

eSports Mogul Limited

(Formerly Esports Mogul Asia Pacific Limited)

Appendix 4D

Half Year Report

For the period ended 30 June 2019

(Previous corresponding period: 30 June 2018)

Results for announcement to the market

	30 June 2019 Current Period \$	Percentage Change Up / (Down)	Change Up / (Down) \$	30 June 2018 Previous Corresponding Period \$
Revenue from ordinary activities	43,987	(23.9%)	(13,833)	57,820
Loss from ordinary activities after tax	(2,821,819)	66.5%	(1,127,427)	(1,694,392)
Net Loss for the period attributable to members	(2,821,819)	66.5%	(1,127,427)	(1,694,392)

Dividends

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

Net tangible assets per security

	Current Period (30 June 2019)	Previous Corresponding Period (30 June 2018)
Cents per ordinary share	0.21 cents	0.44 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

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ESPORTS MOGUL LIMITED
(formerly Esports Mogul Asia Pacific Limited)
ABN 22 148 878 782

Financial Report
For the Half Year Ended
30 June 2019

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DIRECTORS

Non-Executive Chairman

Adam Jacoby

Managing Director

Gernot Abl

Non-Executive Director

George Lazarou

COMPANY SECRETARY

George Lazarou

REGISTERED OFFICE

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PERTH WA 6000

SHARE REGISTRAR

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PERTH WA 6000

STOCK EXCHANGE LISTING

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

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DIRECTORS' REPORT

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 2019.

DIRECTORS

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

Adam Jacoby
Gernot Abl
George Lazarou

RESULTS

The net loss of the consolidated entity after tax and non-controlling interest for the half year ended 30 June 2019 is \$2,821,819 (2018: \$1,694,392).

REVIEW OF OPERATIONS

Organiser Hubs

The Company is now close to the commercial launch of its revolutionary Organiser Hubs technology and subscription model, which will unlock a significant opportunity for the development of strong revenue streams from the Mogul platform.

The Mogul Organiser Hubs technology complements Mogul's demonstrated tournament hosting and organising technology by adding a new subscription-based esports focused capability, placing Mogul in a position to become the premier destination for esports fans, gamers, and brands.

Mogul Organiser Hubs will allow partners and esports organisations to develop their own 'Hub' which includes centralised media and game streams, new exclusive subscriber-only content, and the ability to create and host their own bespoke themed tournaments on the platform. For partners and esports organisations, the Hubs reduce their marketing costs significantly and allow them to drive fans and gamers to their Hub. Mogul will offer their subscription capability to each partner or esports organisation with said 'Hub', where fans and gamers can purchase exclusive content. The attraction for fans and gamers is closer engagement with their favourite gamers and teams, exclusive access to content and tournaments, and being a part of a community following those teams and brands.

As the subscription model roll-out commences, Mogul expects that these subscriptions will deliver recurring annuity-style revenues from each follower of a team, partner, or other organisation with their own Mogul Organiser Hub.

Partnership with Alliance

Alliance, one of the most recognisable esports brands in the world, will be the first partner to launch a Mogul Organiser Hub following commercial launch of the technology. On one digital media platform alone, Twitch, Alliance has a following of over 1 million fans. Mogul expects to be launching with a subscription offering for Alliance's Hub of US\$5 per month. Considering the number of fans Alliance has on other disparate platforms, the Organiser Hubs model represents a massive revenue opportunity from just one partner alone.

The reduced cost of marketing through the Mogul platform, combined with the additional revenue stream from the subscription, will incentivise partners such as Alliance to centralise their marketing efforts into the Mogul platform.

Alliance's first planned tournament series on the Mogul platform will have over US\$50,000 in cash and prizes on offer in 2019 alone and will be targeted towards amateur and semi-pro gamers across Europe, broadening Mogul's global network of gamers and subscribers.

Expanding Highly Experienced Executive Team

Mark Warburton is a highly experienced senior esports and gaming executive having held Vice President and Director level roles at industry-leading esports organisations including Blizzard, Activision, and Microsoft globally.

DIRECTORS' REPORT

Securing a Chief Marketing Officer of Mr Warburton's calibre is critical for Mogul's global marketing strategy, particularly in the areas of partner development and acquisition, collaborating with global esports teams, leagues, influencers, game developers and game publishers. This role is key to the Company's ability to capitalise on its revenue generation strategy and achieve near and medium-term monetisation of the Mogul platform globally.

Mr Warburton's appointment follows the appointment of Jamie Skella earlier in the year as the Chief Strategy and Commercial Officer. Mr Skella is a highly respected digital product and technology executive, having held roles at Tatts Group, the Australian Football League, as well as advising and founding a number of technology businesses, including one to win the World Economic Forum Technology Pioneer award.

Partner Acquisition Strategy

In addition to securing Alliance, Mogul has also partnered with a number of other leading esports organisations, particularly within the Oceanic region, including Avant, Melbourne Melee, and Australian Esports League, representing the broad range of potential partners for Mogul.

Avant, an Australian esports organisation focused on investing in, developing, and nurturing professional gaming teams and personalities partnered with Mogul to operate an Apex Legends tournament where Avant offered contracts to join Avant's development program to the winning team.

The Australian Esports League's partnership with Mogul saw the use of the Mogul platform for the landmark annual Girl Gamer Sydney Festival – a national competitive tournament celebrating women in esports, supported by the NSW Government (Australia) and part of the VIVID Sydney Festival.

Additionally, Melbourne Melee, a grassroots esports event organiser used the Mogul platform to support their Fighting Game Communities tournaments.

Mogul continues to develop partnerships with a broad range of esports organisations, each with their own unique revenue stream and each bringing additional gamers and fans to the Mogul platform. The wide range of organisations on the platform – from local grassroots organisations through to some of the largest brands in global esports – highlights the attractiveness of the Mogul platform to partners.

Australian Apex Open

Over the course of six weeks, Mogul hosted the Australian Apex Open, an open Apex Legends tournament where a total of 3,854 Apex Legends games were played, with the top teams sharing a total prize pool of AU\$35,000. Hosting a tournament of this scale provided Mogul with key operational data as it continues to develop its tournament hosting platform. Key engagement metrics included a total of 34,768 viewing hours of Mogul related content via Twitch, and over 6.65 million Facebook users viewing Australian Apex Open specific marketing content.

Silver Slam Successfully Hosted 1,500 Tournaments in Southeast Asia

Following the integration of multi-platform titles, Mogul announced the launch of their AU\$275,000 tournament series in Southeast Asia. In partnership with Razer Inc., Silver Slam ran from 5 February to 3 March 2019 with a range of daily and partner-run tournaments on offer.

Prominent partners across Southeast Asia were selected to host tournaments including The Plays, Rumble Royale, Ragequit, NEX STUDIO, Channel 8 and Lakoi. These partners were selected due to their large target audiences within Southeast Asia and encouraged their players to register to compete on Mogul.

Over the month, the Company hosted just under 1,500 Silver Slam tournaments with up to 20 tournaments being held concurrently. This was a technical and logistical feat which was received positively from the player base, demonstrating the tournament platforms unique position in the market, able to host a vast tournament series with differing game titles and structures simultaneously without interruption.

Mogul Wallet Launched

In early February, the Mogul Wallet was released which signalled payment integration with payment providers, such as Razer Pay and PayPal, springboarding commercialisation initiatives and activities.

DIRECTORS' REPORT

The Mogul Wallet sits as the financial hub of the platform, where users can easily deposit and withdraw funds to use on Mogul. It also serves as the rewards portal where users can access all winnings and virtual rewards from tournaments.

Additional commercial features were launched on the platform in conjunction with the Mogul Wallet, including Mogul VIP and paid entry tournaments.

Mogul VIP was introduced as the subscription service where for a monthly fee, users are able to access exclusive tournaments, private leaderboards and extra rewards for Daily Tournaments. Paid entry tournaments have also been released, where users can play in more exclusive tournaments with bigger prize pools for a market specific fee.

Corporate

Placement

On 24 May 2019 the Company raised \$3,100,000 through a placement of 310,000,000 fully paid ordinary shares to sophisticated and institutional investors at \$0.01 per share, each subscriber in the placement received one unquoted (1) free-attaching option for every two (2) shares subscribed for and issued, exercisable at \$0.02 per option on or before 23 July 2019. The options were approved at an extraordinary meeting of shareholders on 22 July 2019 and were issued on 23 July 2019.

20,000,000 broker options exercisable at \$0.02 per option on or before 23 July 2019 in relation to the placement on 24 May 2019, were approved at an extraordinary meeting of shareholders on 22 July 2019 and were issued on 23 July 2019.

EVENTS SUBSEQUENT TO REPORTING DATE

On 22 July 2019, the Company held an Extraordinary Meeting whereby shareholders approved the issue of 155,000,000 options to subscribers who were part of the placement on 24 May 2019 as well as 20,000,000 broker options. The options are exercisable at \$0.02 per option on or before 23 July 2019.

On 21 August 2019, the Company under its Employee Incentive Plan issued the following securities to employees:

- 30,200,000 fully paid ordinary shares;
- 62,500,000 performance rights, with various vesting terms; and
- 50,000,000 unlisted options exercisable at \$0.02 on or before 21 August 2021, with 50% vesting 12 months from date of employment and 50% vesting 24 months from date of employment.

No other matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

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 30th day of August 2019

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF ESPORTS MOGUL LIMITED**

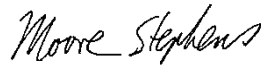
I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2019, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of eSports Mogul Limited during the half year.



Neil Pace
Partner
at Perth this 30th day of August 2019



Moore Stephens
Chartered Accountants

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2019**

	Note	30 June 2019 \$	30 June 2018 \$
Revenue from continuing operations	2	43,987	8,348
Unrealised Foreign Exchange Gain		-	49,161
Administration expenses		(121,996)	(84,492)
Amortisation expense	3	(66,998)	(171,509)
Compliance & professional expenses		(447,494)	(336,077)
Depreciation expense		(3,889)	(2,469)
Employee benefits		(551,910)	(619,728)
Finance costs		(7,383)	(2,246)
Foreign exchange loss		(5,555)	-
Loss on sale of equity investment		-	(44,408)
Loss on sale of fixed assets		-	(212)
Marketing & promotional		(1,015,650)	(462,810)
Occupancy		(13,300)	(8,859)
Tournament operations		(571,348)	-
Travel expenses		(60,283)	(40,986)
Loss before income tax expense		(2,821,819)	(1,716,287)
Income tax expense		-	-
Loss from continuing operations		(2,821,819)	(1,716,287)
Revenue from discontinued operations		-	311
Profit/(Loss) from discontinued operations		-	311
Loss after tax		(2,821,819)	(1,715,976)
Other comprehensive income			
Other comprehensive income		-	-
Income tax expense		-	-
Other comprehensive income after tax		-	-
Total comprehensive loss for the period		(2,821,819)	(1,715,976)
Total comprehensive loss is attributable to:			
Equity holders of Esports Mogul Limited		(2,821,819)	(1,694,392)
Non-controlling interests		-	(21,584)
		(2,821,819)	(1,715,976)
Basic & Diluted loss per share (cents per share)		(0.21)	(0.18)
Basic & Diluted loss per share (cents per share) – continuing operations		(0.21)	(0.18)
Basic & Diluted loss per share (cents per share) – discontinuing operations		(0.00)	(0.00)

The accompanying condensed notes form part of this financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	30 June 2019 \$	31 December 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		2,849,428	2,395,126
Trade and other receivables		69,987	37,422
Other assets		923,969	999,423
TOTAL CURRENT ASSETS		3,843,384	3,431,971
NON-CURRENT ASSETS			
Consideration held in escrow		45,391	45,391
Plant and equipment		19,016	7,383
Intangibles	3	1,332,991	985,190
Equity investment	4	105,325	99,325
TOTAL NON-CURRENT ASSETS		1,502,723	1,137,289
TOTAL ASSETS		5,346,107	4,569,260
CURRENT LIABILITIES			
Trade and other payables		607,547	99,131
Provisions		22,034	11,264
TOTAL CURRENT LIABILITIES		629,581	110,395
TOTAL LIABILITIES		629,581	110,395
NET ASSETS		4,716,526	4,458,865
EQUITY			
Issued capital	5	36,342,793	33,450,156
Option reserve		4,163,464	4,163,464
Share based payments reserve		1,124,829	937,986
Acquisition reserve - controlling interest		(295,921)	(295,921)
Accumulated losses		(36,618,639)	(33,796,820)
TOTAL EQUITY		4,716,526	4,458,865

The accompanying condensed notes form part of this financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2019**

	30 June 2019 \$	30 June 2018 \$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	34,892	4,713
Interest received	2,869	3,635
Receipt of rental bond	2,024	-
Payments to suppliers and employees	(2,098,877)	(1,107,583)
Net cash used in operating activities	(2,059,092)	(1,099,235)
CASHFLOWS FROM INVESTING ACTIVITIES		
Refund of shire rates	-	311
Proceeds from sale of plant and equipment	-	1,000
Payment for plant and equipment	(16,012)	(3,272)
Payment for intangibles	(341,926)	(261,425)
Proceeds from sale of investment	-	282,386
Payment for equity investment	(6,000)	-
Net cash used in investing activities	(363,938)	19,000
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of securities (net of costs)	2,878,332	4,392,154
Redemption of Class B Performance Shares	(1,000)	-
Net cash provided by financing activities	2,877,332	4,392,154
Net decrease in cash and cash equivalents	454,302	3,311,919
Cash and cash equivalents at beginning of period	2,395,126	2,078,132
Effect of movement in exchange rates on cash held	-	49,161
Cash and cash equivalents at end of period	2,849,428	5,439,212

The accompanying condensed notes form part of this financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2019**

	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
	Issued Capital	Accumulated Losses	Option Reserve	Share Based Payments Reserve	Minority Interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2018	28,789,956	(29,683,570)	4,163,464	438,414	(28,745)	3,679,519
Total comprehensive income for the period:						
Loss for the period	-	(1,694,392)	-	-	(21,584)	(1,715,976)
Other comprehensive income	-	-	-	-	-	-
	-	(1,694,392)	-	-	(21,584)	(1,715,976)
Transaction with owners in their capacity as owners:						
Issue of shares – capital raising (net of expenses)	4,392,131	-	-	-	-	4,392,131
Issue of shares – public relation services	35,750	-	-	-	-	35,750
Issue of share-based payments	-	-	-	433,815	-	433,815
	4,427,881	-	-	433,815	-	4,861,696
Balance at 30 June 2018	33,217,837	(31,377,962)	4,163,464	872,229	(50,329)	6,825,239

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 45 Ventnor Avenue, West Perth WA 6005. The half year consolidated financial statements of the Company as at and for the six months ended 30 June 2019 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 Company 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 2018 annual financial report for the financial year ended 31 December 2018, 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. The Group incurred a loss of \$2,821,819 for the period ended 30 June 2019 (2018: \$1,694,392).

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 Company'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 2018.

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.

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT (CONTINUED)

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

g) Operating segments

From 1 July 2009, operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the consolidated entity's chief operating decision maker which, for the consolidated entity, is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the statement of profit and loss and other comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the half year consolidated financial report have been included where applicable.

2. LOSS BEFORE INCOME TAX EXPENSE

	30 June 2019	30 June 2018
	\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Advertising revenue	-	4,713
Fees charged on withdrawals	8,631	-
Subscriptions	6,226	-
Tournament entry fees	26,261	-
Interest revenue	2,869	3,635
	43,987	8,348

3. INTANGIBLES

Non-Current

	30 June 2019	31 December 2018
	\$	\$
Mogul Platform		
Razer licence fee – at cost ¹	271,712	271,712
Accumulated amortisation	(258,685)	(191,687)
Mogul Platform – at cost ²	1,199,086	784,287
WDV Razer and Mogul Platform	1,212,113	864,312
Academy Platform		
Academy Platform – at cost ³	120,878	120,878
Accumulated amortisation	-	-
WDV Academy Platform	120,878	120,878
GameGeek Website		
Website – fair value at acquisition ⁴	-	627,070
Accumulated amortisation	-	(627,070)
WDV GameGeek website	-	-
Total cost	1,591,676	1,803,947
Total accumulated amortisation	(258,685)	(818,757)
WDV	1,332,991	985,190

3. INTANGIBLES (CONTINUED)

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 Group is amortising the cost of the licence fee over the period of the licence.

² Relates to costs associated with building out the Mogul Platform with additional functionality, games, etc, with amortisation to commence from 1 July 2019.

³ Relates to the costs spent to date building out the Academy Platform.

⁴ The website relates to the GameGeek website that is a localised esports portal for mid to hardcore gamers and provides insider content and commentary for the esports community. The Group amortised the total cost of the website during the 2018 financial year, due to the website being closed, as a result of merging the GameGeek website contents into Mogul News.

4. EQUITY INVESTMENT

	30 June 2019	31 December 2018
	\$	\$
Non-Current Financial investments		
Unquoted equity shares – Red 32 Pty Ltd	38,000	32,000
Unquoted equity shares – Unikrn Inc	67,325	67,325
	105,325	99,325

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 Equity Investments and have made an impairment of \$Nil (2018: \$Nil).

	30 June 2019	31 December 2018
	\$	\$

5. ISSUED CAPITAL

1,592,654,275 (2018: 1,269,254,275) Fully paid ordinary shares	36,342,793	33,450,156
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	Number of Shares	\$
Movements in fully paid ordinary shares on issue		
At the beginning of the period	1,269,254,275	33,450,156
Issue of shares on exercise of performance rights	13,400,000	-
Capital raising - placement	310,000,000	3,100,000
Capital raising costs	-	(207,363)
At the end of the period	1,592,654,275	36,342,793

6. SUBSEQUENT EVENTS

Please refer to Directors Report in relation to events subsequent to balance date.

7. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

8. COMMITMENTS

	30 June 2019	31 December 2018
	\$	\$
Operating lease expenditure commitments		
No later than 6 months	1,800	2,140
Between 6 and 12 months	-	-
Between 12 and 18 months	-	-
	1,800	2,140

The Company is currently leasing premises on a monthly basis.

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, mineral exploration (discontinued) 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) *Mineral exploration (discontinued)*

Segment assets, including acquisition cost of exploration licenses and all expenses related to the tenement interests in Western Australia are reported on in this segment.

(iii) *Unallocated*

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 2019.

CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2019

9. SEGMENTAL REPORTING (CONTINUED)

	Mineral Exploration	eSports	Unallocated Items	Total
30 June 2019	\$	\$	\$	\$
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
Net (loss) before tax from continuing operations:	-	(1,559,735)	(1,262,084)	(2,821,819)
- 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)
Segment assets	-	2,241,087	3,105,020	5,346,107
Segment liabilities	-	266,468	363,113	629,581
	Mineral Exploration	eSports	Unallocated Items	Total
30 June 2018	\$	\$	\$	\$
Revenue				
Advertising revenue	-	4,713	-	4,713
Interest revenue	-	-	3,635	3,635
Unrealised Foreign Exchange Gain	-	-	49,161	49,161
Net (loss) before tax from continuing operations:	-	(642,674)	(1,073,613)	(1,716,287)
- Administration	-	(10,284)	(74,208)	(84,492)
- Amortisation	-	(171,509)	-	(171,509)
- Compliance & professional	-	(44,759)	(291,318)	(336,077)
- Depreciation	-	-	(2,469)	(2,469)
- Employee benefits	-	-	(619,728)	(619,728)
- Finance	-	(1,725)	(521)	(2,246)
- Loss on equity investment	-	(44,408)	-	(44,408)
- Loss on sale of fixed assets	-	-	(212)	(212)
- Marketing & promotional	-	(367,015)	(95,795)	(462,810)
- Occupancy	-	(7,059)	(1,800)	(8,859)
- Travel	-	(628)	(40,358)	(40,986)
Profit before tax from discontinuing operations:	311	-	-	-
- Refund of shire rates	311	-	-	-

**CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2019**

**9. SEGMENTAL REPORTING
(CONTINUED)**

Segment assets	-	1,258,881	5,642,481	6,901,362
Segment liabilities	-	5,902	70,221	76,123

Revenue by geographical region

There was \$41,118 in revenue attributable to external customers for the period ended 30 June 2019 (2018: \$4,713), which relates to South East Asia.

Assets by geographical region

The only reportable segment assets located outside of Australia as at 30 June 2019 totalling \$2,241,087 (2018: \$1,258,881) are:-

- an equity investment of \$67,325 and consideration held in escrow of \$45,391 in the USA (2018: \$112,716);
- cash of \$707, trade debtors of \$10,512, prepayments of \$905,039 and intangibles of \$1,212,113 in Singapore (2018: \$1,141,570); and
- deposits of \$Nil in Thailand (2018: \$4,595).

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 2018 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 2019	June 2018
	\$	\$
Total expense arising from Employee, Consultants and Director share based payment transactions	187,843	433,790

Performance Rights – 31 December 2018

On 19 December 2018, the Company granted 13,400,000 performance rights to consultants.

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

Class A

- 12,000,000 Performance Rights were granted on 19 December 2018;
- 12,000,000 Performance Rights will vest and become exercisable upon the Company achieving all of the product features as noted in the agreed Product Roadmap for the January 2019 "Production Release" going live on mogul.gg and, where relevant, live in the Google Play store on or before 31 January 2019. If the Performance Rights do not vest, they will automatically lapse (unless the board of directors of the Company (Board) waives the vesting condition in its absolute discretion);
- Vested Performance Rights can be exercised from vesting until 14 February 2019.

12. SHARE BASED PAYMENTS (CONTINUED)

Class B

- (a) 1,400,000 Performance Rights were granted on 19 December 2018;
- (b) 1,400,000 Performance Rights will vest and become exercisable upon the Company achieving 1,000,000 registered users across all Mogul service offerings on or before 31 March 2019. If the Performance Rights do not vest, they will automatically lapse (unless the board of directors of the Company (Board) waives the vesting condition in its absolute discretion);
- (c) Vested Performance Rights can be exercised from vesting until 14 April 2019.

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 \$254,600. The expense during the period ended 30 June 2019 amounted to \$187,843 (2018: \$Nil). The values and inputs are as follows:

Class A:

Performance Rights	
Performance rights issued	12,000,000
Underlying share value	\$0.019
Exercise price of performance rights	Nil
Risk free interest rate	1.95%
Share price volatility	75%
Expiration period	31 January 2019
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.019

Class B:

Performance Rights	
Performance rights issued	1,400,000
Underlying share value	\$0.019
Exercise price of performance rights	Nil
Risk free interest rate	1.95%
Share price volatility	75%
Expiration period	31 March 2019
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.019

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.

13,400,000 Performance Rights vested during the financial period, and all Performance Rights have been exercised.

Performance Rights – 31 December 2017

On 19 December 2017, the Company granted 90,000,000 performance rights to consultants.

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

- (a) 90,000,000 Performance Rights were granted on 19 December 2017;
- (b) 90,000,000 Performance Rights will vest and become exercisable upon the Company achieving 300,000 registered users on Mogul Platform by 30 June 2019. If the Performance Rights do not vest, they will automatically lapse (unless the board of directors of the Company (Board) waives the vesting condition in its absolute discretion);
- (c) Vested Performance Rights can be exercised from vesting until 14 July 2019

12. SHARE BASED PAYMENTS (CONTINUED)

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 \$405,000. The expense during the period ended 30 June 2019 amounted to \$Nil (2018: \$433,790). The values and inputs are as follows:

Issued 19 December 2017:

Performance Rights	
Performance rights issued	90,000,000
Underlying share value	\$0.015
Exercise price of performance rights	Nil
Risk free interest rate	1.95%
Share price volatility	75%
Expiration period	30 June 2019
Probability of meeting milestone hurdle	30%
Valuation per performance right	\$0.0045

Issued 8 March 2018:

Performance Rights	
Performance rights issued	2,500,000
Underlying share value	\$0.015
Exercise price of performance rights	Nil
Risk free interest rate	1.97%
Share price volatility	75%
Expiration period	30 June 2019
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.015

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

The Performance Rights were subscribed for by the recipient at \$0.00001 per Performance Right.

92,500,000 Performance Rights vested during the financial period ended 30 June 2018, and all Performance Rights have been exercised.

Consultant Shares

On 8 March 2018, the company issued 550,000 fully paid ordinary shares as part of a consultancy agreement for investor relation services. The fair value of these shares amounted to \$8,250 and were expensed to profit and loss.

On 4 April 2018, the company issued 2,291,666 fully paid ordinary shares as part of a consultancy agreement for investor relation services. The fair value of these shares amounted to \$27,500 and were expensed to profit and loss.

On 17 August 2018, the company issued 275,000 fully paid ordinary shares as part of a consultancy agreement for investor relation services. The fair value of these shares amounted to \$7,700 and were expensed to profit and loss.

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:

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 2019			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Assets				
Equity Investment	-	-	105,325	105,325
Total assets recognised at fair value	-	-	105,325	105,325

13. FAIR VALUE MEASUREMENTS (CONTINUED)

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

Contingent consideration arising from acquisition of Esports Nominees Pty Ltd

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

The fair value of the contingent consideration \$Nil (2018: \$Nil) is measured using a discounted cash flow methodology and determined on the basis of the agreed consideration to be paid for achieving each of the milestones within the time period, weighted by the probability of meeting each milestone. The discount rate used is based on the Group's weighted average cost of capital.

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

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

Valuation processes

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

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

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

Reconciliation of Recurring Fair Value Measurement Amounts

	30 June 2019	31 December 2018
	\$	\$
Movements in level 3 assets and liabilities during the current financial half-year are set out below:		
Opening Balance	-	-
Additions	-	-
Impairment	-	-
Closing Balance	-	-

13. FAIR VALUE MEASUREMENTS (CONTINUED)

The 100,000,000 Class A Performance Shares expired as the relevant Milestone was not achieved by the required date, being 14 November 2018.

The 100,000,000 Class B Performance Shares expired as the relevant Milestone was not achieved by the required date, being 14 June 2019.

Under the terms of the Class A & Class B Performance Shares, each Class A & Class B Performance Share were automatically redeemed by the Company for the sum of \$0.00001.

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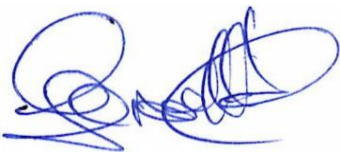
DIRECTORS' DECLARATION

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 2019 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

PERTH
Dated this 30th day of August 2019

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ESPORTS MOGUL LIMITED
(formerly eSports Mogul Asia Pacific Limited)

Level 15 Exchange Tower
2 The Esplanade,
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PO Box 5785, St Georges Terrace,
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Report on the Half-Year Financial Report

Conclusion

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We have reviewed the accompanying half-year financial report of eSports Mogul Limited (the Company and its controlled entity) (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated 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 2019 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 2019 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.

Auditor's Responsibility (continued)

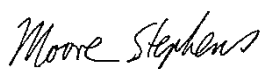
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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*.



NEIL PACE
Partner



MOORE STEPHENS
Chartered Accountants

Signed at Perth this 30th day of August 2019.

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