

Mogul Games Group Ltd

(Formerly eSports Mogul Limited)

Appendix 4D

Half Year Report

For the period ended 30 June 2022

(Previous corresponding period: 30 June 2021)

Results for announcement to the market

	30 June 2022 Current Period \$	Percentage Change Up/(Down)	Change Up/(Down) \$	30 June 2021 Previous Corresponding Period \$
Revenue from ordinary activities	56,790	(62.96%)	(96,546)	153,336
Loss from ordinary activities after tax	(944,304)	(65.36%)	1,781,706	(2,726,010)
Net Loss for the period attributable to members	(944,304)	(65.36%)	1,781,706	(2,726,010)

Dividends

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

Net tangible assets per security

	Current Period (30 June 2022)	Previous Corresponding Period (30 June 2021)
Cents per ordinary share	0.14 cents	0.20 cents

Details of entities over which control has been gained or lost

Control gained over entities

Mogul Games Group (UK) Limited

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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MOGUL GAMES GROUP LTD
(Formerly Esports Mogul Limited)

ABN 22 148 878 782

Financial Report
For the Half Year Ended
30 June 2022

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DIRECTORS

Executive Chairman

Gernot Abl

Executive Director

Christopher Bergstresser

Non-Executive Director

George Lazarou

COMPANY SECRETARY

George Lazarou

REGISTERED OFFICE

Level 2 461 Bourke Street
Melbourne VIC 3000
Telephone: (03) 9602 5564

AUDITORS

Moore Australia Audit (VIC)
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600 Burke Street
Melbourne VIC 3000

SHARE REGISTRAR

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

SOLICITORS

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

Hamilton Locke Pty Ltd
Level 27, 152 - 158 St Georges Terrace
Perth WA 6000
Telephone: +61 (8) 6311 9160

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: MGG, MGGOA

Your Directors submit the financial report of Mogul Games Group Ltd (the Company) and controlled entities (the consolidated entity) for the half-year ended 30 June 2022.

DIRECTORS

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

Mr Gernot Abl - Executive Chairman
Mr Christopher Bergstresser - Executive Director
Mr George Lazarou - Non-Executive Director
Ms Kate Vale - Independent Non-Executive Director (resigned 19 August 2022)

RESULTS

The net loss of the consolidated entity after tax for the half year ended 30 June 2022 is \$944,303 (2021: \$2,726,010).

REVIEW OF OPERATIONS

The Company's primary focus during the year was:

- Continue to field inbound inquiries with regard esports tournament platform
- Continue to progress against our buy and build strategy in the games sector
- Strengthen and build out its executive team

Esports Tournament Platform

Mogul also continued to field inbound inquiries as it relates to its online esports tournament platform - specifically from esports organisers and video gaming groups looking to partner with Mogul for their tournament hosting activities.

As Mogul onboards game development companies under its previously disclosed buy and build strategy, the company will also explore the potential synergies which these targets may be able to extract from our technology.

Buy and Build Strategy

Mogul has continued to make significant progress in the execution of its buy and build strategy. Buy and build is a proven approach to achieving significant investor returns - especially in video games.

Initially, the focus will be on profitable small to midsize games companies with strong founder-lead teams, great IP, and engaged audiences to ensure future scalability and continuous growth. These companies may be Mobile or PC games and include existing or new business models. Mogul is confident that it is well-positioned to take advantage of continued consolidation in the sector - especially in light of the broader market downturn.

Despite broader market volatility and valuation drawdowns the M&A market in the games industry remains very active and competitive. Revenue and EBITDA multiples have declined in line with broader public company valuations. This offers Mogul the opportunity to not only take advantage of its strong balance sheet and potentially transact at a multiple which will be more beneficial to new and existing shareholders.

Under the guidance of Christopher Bergstresser and his M&A team, Mogul has now evaluated in excess of 70 potential acquisition opportunities across multiple geographic regions - including the United States & Canada, LATAM, Europe, and Australia.

In line with this more diversified approach the company changed its name to Mogul Games Group.

REVIEW OF OPERATIONS (Continued)

CEO Appointment

Mogul was pleased to announce Christopher Bergstresser will be appointed CEO and Managing Director of the Company. Christopher is a senior entertainment executive with 30 years of experience founding, buying and building companies in the gaming and mobile sectors.

Most recently Christopher held the role of Executive Director Mogul, was Group Chief Operating Officer of Enad Global 7, a Nasdaq First North listed, Swedish based, games company where he was responsible for building the expansion of the company, through a buy and build strategy (M&A investments) in video games. Prior to that, as an Investment Executive at MTG (Modern Times Group), Christopher operated in a key advisory role to help MTG broaden its reach into games investment and M&A. MTG operates as a strategic and operational investment holding company managing a unique portfolio including gaming companies InnoGames, Ninja Kiwi and Kongregate.

Across an impressive career Christopher has held senior gaming executive positions in major global gaming and media companies including SEGA, Atari and Konami (working with Microsoft, Disney and ESPN). He is also an experienced founder, having co-founded mobile analytics start-up Appscotch (sold to App Annie), video game software start-up Vector Entertainment and gaming TV producer Gamer.TV.

Christopher's expert leadership in strategic planning and execution has seen him engaged by many businesses to transform, innovate and drive sustained growth. He has served as adviser and Board member with multiple companies including Nitro Games, Appscotch and Reflection.io (sold to Game Refinery) and currently sits on the board of Flexion Mobile Inc (listed on Nasdaq First North) and Flagship Games Group.

As CEO, Christopher will be working to leverage Mogul's existing best in class tournament technology whilst also leading Mogul's execution of buy and build strategy in the gaming sector. Christopher, in conjunction with the Board, are working to identify further key appointments to the senior executive team to accelerate the company's growth through the buy and build strategy and the esports tournament platform.

Christopher's appointment as CEO and Managing Director of the Company will take effect subject to the UK Home Office granting him permission to work for Mogul Games Group (UK). In the interim, Christopher's appointment as an executive director of the Company has been extended and will continue on a monthly basis until such time as the permission is granted and his appointment as CEO and Managing Director of the Company becomes effective.

AFTER REPORTING DATE EVENTS

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

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
Executive Chairman

Dated this 24th day of August 2022

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

I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2022, there have been:

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



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



**GEORGE S DAKIS
Partner
Audit and Assurance**

Melbourne, Victoria

24 August 2022

MOGUL GAMES GROUP LTD
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 \$	30 June 2021 \$
Revenue	2	56,790	153,336
Administration expenses		(119,940)	(317,810)
Amortisation expense		(126,838)	(260,550)
Compliance & professional expenses		(539,941)	(323,279)
Depreciation expense		(1,156)	(1,742)
Employee benefits		(201,354)	(1,699,225)
Finance costs		(518)	(9,168)
Marketing & promotional		(6,687)	(53,054)
Occupancy		(3,787)	-
Product Operations - Employee Benefits Expense		-	9,894
Tournament operations		(1,885)	(216,831)
Travel expenses		-	(1,637)
Other income			
Realised Foreign Exchange Gain		1,012	(5,944)
Loss before income tax expense		(944,304)	(2,726,010)
Income tax expense		-	-
Loss after income tax expense		(944,304)	(2,726,010)
Total comprehensive loss for the period		(944,304)	(2,726,010)
Total comprehensive loss is attributable to:			
Equity holders of Mogul Games Group Ltd		(944,304)	(2,726,010)
		(944,304)	(2,726,010)
Basic & Diluted loss per share (cents per share)		(0.02)	(0.13)
Basic & Diluted loss per share (cents per share)		(0.02)	(0.13)

The accompanying condensed notes form part of this financial report.

MOGUL GAMES GROUP LTD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 2022 \$	31 December 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		4,570,801	5,132,442
Trade and other receivables		35,861	75,535
Other assets		163,867	155,823
TOTAL CURRENT ASSETS		<u>4,770,529</u>	<u>5,363,800</u>
NON-CURRENT ASSETS			
Plant and equipment		3,508	4,663
Intangibles	3	1,141,541	1,268,379
Investments	4	-	-
TOTAL NON-CURRENT ASSETS		<u>1,145,049</u>	<u>1,273,042</u>
TOTAL ASSETS		<u>5,915,578</u>	<u>6,636,842</u>
CURRENT LIABILITIES			
Trade and other payables		202,479	268,563
Provisions	5	-	9,230
TOTAL CURRENT LIABILITIES		<u>202,479</u>	<u>277,793</u>
TOTAL LIABILITIES		<u>202,479</u>	<u>277,793</u>
NET ASSETS		<u>5,713,099</u>	<u>6,359,049</u>
EQUITY			
Issued capital	6	47,228,310	46,992,642
Reserves		11,756,301	11,693,615
Accumulated losses		(53,271,512)	(52,327,208)
TOTAL EQUITY		<u>5,713,099</u>	<u>6,359,049</u>

The accompanying condensed notes form part of this financial report.

MOGUL GAMES GROUP LTD
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2022

	30 June 2022	30 June 2021
	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	23,448	114,070
Interest received	282	1,735
Receipt of government grant and tax incentives	56,508	58,676
Payments to suppliers and employees	(642,891)	(1,854,546)
Net cash used in operating activities	(562,653)	(1,680,065)
CASHFLOWS FROM INVESTING ACTIVITIES		
Payment for intangibles	-	(753,938)
Net cash used in investing activities	-	(753,938)
Net decrease in cash and cash equivalents	(562,653)	(2,434,003)
Cash and cash equivalents at beginning of period	5,132,442	8,133,053
Effect of movement in exchange rates on cash held	1,012	(5,944)
Cash and cash equivalents at end of period	4,570,801	5,693,104

The accompanying condensed notes form part of this financial report.

MOGUL GAMES GROUP LTD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2022

	Issued Capital	Accumulated Losses	Option Reserve	Share Based Payments Reserve	Acquisition Reserve- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2022	46,992,642	(52,327,208)	8,068,551	3,920,985	(295,921)	6,359,049
Total comprehensive income for the period:						
Loss for the period		(944,304)	-	62,686	-	(881,618)
Other comprehensive income						
		(944,304)	-	62,686	-	(881,618)
Transaction with owners in their capacity as owners:						
Issue of shares – capital raising (net of expenses)	235,668	-	-	-	-	235,668
Issue of share-based payments						
	235,668	-	-	-	-	235,668
Balance at 30 June 2022	47,228,310	(53,271,512)	8,068,551	3,983,671	(295,921)	5,713,099
	Issued Capital	Accumulated Losses	Option Reserve	Share Based Payments Reserve	Acquisition Reserve- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2021	45,619,522	(45,201,197)	7,730,227	2,307,226	(295,921)	10,159,857
Total comprehensive income for the period:						
Loss for the period	-	(2,726,010)	-	-	-	(2,726,010)
Other comprehensive income	-	-	-	-	-	-
		(2,726,010)				(2,726,010)
Transaction with owners in their capacity as owners:						
Issue of shares – capital raising (net of expenses)	-	-	-	-	-	-
Issue of share-based payments	105,120	-	18,324	615,935	-	739,379
	105,120		18,324	615,935		739,379
Balance at 30 June 2021	45,724,642	(47,927,207)	7,748,551	2,923,161	(295,921)	8,173,226

The accompanying condensed notes form part of these financial statements.

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

a) Reporting entity

Mogul Games Group Ltd (the "Company") is a Company domiciled in Australia.

The address of the Company's registered office is Level 2 461 Bourke Street Melbourne VIC 3000. The half year consolidated financial statements of the Company as at and for the six months ended 30 June 2022 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 the mogul.gg tournament platform technology – a tournament and matchmaking platform with automation for major esports titles

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 2021 annual financial report for the financial year ended 31 December 2021, 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 \$944,304 for the period ended 30 June 2022 (2021: \$2,726,010) and had negative cash flows from operations of \$562,653 (2021: \$1,680,065)

The Directors believe the loss making activity is appropriate and in line with current acquisition and expansion strategies. The company is currently well resourced with cash reserves. As potential acquisitions come to fruition over the coming periods we expect the cashflow position to improve and regular profits to part of the our ongoing reporting

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.

Basis of preparation of half year financial report (continued)

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 2021.

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

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

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

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

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

2. REVENUE	30 June 2022	30 June 2021
	\$	\$
Fees charged on withdrawals	-	1,126
Subscriptions	-	(189)
Licence Fees	-	133,164
Government Grants	56,508	17,500
Interest revenue	282	1,735
	56,790	153,336

3. INTANGIBLES

Non-Current	30 June 2022	31 December 2021
	\$	\$
Mogul Platform		
Razer licence fee – at cost ¹	271,712	271,712
Accumulated amortisation	(271,712)	(271,712)
WDV Razer	-	-
Mogul platform – at cost ²	3,879,455	3,879,455
Accumulated amortisation	(1,304,874)	(1,178,037)
Accumulated impairment	(1,433,039)	(1,433,039)
WDV Mogul	1,141,542	1,268,379
Total cost	4,151,166	4,151,166
Total accumulated amortisation	(1,576,586)	(1,449,748)
Total impairments	(1,433,039)	(1,433,039)
WDV	1,141,541	1,268,379

Intangibles (continued)

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

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

The Mogul Platform was impaired as at 31 December 2021. The impairment was assessed in relation to the current trading position of the company and the assessment of the value of the platform under the guidance of relevant accounting standards.

4. EQUITY INVESTMENTS

	30 June 2022	31 December 2021
	\$	\$
Non-Current		
<i>Financial assets at fair value through profit and loss</i>		
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)
	<u>-</u>	<u>-</u>

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 (2021: \$Nil)

5. PROVISIONS

	30 June 2022	31 December 2021
	\$	\$
Current		
Annual leave provision	-	9,230
		<u>9,230</u>

6. ISSUED CAPITAL

	30 June 2022	31 December 2021
	\$	\$
3,261,659,954 (2021: 3,221,993,962) Fully paid ordinary shares	47,228,310	46,992,642
		<u>46,992,642</u>
	Number of	\$
	Shares	
At the beginning of the period	3,221,993,962	46,992,642
Issue of shares to Mr. Cameron Adams	2,659,022	21,260
Issue of shares to Ms. Kate Vales	7,067,333	48,600
Issue of shares to Mr. Christopher Bergstresser	13,335,814	78,765
Issue of shares to MitchellLake Consulting Inc.	3,511,905	20,018
Issue of shares to Mr. Gernot Abl	10,000,000	60,000
Issue of shares to Ms Elena Egorova	2,341,918	7,025
Issue of shares to Mr Mick O'Kane	750,000	-
At the end of the period	<u>3,261,659,954</u>	<u>47,228,310</u>

7. SUBSEQUENT EVENTS

There are no matters or circumstances 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) Mogul Games Group

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

(ii) Corporate

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

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Segment assets

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

Segment liabilities

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

MOGUL GAMES GROUP LTD
CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

Segmental Reporting (Continued)

The following represents revenue, profit information, for reportable segments for the period ended 30 June 2022.

	Mogul Games Group	Corporate	Total
30 June 2022	\$	\$	\$
Revenue			
Fees charged on withdrawals	-	-	-
Subscriptions	-	-	-
Licence Income	-	-	-
Other revenue	-	56,508	56,508
Interest revenue	-	282	282
Foreign exchange gain/(loss)	172	840	1,012
Expenses			
Administration	-	119,940	119,940
Amortisation	126,838	-	126,838
Compliance & professional	12,040	527,901	539,941
Depreciation	-	1,156	1,156
Employee benefits	-	201,354	201,354
Finance	60	458	518
Marketing & promotional	-	6,687	6,687
Occupancy	-	3,787	3,787
Product Operations - Employee Benefits Expense	-	-	-
Tournament operations	1,885	-	1,885
Travel	-	-	-
Net (loss) before tax from continuing operations	(140,651)	(803,653)	(944,304)
Segment assets	1,141,541	4,774,037	5,915,578
Segment liabilities	4,304	198,175	202,479
	Mogul Games Group	Corporate	Total
30 June 2021	\$	\$	\$
Revenue			
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)
Expenses			
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	-	-	-

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MOGUL GAMES GROUP LTD
CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

Segmental Reporting (Continued)

	5,443	4,451	9,894
Product Operations - Employee Benefits Expense			
Tournament operations	(205,423)	(11,408)	(216,831)
Travel	-	(1,637)	(1,637)
Net (loss) before tax from continuing operations	(521,553)	(2,204,457)	(2,726,010)
Segment assets	2,404,881	6,129,251	8,534,132
Segment liabilities	78,649	333,540	412,188

Revenue by geographical region

There was NIL in revenue attributable to external customers for the period ended 30 June 2022 (2021: \$937), which relates to Southeast Asia.

Assets by geographical region

The only reportable segment assets located outside of Australia as at 30 June 2022 totalling \$1,141,541 (2021: \$2,456,163) are:

- Intangibles of \$1,141,541 in Singapore (2021: \$2,456,163).

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 2021 financial report.

12. INTERESTS IN CONTROLLED ENTITIES

Controlled entities consolidated

The consolidated financial statements incorporate the assets, liabilities, and the results of the following subsidiaries

Name	Country of Incorporation	Class of Shares	Equity Holding*		Investment(\$)	
			2022	2021	2022	2021
eSports Nominees Pty Ltd	Australia	Ordinary	100%	100%	-	-
SEA Esports Pte Ltd	Singapore	Ordinary	100%	100%	95	95
GameGeek Pte Ltd	Singapore	Ordinary	100%	100%	-	-
eSports Mogul LLC	United States	Ordinary	100%	100%	-	-
Mogul Games Group (UK) Limited	United Kingdom	Ordinary	100%	100%	175	-
					270	95

On 15 June 2022, the Company acquired Mogul Games Group (UK) Limited which domiciles in United Kingdom.

13. SHARE BASED PAYMENTS

(a) Recognised employee share based payment expenses

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

	June 2022 \$	June 2021 \$
Total expense arising from Employee, Consultants and Director share based payment transactions	226,040	657,213

Performance Rights – 30 June 2022

There were no Performance Rights issued for the half year ended 30 June 2022.

Performance Rights – 31 December 2021

Director

On 26 May 2021, the Company issued 25,000,000 performance rights to Mr. Gernot Abl, as part of his Letter of Appointment and shareholder approval that was obtained on 26 May 2021.

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

- (a) 7,5000,000 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 total) provided each of the Initial Vesting Events as outlined in Milestone 1 has been met 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)

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

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

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 \$227,500. The expense during the period ended 31 December 2021 amounted to \$1,613,759 (2020: \$972,385). The values and inputs are as follows:

Director:

Performance Rights	
Performance rights issued	25,000,000
Underlying share value	\$0.01
Exercise price of performance rights	Nil
Risk free interest rate	0.53%
Share price volatility	80%
Expiration period	3 September 2023
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.01

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

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

21,718,250,00 Performance Rights having been cancelled and 1,406,250 Performance Rights have been exercised, since the end of the financial period

Options – 30 June 2022

There were no options issued for the half year ended 30 June 2022.

Options – 31 December 2021

On 23 December 2021, the Company issued 160,000,000 options to subscribers who participated in the placement undertaken by the Company in December 2021.

The options granted are free attaching options as part of the placement that occurred in December 2021. The value of these options is \$320,000. The values and inputs are as follows:

Options	
Options issued	160,000,000
Underlying share value	\$0.007
Exercise price of options	\$0.01
Risk free interest rate	0.53%
Share price volatility	80%
Expiration period	30 November 2023
Probability of meeting milestone hurdle	100%
Valuation per option	\$0.002

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Share based payments (Continued)

Director Shares – 30 June 2022

On 25 May 2022, the company issued 13,062,169 fully paid ordinary shares under each Director's Letter of Appointment in relation to their Director Fees, as approved at the Annual General Meeting by shareholders, held on 25 May 2022, which also included a former non-executive director. The fair value of these shares amounted to \$88,625 (2021: \$105,120) and were expensed to profit and loss.

Employee Incentive Plan Shares – 30 June 2022

On 24 May 2022, the company issued the following shares: -

- 2,341,918 fully paid ordinary shares to consultants as part of their consultancy arrangements. The shares were issued to the consultants for nil consideration. The fair market value of these shares amounted to \$7,026.
- 750,000 fully paid ordinary shares to an employee upon vesting of Performance Rights issued under the Company's Employee Incentive Plan. The shares were issued at nil consideration. The fair market value of these shares amounted to \$2,250.

On 25 May 2022, the company issued the following shares: -

- 20,000,000 fully paid ordinary shares to directors as part of their consultancy arrangements. The shares were issued to the directors at \$0.006 per share.
- 3,511,905 fully paid ordinary shares to consultant in partial consideration for providing recruitment services to the company. The shares were issued at \$0.0057 per share.

Employee Incentive Plan Shares – 31 December 2021

On 29 November 2021, the company issued 5,144,771 fully paid ordinary shares to an employee as part of his employment agreement, which relate to tenure of 12 months being met. The shares were issued to the employee for nil consideration.

14. FAIR VALUE MEASUREMENTS

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

a) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible

levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

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

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Fair value measurements (Continued)

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 2022			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<i>Assets</i>				
Equity Investment	-	-	-	-
Total assets recognised at fair value	-	-	-	-

**MOGUL GAMES GROUP LTD
DIRECTORS' DECLARATION
30 JUNE 2022**

The Directors of the Company declare that:

The financial statements and notes, as set out on pages 6 to 19:

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 2022 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
Executive Chairman

MELBOURNE
Dated this 24th day of August 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MOGUL GAMES GROUP LTD & CONTROLLED ENTITIES

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Mogul Games Group Ltd & Controlled Entities (the Group), which comprises the condensed statement of financial position as at 30 June 2022, 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 2022 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 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.

Emphasis of Matter – Significant Judgement Relating to Intangible Assets

We refer to Note 1e in the Half-Year report which relates to the recoverability of intangible assets referring to the amount recorded in Note 3 *Intangibles* of the Half-Year report of \$1,141,541.

The ability of the group to recover the value of the intangible assets is dependent on the Groups ability to develop the business plan and strategy to recognise future economic benefit.

Our review conclusion is not modified in relation to this matter.

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 a Financial Report 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 financial report is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 30 June 2022 and its performance for the 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 review of the half-year 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 given to the directors as at the time of this auditor's report.



MOORE AUSTRALIA AUDIT (VIC)

ABN 16 847 721 257



GEORGE S DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

24 August 2022