9429 8888

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

STOCK EXCHANGE LISTING
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: ESH

Your Directors submit the financial report of eSports Mogul Limited (the Company) and controlled entities (the consolidated entity) for the half-year ended 30 June 2020.

DIRECTORS

The names of Directors who held office during or since the end of the half year:

Adam Jacoby
Gernot Abl
Cameron Adams
Kate Vale (Appointed 1 August 2020)

RESULTS

The net loss of the consolidated entity after tax for the half year ended 30 June 2020 is \$2,228,141 (2019: \$2,821,819).

REVIEW OF OPERATIONS

Microsoft Signed to Branded Hubs

In Q1 2020 Mogul launched the Age of Empires II Asia Cup across 10 markets in the Asia-Pacific region – in partnership with Microsoft. This is the largest Age of Empires II Definitive Edition tournament in Asia's history and is being co-promoted by Microsoft. Mogul will receive US\$70,000 in revenue for the Series which also includes integration of the popular game title for automated match resulting.

The Age of Empires II Asia Cup to run over 12 months with four 3-month long seasons with a final climax in 2021.

The Microsoft Branded Hubs are supported by the Mogul platform's proprietary localisation technology, allowing gamers to play and interact with others in their native language. In addition to the English language hub, five localised versions of the Age of Empires II Asia Cup tournament hubs will be launched in Thai, Vietnamese, Indonesian, Japanese and Korean.

This partnership follows the significant partner interest in the Branded Hub technology, when in the latter part of 2019 Mogul was able to secure a number of high-profile partnerships across its initial core target markets of esports teams, influencers, organisers, and publishers. These included, but were not limited to;

- *Mineski*: Mineski is the largest esports organisation in Southeast Asia and will launch a Mogul Branded Hub in Q2 in 2020. Mogul will be the primary esports tournament platform provider for Mineski's Southeast Asian events, specifically its city-based tournament league. Mineski and Mogul will also explore the roll out of Mogul's Platform across all Mineski's cybercafes throughout Southeast Asia and at future live events managed by Mineski.
- *Team Secret*: One of the top-ranked esports teams globally with a reach of over 2 million fans playing in tournaments such as The International 2019 with a prize pool of over US\$34 million. An entire 12-month calendar of Team Secret branded tournaments will be run on a Branded Hub.
- *Australian Esports League*: Mogul to be exclusive platform provider for all of AEL's national tournaments and leagues as well as paid fan subscription and paid tournament entry.
- *Ubisoft*: Launched ladder functionality where gamers can compete on competitive ladders in specific games. Ubisoft partnered with Mogul to launch the Mogul Ladder Masters with the first game being Ubisoft's 'Tom Clancy's Rainbow Six Siege'.
- *Wizards of the Coast*: A division of Hasbro Inc. and publisher of *Magic: The Gathering* card game and online game *Magic: The Gathering Arena*. In excess of 1 billion games of *Magic: The Gathering Arena* have been played since September 2018. Mogul and Wizards of the Coast launched an Australia and New Zealand *Magic: The Gathering Arena* championship.

REVIEW OF OPERATIONS (Continued)

With COVID-19 making in-person esports events and tournaments untenable for the foreseeable future, Mogul has been promoting its platform as an all-online solution. For event hosts and marketers, Mogul offers a strong marketing and branding platform packaged with its world class tournament hosting and resulting technology, whilst also significantly reducing the cost of administering and hosting these events.

The Group continues to be well placed to attract and support companies, publishers and advertisers in establishing a presence on Mogul.

Future State

The Group remains committed to building shareholder value by showing continued traction in the Mogul model. This ultimately means delivering immediate short-term revenue by running tournament activities paid for by partners such as Microsoft. The long-term aspiration and growth opportunity remains on organic B2C growth.

Mogul's strategy to achieve this goal continues to be providing value as both a consumer and partner facing esports tournament platform. This simultaneous top-down and bottom-up approach will help drive customer engagement via multiple channels and gives us the best opportunity to engage and monetise the broadest range of users possible.

Mogul's partner-facing technology, headlined by our Branded Hubs, enables partners to leverage our platform's administrative tools and enable growth via partners and organisers within our four verticals. The strategy remains to scale this by opening up our tool suite to all organisers where they will be able to utilise our best-in-class tournament creation wizard, tournament administration tools, payment provider integration and localisation capability.

Mogul's consumer-facing platform offers gamers centralised access and engagement opportunities with their favourite teams, influencers, and game titles, as well as a strong competitive gaming environment.

Mogul currently plans to continue to enhance the platform to enable more immediate play capability, enhance virality and improve discoverability – whilst concurrently driving user acquisition and engagement through existing partnerships and bespoke first party content.

Subsequent Events

On 1 August 2020, the Group appointed Kate Vale as a Non-Executive director of the Mogul board. Kate Vale is a visionary experienced Senior Executive and Consultant with more than 24 years of success across digital media, social media and technology industries.

On 6 August 2020, the Group appointed Michael Rubinelli as the Chief Executive Officer of the Group. Michael Rubinelli is a technology and gaming leader with 20+ years' experience in executive leadership, product development and revenue growth.

Disclosure about COVID-19 and its impact on the Group has created unprecedented uncertainty in the economic environment that we operate within. Actual economic events and conditions in future may be materially different from those realised in the 2020 financial year and projected for the 2021 financial year.

In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further effects on the financial position of the Group. As at the date of the Financial Statements, an estimate of the future effects of the COVID-19 pandemic on the Group'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.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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



Gernot Abl
Managing Director

Dated this 27th day of August 2020

**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 half year ended 30 June 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 S DAKIS
Partner
Audit and Assurance**

Melbourne, Victoria

27 August 2020

ESPORTS MOGUL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 \$	30 June 2019 \$
Revenue	2	161,242	43,987
Realised Foreign Exchange Gain		3,487	-
Administration expenses		(162,100)	(121,996)
Amortisation expense		(180,842)	(66,998)
Compliance & professional expenses		(346,941)	(447,494)
Depreciation expense		(3,503)	(3,889)
Employee benefits		(852,278)	(551,910)
Finance costs		(14,964)	(7,383)
Foreign exchange loss		-	(5,555)
Marketing & promotional		(551,802)	(1,015,650)
Occupancy		(16,620)	(13,300)
Tournament operations		(254,735)	(571,348)
Travel expenses		(9,085)	(60,283)
Loss before income tax expense		(2,228,141)	(2,821,819)
Income tax expense		-	-
Loss after income tax expense		(2,228,141)	(2,821,819)
Total comprehensive loss for the period		(2,228,141)	(2,821,819)
Total comprehensive loss is attributable to:			
Equity holders of Esports Mogul Limited		(2,228,141)	(2,821,819)
		(2,228,141)	(2,821,819)
Basic & Diluted loss per share (cents per share)		(0.11)	(0.21)
Basic & Diluted loss per share (cents per share)		(0.11)	(0.21)

The accompanying condensed notes form part of this financial report.

ESPORTS MOGUL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30 June 2020 \$	31 December 2019 \$
CURRENT ASSETS			
Cash and cash equivalents		2,428,678	4,293,217
Trade and other receivables		115,325	145,634
Other assets		147,037	526,686
Consideration held in escrow		-	45,391
TOTAL CURRENT ASSETS		2,691,040	5,010,928
NON-CURRENT ASSETS			
Plant and equipment		10,625	14,127
Intangibles	3	1,814,401	1,372,614
Investments	4	105,325	105,325
TOTAL NON-CURRENT ASSETS		1,930,351	1,492,066
TOTAL ASSETS		4,621,391	6,502,994
CURRENT LIABILITIES			
Trade and other payables		293,102	354,963
Provisions	5	40,769	29,140
TOTAL CURRENT LIABILITIES		333,871	384,103
TOTAL LIABILITIES		333,871	384,103
NET ASSETS		4,287,520	6,118,891
EQUITY			
Issued capital	6	40,439,978	40,439,178
Reserves		5,793,448	5,397,478
Accumulated losses		(41,945,906)	(39,717,765)
TOTAL EQUITY		4,287,520	6,118,891

The accompanying condensed notes form part of this financial report.

ESPORTS MOGUL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2020

	30 June 2020	30 June 2019
	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	85,625	34,892
Interest received	2,133	2,869
Receipt of rental bond	616	2,024
Receipt of government grant and tax incentives	50,000	-
Payments to suppliers and employees	(1,366,286)	(2,098,877)
Net cash used in operating activities	(1,227,912)	(2,059,092)
CASHFLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	-	(16,012)
Payment for intangibles	(674,281)	(341,926)
Proceeds from sale of investment	45,391	-
Payment for equity investment	-	(6,000)
Net cash used in investing activities	(628,890)	(363,938)
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of securities (net of costs)	-	2,878,332
Transaction costs related to issues of shares	(11,224)	-
Redemption of Class B Performance Shares	-	(1,000)
Net cash provided by financing activities	(11,224)	2,877,332
Net decrease in cash and cash equivalents	(1,868,026)	454,302
Cash and cash equivalents at beginning of period	4,293,217	2,395,126
Effect of movement in exchange rates on cash held	3,487	-
Cash and cash equivalents at end of period	2,428,678	2,849,428

The accompanying condensed notes form part of this financial report.

ESPORTS MOGUL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 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
Total comprehensive income for the period:						
Loss for the period	-	(2,228,141)	-	-	-	(2,228,141)
Other comprehensive income	-	-	-	-	-	-
	-	(2,228,141)	-	-	-	(2,228,141)
Transaction with owners in their capacity as owners:						
Issue of shares – capital raising (net of expenses)	800	-	-	-	-	800
Issue of share-based payments	-	-	145,115	250,855	-	395,970
	800	-	145,115	250,855	-	396,770
Balance at 30 June 2020	40,439,978	(41,945,906)	4,503,673	1,585,696	(295,921)	4,287,520
	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
Total comprehensive income for the period:						
Loss for the period	-	(2,821,819)	-	-	-	(2,821,819)
Other comprehensive income	-	-	-	-	-	-
	-	(2,821,819)	-	-	-	(2,821,819)
Transaction with owners in their capacity as owners:						
Issue of shares – capital raising (net of expenses)	2,892,637	-	-	-	-	2,892,637
Issue of share-based payments	-	-	-	187,843	-	187,843
Redemption of Class B Performance Shares	-	-	-	(1,000)	-	(1,000)
	2,892,637	-	-	186,843	-	3,079,480
Balance at 30 June 2019	36,342,793	(36,618,639)	4,163,464	1,124,829	(295,921)	4,716,526

The accompanying condensed notes form part of these financial statements.

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

a) Reporting entity

eSports Mogul Limited (the "Company") is a Company domiciled in Australia.

The address of the Company's registered office is Level 21, 459 Collins St, Melbourne VIC 3000. The half year consolidated financial statements of the Company as at and for the six months ended 30 June 2020 comprises the Company and its subsidiaries (together referred to as the "Group" or "consolidated entity" 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 mogul.gg tournament platform technology – the world's best and most advanced tournament and matchmaking platform with automation for major esports titles, including in platform chat functionality.

b) Statement of compliance

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting', as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report, and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

c) Basis of preparation

The half-year consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year consolidated financial statements are consistent with those adopted and disclosed in the Group's 2019 annual financial report for the financial year ended 31 December 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

d) Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. During the year, the Group incurred a loss after tax of \$2,228,141 for the period ended 30 June 2020 (2019: \$2,821,819) and had negative cash flows from operations of \$1,227,912 (2019: \$2,059,092)

To achieve the Group's objectives, ensure its continuing viability and its ability to continue as a going concern and to meet its debts and commitments as they fall due, the Board of Directors of the Group is pursuing the following strategies:

- The Group expect to continue to keep expenditure to a minimum as is necessary to effectively build and grow the business. It has implemented cost reduction measures in the current year and will continue to monitor operating costs to identify if any further reductions need to be implemented.
- The Board believes it has the ability to raise additional capital and will engage with shareholders on capital raising efforts at the appropriate time;

ESPORTS MOGUL LIMITED
CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

With the COVID-19 pandemic, making in-person esports events and tournaments untenable for the foreseeable future, Mogul continues to promote its platform as an all-online solution. For event hosts and marketers, Mogul offers a strong marketing and branding platform packaged with its world class tournament hosting and resulting technology, whilst also significantly reducing the cost of administering and hosting these events. The Group continues to be well placed to attract and support companies, publishers and advertisers in establishing a presence on Mogul.

The impact of the COVID-19 pandemic has resulted in the Group experiencing challenging and uncertain times. Whilst the situation is evolving, the directors remain confident that the Group will be able to continue as a going concern which assumes it will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business for at least 12 months from the date of the consolidated financial statements.

e) Significant accounting judgements and key estimates

The preparation of the half year consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these half year consolidated financial statements, significant judgment made by management in applying the Group's accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2019.

The Group has continued to improve the functionality of the Mogul platform (intangible asset) and this includes building and adding to the existing Mogul platform infrastructure. During the year, the Group has launched an improved navigation functionality and data capture capability to service new clientele. The Group will continue to develop the platform and believes that future economic benefits that are attributable to the platform will flow to the Group and the cost of the platform can be measured reliably.

f) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

2. REVENUE	30 June 2020	30 June 2019
	\$	\$
Fees charged on withdrawals	3,126	8,631
Subscriptions	6,258	6,226
Tournament entry fees	1,125	26,261
Organiser hub fee	44,981	-
Cash flow boost	62,500	-
Other revenue	41,119	-
Interest revenue	2,133	2,869
	161,242	43,987

ESPORTS MOGUL LIMITED
CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

3. INTANGIBLES

<i>Non-Current</i>	30 June 2020	31 December 2019
	\$	\$
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	2,148,221	1,525,591
Accumulated amortisation	(333,820)	(152,977)
WDV Mogul	1,814,401	1,372,614
Total cost	2,419,933	1,918,181
Total accumulated amortisation	(605,532)	(424,689)
Total impairment	-	(120,878)
WDV	1,814,401	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.

4. EQUITY INVESTMENTS

	30 June 2020	31 December 2019
	\$	\$
Non-Current		
Financial investments		
Red 13 Pty Ltd	38,000	38,000
Unikrn Inc	67,325	67,325
	105,325	105,325

The above equity investments are classified as a financial asset at fair value through profit or loss. After initial measurement, financial investments are subsequently measured at fair value with unrealised gains or losses recognised through profit and loss.

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

5. PROVISIONS

	30 June 2020	31 December 2019
	\$	\$
Current		
Annual leave provision	40,769	29,140
	40,769	29,140

ESPORTS MOGUL LIMITED
CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

6. ISSUED CAPITAL

	30 June 2020	31 December 2019
	\$	\$
2,043,066,328 (2019: 2,031,084,275) Fully paid ordinary shares	40,439,977	40,439,178
	Number of	\$
	Shares	
Movements in fully paid ordinary shares on issue		
At the beginning of the period	2,031,084,275	40,439,178
Issue of shares on exercise of performance rights	4,978,000	-
Issue of shares to brokers	5,000,000	30,000
Issue of shares to Mr. Cameron Adams	2,004,053	12,024
Capital raising costs	-	(41,224)
At the end of the period	2,043,066,328	40,439,978

7. SUBSEQUENT EVENTS

On 1 August 2020, the Group appointed Kate Vale as a non-executive director of the Mogul board. Kate Vale is a visionary experienced Senior Executive and Consultant with more than 24 years of success across digital media, social media and technology industries.

On 6 August 2020, the Group appointed Michael Rubinelli as the Chief Executive Officer of the Group. Michael Rubinelli is a technology and gaming leader with 20+ years' experience in executive leadership, product development and revenue growth.

Disclosure about COVID-19 and its impact on the Group has created unprecedented uncertainty in the economic environment that we operate within. Actual economic events and conditions in future may be materially different from those realised in the 2020 financial year and projected for the 2021 financial year.

In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further effects on the financial position of the Group. As at the date of the Financial Statements, an estimate of the future effects of the COVID-19 pandemic on the Group'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.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

8. CONTINGENT LIABILITIES

On 22 October 2019, the Group 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 Group 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.

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 Group is defending the cross-claim and is confident the cross-claim will be dismissed. It is not practical at this stage to provide an estimate as to the amount, if any, which may be payable. The matter is ongoing with the Company expecting it to be resolved during the current year.

Otherwise, there are no contingent liabilities to declare.

9. COMMITMENTS

	30 June 2020	31 December 2019
	\$	\$
Operating lease expenditure commitments		
No later than 6 months	12,985	7,140
Between 6 and 12 months	-	-
Between 12 and 18 months	-	-
	12,985	7,140

The Group is currently leasing premises at Level 21, 459 Collins St, Melbourne, Victoria, with the lease running until 31 October 2020.

10. SEGMENTAL REPORTING

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) *Corporate*
Corporate, including treasury, corporate and regularly 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.

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 30 June 2020.

ESPORTS MOGUL LIMITED
CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

30 June 2020	eSports \$	Corporate \$	Total \$
Revenue			
Fees charged on withdrawals	3,126	-	3,126
Subscriptions	6,258	-	6,258
Tournament entry fees	1,125	-	1,125
Organiser hub fee	44,981	-	44,981
Other revenue	41,119	-	41,119
Cash flow boost	-	62,500	62,500
Interest revenue	-	2,133	2,133
Foreign exchange gain	(659)	4,146	3,487
Expenses			
Administration	(28,409)	(133,691)	(162,100)
Amortisation	(180,842)	-	(180,842)
Compliance & professional	(16,054)	(330,887)	(346,941)
Depreciation	-	(3,503)	(3,503)
Employee benefits	-	(852,278)	(852,278)
Finance	(4,177)	(10,787)	(14,964)
Marketing & promotional	(474,732)	(77,070)	(551,802)
Occupancy	-	(16,620)	(16,620)
Tournament operations	(254,735)	-	(254,735)
Travel	-	(9,085)	(9,085)
Net (loss) before tax from continuing operations	(862,999)	(1,365,142)	(2,228,141)
Segment assets	2,119,594	2,501,797	4,621,391
Segment liabilities	74,518	259,353	333,871
30 June 2019	eSports \$	Corporate \$	Total \$
Revenue			
Fees charged on withdrawals	8,631	-	8,631
Subscriptions	6,226	-	6,226
Tournament entry fees	26,261	-	26,261
Interest revenue	-	2,869	2,869
Expenses			
Administration	(6,322)	(115,644)	(121,996)
Amortisation	(66,998)	-	(66,998)
Compliance & professional	(18,995)	(428,499)	(447,494)
Depreciation	-	(3,889)	(3,889)
Employee benefits	-	(551,910)	(551,910)
Finance	(2,660)	(4,723)	(7,383)
Foreign exchange loss	-	(5,555)	(5,555)
Marketing & promotional	(933,870)	(81,780)	(1,015,650)
Occupancy	(660)	(12,640)	(13,300)
Tournament operations	(571,348)	-	(571,348)
Travel	-	(60,283)	(60,283)
Net (loss) before tax from continuing operations	(1,559,735)	(1,262,084)	(2,821,819)
Segment assets	2,241,087	3,105,020	5,346,107
Segment liabilities	266,468	363,113	629,581

Revenue by geographical region

There was \$95,950 in revenue attributable to external customers for the period ended 30 June 2020 (2019: \$41,118), which relates to South East Asia.

Assets by geographical region

The only reportable segment assets located outside of Australia as at 30 June 2020 totalling \$2,119,594 (2019: \$2,241,087) are:

- an equity investment of \$67,325 (2019: \$112,716); and
- cash of \$84,797, trade debtors of \$13,716, an equity investment of \$67,325 in the USA, prepayments of \$139,355 and intangibles of \$1,814,401 in Singapore (2019: \$2,128,371).

11. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

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

12. RELATED PARTIES

Arrangements with the related party continue to be in place. For details of these arrangements, please refer to the 31 December 2019 financial report.

13. SHARE BASED PAYMENTS

(a) Recognised employee share based payment expenses

The expense recognised for employee services received during the period are shown in the table below:

	June 2020	June 2019
	\$	\$
Total expense arising from Employee, Consultants and Director share based payment transactions	395,970	187,843

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

- 27,000,000 Performance Rights were granted on 21 August 2019;
- 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);
- Vested Performance Rights can be exercised from vesting until 14 January 2022.

Class B

- 27,000,000 Performance Rights were granted on 21 August 2019;
- 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);

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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 30 June 2020 amounted to \$250,855 (2019: \$0). 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

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 16,492,000 Performance Rights having been cancelled and 3,230,000 Performance Rights having been exercised.

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

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

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 30 June 2020 amounted to \$145,115 (2019: \$Nil). 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

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.

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	198,500,000	\$0.02
Options cancelled	(20,000,000)	(\$0.02)
Options outstanding as at 30 June 2020	403,500,000	\$0.02
Options exercisable as at 30 June 2020	403,500,000	
Options exercisable as at 30 June 2019	-	

As at the date of this report, there were no options exercised during the year.

14. FAIR VALUE MEASUREMENTS

The Group measures and recognises equity investments at fair value on a recurring basis after initial recognition.

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:

	30 June 2020			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
<i>Assets</i>				
Equity Investment	-	-	105,325	105,325
Total assets recognised at fair value	-	-	105,325	105,325

**ESPORTS MOGUL LIMITED
DIRECTORS' DECLARATION
30 JUNE 2020**

The Directors of the Company declare that:

The financial statements and notes, as set out on pages 6 to 20:

1. (a) comply with the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
(b) give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date.
2. 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
Managing Director

MELBOURNE
Dated this 27th day of August 2020

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of eSports Mogul Limited & Controlled Entities (**the Group**), which comprises the condensed statement of financial position as at 30 June 2020, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if provided to the directors as at the time of this auditor's review report.



MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



GEORGE S DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

27 August 2020