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Challengeme Esports acquires eSports Hero creating Global eSports Platform

HIGHLIGHTS

- German eSports business Challengeme Esports GmbH (“ChallengeMe”) has acquired eSport Hero Inc. (“eSports Hero”), eSports Mogul Pty Ltd’s (“eSport Mogul”) platform provider, to form a global eSports company.
- This exciting acquisition will deliver a global eSports player positioned to grow its user base rapidly to become a dominant global eSport tournament and matchmaking platform.
- Concurrent with the acquisition, which will result in an initial dilution from the previous 20% interest eSports Mogul held in eSports Hero, eSports Mogul will make a strategic investment of €650,000 in ChallengeMe to maintain an interest of approximately 25%.
- eSports Mogul will immediately deploy ChallengeMe.GG as its eSports tournament and matchmaking platform and launch it in the Asia Pacific region.
- ChallengeMe is an established eSports business with a world class tournament and matchmaking platform hosting over 2.4M matches, with almost 500,000 registered players, since their open beta launch in March 2016.

eSports media company eSports Mogul Asia Pacific Limited (**ASX: ESH**) (“eSports Mogul”) is pleased to announce that its platform provider eSports Hero Inc. (“eSports Hero”) has been acquired by a leading German eSports business Challengeme Esports GmbH (“ChallengeMe”) to form a global eSports company.

The acquisition is of major strategic benefit to eSports Mogul as it immediately provides the Company with a state-of-the-art fully functional and fully operational eSports tournament and matchmaking platform for use in the Asia-Pacific region (APAC) – one of the four components of the eSports Mogul Media Hub.

As a result of the acquisition, eSports Mogul and eSports Hero will both immediately utilise ChallengeMe.GG as their eSports tournament and matchmaking platform. This serves to expedite the delivery of eSports Mogul’s Media Hub and implementation of its strategy in the APAC region.

The new entity will have a strong presence in all major global markets. eSports Mogul will focus its operations on APAC and eSports Hero will rebrand to Challengeme Esports Inc. and operate in the North American market with a focus on the ‘live’ tournaments.

The eSport tournament circuit, and ChallengeMe will have a predominantly European focus and be responsible for all technical development and support including future additional game title integration and expansion of ChallengeMe.GG.

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ChallengeMe is an established eSports business with a scalable, world class tournament and matchmaking platform. It runs 1 v 1 and team v team matches and can host both online and 'live' tournaments. The ChallengeMe.GG platform has hosted more than 2.4M games and has had almost half a million registered users since the platforms open beta launch in March 2016.

Key Acquisition Terms

- Concurrent with the acquisition, which will result in an initial dilution from the previous 20% interest eSports Mogul held in eSports Hero, eSports Mogul will make a strategic investment of €650,000 in ChallengeMe to maintain an interest of approximately 25%;
- eSports Mogul will also have the pre-emptive right to lead future capital raisings in the merged entity;
- Importantly, the key terms of eSports Mogul's Platform License Agreement for APAC remain unchanged;
 - Marketing commitment of at least US\$4.25 million in the first 48 months.
 - multi-year exclusive license to operate the tournament platform in APAC, including China; and
 - eSports Mogul derives a significant majority revenue share from its licensing agreement with ChallengeMe

eSports Mogul – Activity Post Acquisition

Coupled with the ChallengeMe.GG platform and eSports Mogul's marketing collaboration, the Company will immediately move to execute its tournament platform launch in Australia, Singapore and South East Asia, initially with the CS:GO title. CS:GO is one of the world's most popular first person shooter video game titles, with average daily active users in the last 30 days in excess of 380,000, peaking at in excess of 780,000 concurrent users¹.

eSports Mogul will utilise its APAC tournament platform to leverage the benefits of its recently announced Sponsorship Agreements with Twitch Interactive Inc. ("**Twitch**") (ASX announcement 14 February 2017).

The launch of the DOTA 2 game title is planned for the 3rd quarter of 2017. Dota2 is one of the most popular titles globally peaking at in excess of 1,000,000 concurrent users². Its addition to ChallengeMe.GG will be a significant milestone and will attract a significant number of new users to the platform.

eSports Mogul will also integrate the ChallengeMe.GG platform into eSports Mogul's learning academy, the ESM Academy.

¹ <http://steamcharts.com/app/730>

² <http://steamcharts.com/app/570>

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eSports Mogul Managing Director, Gernot Abl, said:

“eSports Mogul is extremely supportive of the acquisition. It enables eSports Mogul to immediately utilize the ChallengeMe.GG platform within the APAC region. User metrics since their launch are extremely pleasing and would indicate a strong willingness of video game players to engage in online tournament and competitive play. We look forward to working with Simon and his team as we expand throughout the APAC region”

Challengeme Esports GmbH’s CEO, Simon Seefeldt, said that *“we are tremendously excited to be joining forces with eSports Mogul and eSports Hero. Combining eSports Mogul as a strategic partner and investor with the acquisition of eSports Hero, will allow ChallengeMe.GG to immediately expand aggressively on a truly global scale. eSports Mogul’s significant marketing commitment and experience within APAC will ensure a rapid expansion in this part of the world. In parallel, eSports Hero’s foothold, strong network and experience in running many successful live events will allow us to rapidly enter the North American market.”*

eSports Hero Inc. CEO, James Heldridge, commented that *“we’re very happy to become part of the ChallengeMe team and are looking forward to taking the North American and global market by storm. With eSports growing exponentially, we are well placed to become one of the leading companies in this space.”*

ENDS

For further information, please contact:

Gernot Abl
Managing Director
eSports Mogul Asia Pacific Limited
T: +61 419 802 653
E: gernot@esportmogul.com

George Lazarou
Company Secretary
eSports Mogul Asia Pacific Limited
T: +61 (08) 9429 8875
E: glazarou@citadelcapital.com

Media and Investor Inquiries

James Moses
Mandate Corporate
T: +61 420 991 574
E: james@manadatecorporate.com.au

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About eSports Mogul Asia Pacific Limited

eSports Mogul is an ASX listed (ASX ESH) eSports media company. Its core business is to provide a fully integrated, market leading eSports-focused online media platform, called ESM Media Hub. ESM Media Hub will provide an easily accessible online platform for eSports enthusiasts, and offer a range of eSports products and services including;

- ESM Academy – an eSports learning academy;
- Hero Gamer – ESM Digital Products business offering providing an online shop offering various gaming titles for purchase;
- Tournament Platform – an online eSports tournament platform; and
- ESM Productions – exclusive eSports content.

eSports is the video gamer equivalent to sport and is one of the fastest growing industries in the world. It is estimated that there are currently 1.6 billion players across all platforms globally and in 2014 the total gamer market size was estimated at \$74 billion. Asia Pacific dominates the eSports market accounting for around 34% (\$25.2 billion) of the global market in 2014.

About ChallengeMe Esports GmbH

ChallengeMe Esports GmbH (“CME”) is an established business in the rapidly growing eSports space, based in Berlin, Germany. CME provides a world class eSports tournament and matchmaking platform, which caters to social players, competitive and even pro gamers, as well as professional streamers. ChallengeMe.GG offers both 1v1 as well as team-based games, support for online and “live” tournaments, automatic skill-based matchmaking, giveaways, daily raffles and much more. Since the open beta launch in March 2016 almost half a million users have registered and played in excess of 2.4 million matches.

About eSports Hero Inc

eSports Hero Inc. (“ESH”) is a skilled gaming platform where gamers of all skill levels can compete for cash prizes and glory playing the top global eSports such as Hearthstone: Heroes of Warcraft and Dota 2. The ESH platform seamlessly facilitates both money matches and bracketed tournaments and offers multiple compliant payout options for users. With over 20 successful physical events, ESH also brings the excitement of live eSports events to life by operating the largest eSports meetup group in New York City.