

# eSports Mogul Limited

(Formerly Esports Mogul Asia Pacific Limited)

## Appendix 4D

### Half Year Report

For the period ended 30 June 2021

(Previous corresponding period: 30 June 2020)

#### Results for announcement to the market

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	30 June 2021 Current Period \$	Percentage Change Up / (Down)	Change Up / (Down) \$	30 June 2020 Previous Corresponding Period \$
Revenue from ordinary activities	153,336	(4.90%)	(7,906)	161,242
Loss from ordinary activities after tax	(2,726,010)	22.34%	(497,869)	(2,228,141)
Net Loss for the period attributable to members	(2,726,010)	22.34%	(497,869)	(2,228,141)

#### Dividends

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

#### Net tangible assets per security

	Current Period (30 June 2021)	Previous Corresponding Period (30 June 2020)
Cents per ordinary share	0.20 cents	0.11 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**

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 2021

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**DIRECTORS**

**Non-Executive Chairman**  
Gernot Abl

**Non-Executive Directors**  
Cameron Adams  
Kate Vale

**CHIEF EXECUTIVE OFFICER**  
Michael Rubinelli

**COMPANY SECRETARY**  
George Lazarou

**REGISTERED OFFICE**  
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Telephone: (03) 9642 2205

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Melbourne VIC 3000

**SHARE REGISTRAR**  
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Level 2  
267 St Georges Terrace  
PERTH WA 6000

**SOLICITORS**  
Addisons  
Level 12, 60 Carrington Street  
Sydney NSW 2000  
Telephone: +61 (2) 8915 1000  
Facsimile: +61 (2) 8916 2000

**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 2021.

## **DIRECTORS**

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

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 2021 is \$2,726,010 (2020: \$2,228,141).

## **REVIEW OF OPERATIONS**

### **Mogul deployed its first ever North American engagement for Kellogg's, sponsored Halo 5 tournament, in collaboration with Esport Arena**

Combining the Company's technology and esports marketing expertise, Mogul worked with the game publisher, brand, and event organiser to deliver Halo tournaments to households across the country (ASX Announcement 11 March 2021). With COVID-19 making it impossible for people to participate through physical gaming centres, Mogul was tasked with bringing an entire tournament series online, making it accessible for a broad Kellogg consumer base.

Gamers were notified of the event through Kellogg's 4.2 million product packages bought and sold at Walmarts across the United States. A total prize pool of US\$25,000 and the challenge "battle the nation and test your skill" incentivised both serious and amateur gamers.

Esports Arena CEO, Tyler Endres commented "Mogul worked quickly and diligently in designing & deploying the tournament experience for this series. We were impressed by the quality of service provided, the agility of the platform and the thoughtfulness in execution. End-to-end, Mogul demonstrated why their SAAS model is considered a global leader in esports tournament design and implementation."

### **Established Martech product tiering, providing brands with (Bronze, Silver, Gold) varying degrees of platform customization**

Mogul's Bronze, Silver & Gold product portfolio offers clients three clear tiers of engagement with Mogul. Bronze reflects our baseline product offering, minimizing the cost and complexity of entry for brands looking to move fast. Our silver product offers clients a customizable set of modules, designed for brands looking to impact the overall architecture of a tournament experience. Gold is reserved for clients looking to take Mogul's core technology and build an entire white labelled product for their business goals. Gold is priced at a significant premium when compared to Bronze and Silver.

We anticipate Silver representing the highest volume package sold over the next 12 months based on its ability to deliver a manageable level of customization for clients. Both bronze and silver products are intentionally built in a modular way, such as to facilitate a "build it once, sell it again and again" business model.

### **Mogul successfully concluded its innovative technology and product feature test in SEA**

Mogul, employing an agile approach to feature roll out in test markets, wrapped up a test in SEA in February 2021. The main takeaway was significantly increased user retention when players engaged with an "always on" asynchronous tournament ladder format. Repeat rate (day to day retention) for players in this ~2,500 person competition was as high as 92% and on average clocked in around 70%. Expected repeat rate for sites and games is typically in the 50% range. This is one of several features that will be deployed in the near future to our tiered product offerings to Brands to increase overall player engagement.

***REVIEW OF OPERATIONS (Continued)***

**Mogul to deliver esports tournaments for ReWired Fest, powered by Walmart**

Mogul was pleased to advise that the company has engaged with Inclusion Companies to be the tournament platform provider for ReWired Fest, powered by Walmart. ReWired Fest is designed to inspire young minds, BIPOC communities, women, and people with different abilities to pursue careers in STEAM.

The ReWired Festival powered by Walmart, is an immersive esports and tech experience designed to inspire and encourage young, diverse minds to pursue passions in science, technology, engineering, arts and math (S.T.E.A.M). ReWired's online esports qualifier tournament leads up to an in-person championship finale; a two-day festival celebration in Northwest Arkansas, featuring unbeatable prizes, retro gameplay, music and action sports.

ReWired Fest was created by Inclusion Companies, an events and consulting company focused on driving its client's strategic growth initiatives through consumer events, retail sales, marketing, ecommerce and emerging technology services.

The founders of Inclusion Companies have extensive c-level experience in a broad range of industries including retail, consumer goods, logistics, technology and media. Due to this experience and the 2 success of many previous events, such as the long-running, annual Geena Davis' Bentonville Film Festival, Inclusion Companies have a well-established relationship with many national retailers.

Inclusion Companies is driving Rewired Fest with an aggressive PR strategy and comprehensive outreach to gamers in North America for the entirety of the online event, running from June to September.

**Further Platform Development**

Sit & Go, a tournament format we are bringing to Mogul for the first time, is being developed with the express intent of providing "always-on" engagement opportunities, delivering immediate activities for all players and leading to a higher degree of gratification. Mogul has identified that players want to define their own schedules and play when it best suits them. The Sit & Go format eliminates the participant cap on tournament play and, additionally, the friction tied to waiting for a time slot to compete.

The ability to scale and do so efficiently at a reasonable cost is critical. Key members of Mogul's development team have spent a portion of Q1, and all of Q2 focused heavily on a codebase and infrastructure refactor that is tuned and ready to take on the volume accompanying platform initiatives with brands.

We see scaling and efficiency as crucial points of focus for our team. The "Road to ReWired" lays the groundwork for other branded experiences to come through faster deployment processes and further product offerings for brands with greatly improved unit economics.

**Subsequent Events**

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 2021 financial year and projected for the 2022 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  
Non-Executive Chairman

Dated this 27th day of August 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 half year ended 30 June 2021, 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 2021

**ESPORTS MOGUL LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Note	30 June 2021 \$	30 June 2020 \$
Revenue	2	153,336	161,242
Administration expenses		(317,810)	(162,100)
Amortisation expense		(260,550)	(180,842)
Compliance & professional expenses		(323,279)	(346,941)
Depreciation expense		(1,742)	(3,503)
Employee benefits		(1,699,225)	(852,278)
Finance costs		(9,168)	(14,964)
Foreign exchange loss		-	-
Marketing & promotional		(53,054)	(551,802)
Occupancy		-	(16,620)
Product Operations - Employee Benefits Expense		9,894	-
Tournament operations		(216,831)	(254,735)
Travel expenses		(1,637)	(9,085)
Other income			
Realised Foreign Exchange Gain		(5,944)	3,487
Loss before income tax expense		(2,726,010)	(2,228,141)
Income tax expense		-	-
Loss after income tax expense		(2,726,010)	(2,228,141)
<b>Total comprehensive loss for the period</b>		<b>(2,726,010)</b>	<b>(2,228,141)</b>
<b>Total comprehensive loss is attributable to:</b>			
Equity holders of Esports Mogul Limited		(2,726,010)	(2,228,141)
		<b>(2,726,010)</b>	<b>(2,228,141)</b>
Basic & Diluted loss per share (cents per share)		(0.13)	(0.11)
Basic & Diluted loss per share (cents per share)		(0.13)	(0.11)

The accompanying condensed notes form part of this financial report.

**ESPORTS MOGUL LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	30 June 2021 \$	31 December 2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		5,693,104	8,133,052
Trade and other receivables		287,119	363,770
Other assets		122,081	39,348
Consideration held in escrow		-	-
<b>TOTAL CURRENT ASSETS</b>		<b>6,102,304</b>	<b>8,536,260</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		5,322	7,064
Intangibles	3	2,426,506	1,933,119
Investments	4	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,431,828</b>	<b>1,940,183</b>
<b>TOTAL ASSETS</b>		<b>8,534,132</b>	<b>10,476,443</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		355,225	311,458
Provisions	5	5,682	5,128
<b>TOTAL CURRENT LIABILITIES</b>		<b>360,906</b>	<b>316,586</b>
<b>TOTAL LIABILITIES</b>		<b>360,906</b>	<b>316,586</b>
<b>NET ASSETS</b>		<b>8,173,226</b>	<b>10,159,857</b>
<b>EQUITY</b>			
Issued capital	6	45,724,642	45,619,522
Reserves		10,375,791	9,741,532
Accumulated losses		(47,927,207)	(45,201,197)
<b>TOTAL EQUITY</b>		<b>8,173,226</b>	<b>10,159,857</b>

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 2021**

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	30 June 2021	30 June 2020
	\$	\$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	114,070	85,625
Interest received	1,735	2,133
Receipt of rental bond	-	616
Receipt of government grant and tax incentives	58,676	50,000
Payments to suppliers and employees	(1,854,546)	(1,366,286)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(1,680,065)</b>	<b>(1,227,912)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
Payment for plant and equipment	-	-
Payment for intangibles	(753,938)	(674,281)
Proceeds from sale of investment	-	45,391
Payment for equity investment	-	-
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(753,938)</b>	<b>(628,890)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of securities (net of costs)	-	-
Transaction costs related to issues of shares	-	(11,224)
Redemption of Class B Performance Shares	-	-
	<hr/>	<hr/>
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>(11,224)</b>
Net decrease in cash and cash equivalents	(2,434,003)	(1,868,026)
Cash and cash equivalents at beginning of period	8,133,053	4,293,217
Effect of movement in exchange rates on cash held	(5,944)	3,487
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>5,693,104</b>	<b>2,428,678</b>

The accompanying condensed notes form part of this financial report.



## **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 Suite 4 221 Queen Street Melbourne VIC 3000. The half year consolidated financial statements of the Company as at and for the six months ended 30 June 2021 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 2020 annual financial report for the financial year ended 31 December 2020, 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 \$2,726,010 for the period ended 30 June 2021 (2020: \$2,228,141) and had negative cash flows from operations of \$1,680,065 (2020: \$1,227,912)

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 2021**

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 this 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 2020.

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.

<b>2. REVENUE</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Fees charged on withdrawals	1,126	3,126
Subscriptions	(189)	6,258
Licence Fees	133,164	
Tournament entry fees	-	1,125
Organiser hub fee	-	44,981
Cash flow boost	-	62,500
Government Grants	17,500	
Other revenue	-	41,119
Interest revenue	1,735	2,133
	<b>153,336</b>	<b>161,242</b>

**ESPORTS MOGUL LIMITED**  
**CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

**3. INTANGIBLES**

<i>Non-Current</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
	\$	\$
<b>Mogul Platform</b>		
Razer licence fee – at cost <sup>1</sup>	271,712	271,712
Accumulated amortisation	(271,712)	(271,712)
WDV Razer	-	-
Mogul platform – at cost <sup>2</sup>	3,254,338	2,148,221
Accumulated amortisation	(827,831)	(333,820)
WDV Mogul	<b>2,426,506</b>	<b>1,814,401</b>
<b>Total cost</b>	<b>3,526,050</b>	<b>2,419,933</b>
<b>Total accumulated amortisation</b>	<b>(1,099,543)</b>	<b>(605,532)</b>
<b>Total impairment</b>	-	-
<b>WDV</b>	<b>2,426,506</b>	<b>1,814,401</b>

<sup>1</sup> 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.

<sup>2</sup> 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**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	\$	\$
<b>Non-Current</b>		
<b>Financial assets at fair value through profit and loss</b>		
Unquoted equity shares - Red 13 Pty Ltd	38,000	38,000
Unquoted equity shares - Unikrn Inc	67,325	67,325
Impairment	(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 (2020: \$Nil)

**5. PROVISIONS**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	\$	\$
<b>Current</b>		
Annual leave provision	5,682	5,128
	<b>5,682</b>	<b>5,128</b>

**6. ISSUED CAPITAL**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>\$</b>	<b>\$</b>
2,882,224,191 (2020: 2,877,166,328) Fully paid ordinary shares	45,724,642	45,619,522
	<hr/>	
	<b>Number of</b>	<b>\$</b>
	<b>Shares</b>	
<b>Movements in fully paid ordinary shares on issue</b>		
At the beginning of the period	2,877,166,328	45,619,522
Issue of shares to Mr. Cameron Adams	3,110,925	52,560
Issue of shares to Ms. Kate Vale	1,946,938	52,560
	<hr/>	
At the end of the period	<b>2,882,224,191</b>	<b>45,724,642</b>

**7. SUBSEQUENT EVENTS**

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 2021 financial year and projected for the 2022 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**

There are no contingent liabilities to declare.

**9. 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.

**ESPORTS MOGUL LIMITED**  
**CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

**Segmental Reporting (Continued)**

(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 2021.

<b>30 June 2021</b>	<b>eSports</b> <b>\$</b>	<b>Corporate</b> <b>\$</b>	<b>Total</b> <b>\$</b>
<b>Revenue</b>			
Fees charged on withdrawals	1,126	-	1,126
Subscriptions	(189)	-	(189)
Licence Income	-	133,164	133,164
Other revenue	-	17,500	17,500
Interest revenue	-	1,735	1,735
Foreign exchange gain/(loss)	(3,469)	(2,476)	(5,944)
<b>Expenses</b>			
Administration	(62)	(317,748)	(317,810)
Amortisation	(260,550)	-	(260,550)
Compliance & professional	(5,435)	(317,845)	(323,279)
Depreciation	-	(1,742)	(1,742)
Employee benefits	-	(1,699,225)	(1,699,225)
Finance	(6,377)	(2,791)	(9,168)
Marketing & promotional	(46,619)	(6,435)	(53,054)
Occupancy	-	-	-
Product Operations - Employee	5,443	4,451	9,894
Benefits Expense	-	-	-
Tournament operations	(205,423)	(11,408)	(216,831)
Travel	-	(1,637)	(1,637)
<b>Net (loss) before tax from continuing operations</b>	<b>(521,553)</b>	<b>(2,204,457)</b>	<b>(2,726,010)</b>
<b>Segment assets</b>	<b>2,404,881</b>	<b>6,129,251</b>	<b>8,534,132</b>
<b>Segment liabilities</b>	<b>78,649</b>	<b>333,540</b>	<b>412,188</b>

**ESPORTS MOGUL LIMITED**  
**CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

**Segmental Reporting (Continued)**

<b>30 June 2020</b>	<b>eSports</b> \$	<b>Corporate</b> \$	<b>Total</b> \$
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
<b>Expenses</b>			
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)
<b>Net (loss) before tax from continuing operations</b>	<b>(862,999)</b>	<b>(1,365,142)</b>	<b>(2,228,141)</b>
<b>Segment assets</b>	<b>2,119,594</b>	<b>2,501,797</b>	<b>4,621,391</b>
<b>Segment liabilities</b>	<b>74,518</b>	<b>259,353</b>	<b>333,871</b>

**Revenue by geographical region**

There was \$24,438 in revenue attributable to external customers for the period ended 30 June 2021 (2020: \$95,950), which relates to Southeast Asia.

**Assets by geographical region**

The only reportable segment assets located outside of Australia as at 30 June 2021 totalling \$2,456,163 (2020: \$2,119,954) are:

- cash of \$4, trade debtors of \$29,653, and intangibles of \$2,426,506 in Singapore (2020: \$2,119,594).

**10. 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.

**11. RELATED PARTIES**

Arrangements with the related party continue to be in place. For details of these arrangements, please refer to the 31 December 2020 financial report.

## 12. 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 2021	June 2020
	\$	\$
Total expense arising from Employee, Consultants and Director share based payment transactions	657,213	395,970

### Performance Rights – 30 June 2021

#### **Non-Executive Chairman**

On 26 May 2021, the Company issued 25,000,000 performance rights to Mr. Abl, the Non-Executive Chairman, as part of his Services Agreement.

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

(a) 7,500,000 Performance Rights will be 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**);
- (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 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

(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 in Milestone 1 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**).

Share based payments (Continued)

**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:-

(c) 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**).

(d) 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

- (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**).

**Share based payments (Continued)**

**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 \$2,200,000. The expense during the period ended 30 June 2021 amounted to \$615,934 (2020: \$412,068). The values and inputs are as follows:

**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	0.04%
Share price volatility	80%
Expiration period	6 August 2024
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.015

**Share based payments (Continued)**

**Consultant:**

Performance Rights	
Performance rights issued	10,000,000
Underlying share value	\$0.015
Exercise price of performance rights	Nil
Risk free interest rate	0.04%
Share price volatility	80%
Expiration period	1 January 2025
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.015

**Non-executive chairman:**

Performance Rights	
Performance rights issued	25,000,000
Underlying share value	\$0.010
Exercise price of performance rights	Nil
Risk free interest rate	0.04%
Share price volatility	80%
Expiration period	3 September 2023
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.010

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.

**Options – 30 June 2021**

There were no options issued for the half year ended 30 June 2021.

**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.

**Non-executive Directors' Shares – 30 June 2021**

On 26 May 2021, the company issued 5,057,863 fully paid ordinary shares under the Company's Services Agreement to two non-executive directors. The fair value of these shares amounted to \$105,120 (2019: \$Nil) and were expensed to profit and loss.

**Share based payments (Continued)**

**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.

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

	<b>Number</b>	<b>Weighted Average Exercise Price</b>
<b>Options outstanding as at 1 January 2020</b>	<b>225,000,000</b>	<b>\$0.02</b>
<b>Options outstanding as at 31 December 2020</b>	<b>847,150,000</b>	<b>\$0.02</b>
<b>Options outstanding as at 30 June 2021</b>	<b>847,150,000</b>	<b>\$0.02</b>
Options exercisable as at 30 June 2021	847,150,000	
Options exercisable as at 30 June 2020	403,150,000	

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

**13. 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:

<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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:

**Fair value measurements (Continued)**

- *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:

	<b>30 June 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Assets</i>				
Equity Investment	-	-	-	-
<b>Total assets recognised at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**ESPORTS MOGUL LIMITED  
DIRECTORS' DECLARATION  
30 JUNE 2021**

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The Directors of the Company declare that:

The financial statements and notes, as set out on pages 6 to 21:

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 2021 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  
Non-executive Chairman

MELBOURNE  
Dated this 27<sup>th</sup> day of August 2021

## **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 2021, 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 2021 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 2021 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 2021