EMERGE GAMING

ANNUAL REPORT 2021

ASX:EM1 | ABN 31 004 766 376

Contents

CORPORATE DIRECTORY

Emerge Gaming Limited (ABN 31 004 766 376)

Directors	Mr Gregory Stevens – CEO, Executive Director Mr Bert Mondello - Non-Executive Chairman Mr Philip Re - Non-Executive Director Mr Jonathan Hart - Non-Executive Director Mr Firdhose Coovadia - Non-Executive Director Mr Robert Hersov - Non-Executive Director
Company Secretary	Mr Derek Hall
Registered Office	Level 5 126-130 Philip Street Sydney NSW 2000
Securities Exchange Listing	Australian Securities Exchange (ASX) ASX Code: EM1
Share Registry	Automic Registry Services Level 2, 267 St Georges Terrace PERTH WA 6000 Phone: +61 8 9324 2099 Email: hello@automic.com.au
Auditor	Criterion Audit Pty Ltd PO Box 233 Leederville WA 6902
Solicitors	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street Perth WA 6000

LETTER FROM THE CEO

Dear Shareholders,

On behalf of the Emerge Board, I am pleased to report on the progress of Emerge for the year ended 30 June 2021.

2021

2021 has been a literal game changer for us as a Company. We have surpassed ambitious milestones in terms of operational delivery and have learnt valuable lessons as a management team along the way which we will take with us into FY 2022.

We have taken brave and entrepreneurial decisions in terms of strategic distribution channels which has seen us achieve unprecedented revenue delivery and product establishment over an extremely short period of time whilst overcoming multiple operational challenges.

Our Company and team of dedicated and passionate staff have made great strides in terms of proving out our core tournament platform technology as documented in Director's report which follows.

In doing so, we have laid the sturdy foundation and confidence that we are able to profitably scale our offering via multiple channels and build upon our offering by virtue of product development and innovation.

Whilst focussing on refining and establishing our core offering we have continued to look to the future in terms of the next monetisation layer which has seen the increased and intense product development interaction with CloudZen and Microsoft as our AAA game streaming partners; the establishment of our very own production studio which feeds our mobile gaming ecosystem in terms of brand awareness and relevance.

After a profitable and cash generative 2021 we are in the strong financial position to look for synergistic bolt on acquisitions and increase budget allocation for business development and product development which will enable us to globally expand our current offering via new distribution partners, as well as introduce value-add products and diversified revenue streams to our ever growing and dynamic ecosystem and subscriber base.

I thank our shareholders for your continued support through a year which has brought strong operational performance not yet reflected in our share price. We as a management team endeavour to continue to deliver growth and expand upon our successful core product establishment.

Sincerely,

Greg Stevens
CEO
Emerge Gaming

DIRECTORS' REPORT

The Directors present their report with respect to the results of Emerge Gaming Limited ("Emerge" or "the Company") and its controlled entity (”the Group”) for the year ended 30 June 2021 ("the Balance Date") and the state of affairs of the Company and the Group at Balance Date.

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Gregory Stevens (CEO, Executive Director) – appointed 16 April 2018

Mr Stevens has 10 years successful management experience in gaming start-ups. Mr Stevens has extensive knowledge in venture capital, business strategy and international arbitration. Mr Stevens is a former director of a world-class eSports development agency collaborating with brands like Ubisoft, Blizzard and Activision. Mr Stevens leads a team of world-class technology developers and marketer leaders, with proven records building business value in online gaming, technology-driven start-ups and related industries.

Special responsibilities: Nil
Other current directorships of listed companies: Nil
Former directorships of Listed Companies in the last three years: Nil

Mr Bert Mondello (Non-executive Chairman) – appointed 16 April 2018
LLB

Mr Bert Mondello has more than 20 years' experience across both the private and public sectors. An as Executive, Mr Mondello has substantial capital markets experience and knowledge of equity markets having participated in company restructures, IPOs, RTOs, investor placements and seed raisings. With experience spanning the retail and institutional sectors and extensive knowledge of marketing communications and investor relations, Mr Mondello has provided strategic corporate advice to a number of organisations across multiple industries. Mr Mondello holds a Bachelor of Laws from The University of Notre Dame, Australia.

Special responsibilities: Nil
Other current directorships of listed companies: Douugh Limited and Vection Technologies Limited
Former directorships of Listed Companies in the last three years: Sinetech Limited and WestStar Industrial Limited

Mr Philip Re (Non-executive Director) – appointed 21 June 2017
BBus, CA, CSA, MAICD

Mr Philip Re is a Chartered Accountant, Chartered Secretary and a Member of the Institute of Company Directors who specialises in corporate advisory, corporate governance, mergers and acquisitions and investment banking for ASX listed Companies. Mr Re has held several board positions on various ASX listed companies over the years.

Special responsibilities: Nil
Other current directorships of listed companies: WestStar Industrial Limited and Corella Resources Ltd
Former directorships of Listed Companies in the last three years: The Agency Group Limited

Mr Jonathan Hart (Non-executive Director) – appointed 16 April 2018
LLB, BCom

Mr Hart holds a Bachelor of Laws and Commerce. Mr Hart experience includes initial public offerings on ASX (AIM and JSE), reverse takeovers, due diligence investigations, general corporate and commercial drafting, public and private mergers and acquisitions, general corporate advice in relation to capital raisings, Corporations Act and ASX compliance, Australian Financial Services Licenses, managed investment schemes and anti-money laundering compliance.
Special responsibilities: Nil
Other current directorships of listed companies: Nil
Former directorships of Listed Companies in the last three years: Nil

DIRECTORS' REPORT

Mr Firdhose Coovadia (Non-executive Director) – appointed 25 October 2018
BCom, BAcc, CA

Mr Coovadia has over 24 years of experience in investment banking, private equity, audit and investment gained in a variety of institutions including, KPMG, UBS Warburg, The National Investor and Essar Global Fund Limited. Mr Coovadia has extensive experience in emerging markets, having been involved in advising governments, parastatals and companies on the African continent, India, Europe, the U.S.A. and in the Middle East. Mr Coovadia is a qualified Chartered Accountant with a bachelors and honours degree in Commerce and Accounting from the University of Witwatersrand, South Africa.

Special responsibilities: Nil
Other current directorships of listed companies: Nil
Former directorships of Listed Companies in the last three years: Nil

Mr Robert Hersov (Non-executive Director) – appointed 9 February 2021
BBus.Sci.Hons

Mr Robert Hersov is an entrepreneur and private investor who has founded and owns a number of companies in the media, sport and finance sectors. He is chairman and founder of invest Africa, African Capital Investments, African Gold Acquisition Corp and Alternative Capital and serves on a number of advisory boards. Mr Hersov graduated from the University of Cape Town and attained MBA at Harvard Business School.

Special responsibilities: Nil
Other current directorships of listed companies: Nil
Former directorships of Listed Companies in the last three years: Nil

Company Secretary
Mr Derek Hall – appointed 16 April 2018
BCom, CA, AGIA, FFin

Mr Hall is a Chartered Accountant, Fellow of the Financial Services Institute and Member of Institute Chartered Secretaries and Administrators.

Interest in Securities of the Company and related bodies corporate

As at the date of this report, the interest of the directors in the shares and options of Emerge Gaming Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares	Number of Performance Shares
Mr G Stevens	35,705,530	-	9,261,905
Mr B Mondello	21,787,502	-	4,500,000
Mr P Re	-	-	4,500,000
Mr J Hart	26,975,000	-	4,500,000
Mr F Coovadia	1,500,000	-	4,500,000
Mr R Hersov	-	-	-

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

During the financial year, six meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to Attend	**Attended**
Mr G Stevens	6	6
Mr B Mondello	6	6
Mr P Re	6	6
Mr J Hart	6	6
Mr F Coovadia	6	6
Mr R Hersov	3	3

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was operating online eSport and gaming tournament platform technology and associated white label versions of this platform.

CONSOLIDATED RESULTS

The consolidated operating profit of the Group after income tax amounted to $493,576 (2020: loss of $1,291,721). Based on this profit, the Company posted an underlying EBITDA figure of $646,302 as calculated below.

	Year ended 30 June 2021 $
Consolidated Operating Profit after tax	493,576
Other comprehensive Income	22,840
Consolidated Net profit after tax	516,416
Add back:	
Interest and Financing costs	1,136
Depreciation and Amortisation	6,516
Share Based Payments	964,199
Tax benefit	(841,965)
EBITDA	**646,302**

*EBITDA is a non-AIFRS financial measure which is not prescribed by Australian Accounting Standards ('AAS')

Review of Operations
Emerge operates the eSports tournament platform and lifestyle hubs. This technology is a cutting-edge online eSports and casual gaming tournament facilitation platform rich in features and available on smartphones, tablets, consoles, PCs and smart TVs.

Emerge operates the platforms through a B2C business model under the "MIGGSTER" brand and through a B2B2C business model partnering with multinational mobile network operators ("MNOs"), the first instance of which is operated as "MTN Arena".

Tournament Platform Technology
Emerge's platform technology is a cutting-edge online eSports and casual gaming tournament facilitation platform which has been designed to deliver a unique experience and content for gamers across a multitude of game titles and spectrum of skills. The platform will connect gamers to corporate advertisers and sponsors, while providing Emerge with immediate commercial revenue earning functionality, international reach and scale. The platform offers a hybrid environment that gives access to both eSports and casual game titles using proprietary coding and technological integrations.

The tournament platform's unique point of difference is the mobile focussed technology which has fully integrated hundreds of casual games which allow the gamer to launch and play games embedded in the platform providing automated results and potential access to an addressable market of 1.9 Billion casual and social gamers globally. The casual game integration allows mobile casual and social gamers the opportunity to play integrated games on their smart phones and tablets in an effort to win prizes. Integrated casual games are available on the mobile devices in full screen view, allowing gamers to engage in a seamless competitive mobile gaming experience.

The platform uses its unique IP, advanced analytics tracking and proprietary algorithms to deliver an optimum tournament gaming experience for users while providing publishers the perfect vehicle for delivery of their messaging to a fully engaged audience.

In the current financial year, Emerge has:

- Launched both the MTN Arena and MIGGSTER gaming platforms;
- Built an active community on these platforms of more than 1.6M subscribers across more than 160 countries;
- Generated $10.8M in revenue from 18.9M in cash receipts;
- Banked $8.9M from option holders exercising their EM1O options (expired April 2021);
- Finished the year with $15.8M cash at bank after starting the year with $1.9M;
- Become a Microsoft Independent Software Vendor with a view to launching game streaming products;
- Subsequent to year end, provided guidance that it will launch game streaming products in November and December 2021.

Tantalum International Ltd Update

Shareholders of the Company of record on 3 November 2017 received shares in an unlisted, Australian public Company Tantalum International Limited ("TIL"). The intention of the TIL spin-out was to provide long-term shareholders with exposure to a potentially successful legal claim against Egypt in proceedings which relate to the alleged expropriation (amongst other claims) of TIL's 50% interest in the Abu Dabbab Tantalum-Tin-Feldspar project, located in southern Egypt. Emerge negotiated to retain an interest in any financial award arising out of the legal claim. As a result of a successful process of negotiation with Egypt, the parties have signed a binding agreement to settle their dispute in August 2021, with the Claimants agreeing to withdraw their claims in return for a cash payment from Egypt. For the latest on TIL, shareholders can refer to: https://tantalumint.wixsite.com/tantalumint

Financial Position

The net assets of the Group have increased from $1,784,301 at 30 June 2020 to $12,049,026 at 30 June 2021. As at the Reporting Date, the Group had working capital of $10,260,971 (2020: $1,781,365).

DIVIDENDS

No dividends were declared or paid during the financial year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company and its controlled entities that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report. Reference should be made to the subsequent events note for changes in the state of affairs after Reporting Date.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 30 August 2021, the Company announced that it had banked $2.8M from settlement of an investment dispute / legal claim with the Arab Republic of Egypt (Egypt). Emerge negotiated to retain an interest in any financial award arising out of the legal claim which was obtained as part of the Company's reverse takeover of Arrowhead Resources in 2018.

FUTURE DEVELOPMENTS

Other than information disclosed elsewhere in this annual report, likely future developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this Directors' Report because the Directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Group.

DIRECTORS' REPORT

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are not currently subject to any significant environmental regulations under either Commonwealth or State law.

INDEMNITY AND INSURANCE OF OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. No proceedings have been brought or intervened in or on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001.*

NON-AUDIT SERVICES

Non-audit services of $2,500 for agreed upon procedures were provided by the Company's auditor, Criterion Audit Pty Ltd, in the current financial year (2020: None).

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence has not been compromised.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2021 has been received and can be found on page 16 of this report.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for Directors and executives of Emerge Gaming Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations.

For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Details of key management personnel

Mr Gregory Stevens	Chief Executive Officer, Executive Director	Appointed 16 April 2018
Mr Bert Mondello	Non-Executive Chairman	Appointed 16 April 2018
Mr Philip Re	Non-Executive Director	Appointed 21 June 2017
Mr Jonathan Hart	Non-Executive Director	Appointed 16 April 2018
Mr Firdhose Coovadia	Non-Executive Director	Appointed 25 October 2018
Mr Robert Hersov	Non-Executive Director	Appointed 9 February 2021

Remuneration Policy

The remuneration policy of Emerge Gaming Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The Board of Emerge Gaming Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, is developed and approved by the board after seeking professional advice from independent external consultants as required. In the years presented, no external consultants have been used.
- All executives receive a base salary or fee (which is based on factors such as length of service and experience).
- The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

Voting and comments made at the Company's 2020 Annual General Meeting

Emerge Gaming Limited received more than 99% of "yes" votes on its remuneration report for the 2020 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Loans to Directors and Executives

There were no loans to directors and executives during the financial year ended 30 June 2021.

Non-Executive Director Remuneration

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. In the current year, no advice was sought.

Upon appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the policies and terms, including compensation, relevant to the office of the director.

The key terms of the non-executive director service agreements are as follows:

- Term of Agreement – ongoing subject to annual review and the Company's constitution
- Non-Executive Directors' Fees of $48,000 per annum
- Non-Executive Chairman's Fees of $60,000 per annum
- There is a 6-month notice period stipulated to terminate the contract by either party

The maximum aggregate amount of fees that can be paid to non-executive directors is currently fixed at $250,000 with any change in this amount subject to approval by shareholders at the Annual General Meeting.

The Company does not have a Director's Retirement Scheme in place at present.

Service Contracts

It is the Company's policy that service contracts for executive directors and senior executives be entered into. A service contract with an executive director or senior executive would provide for the payment of benefits where the contract is terminated by the entity or the individual.

The executive directors and senior executives would also be entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. An executive director or senior executive would have no entitlement to termination payment in the event of removal for misconduct.

Major provisions of the agreements existing at reporting date relating to executive remuneration are set out below:

Mr Gregory Stevens – Chief Executive Officer, Executive Director

- Term of agreement: Until terminated in accordance with the agreement.
- Remuneration: $180,000 per annum, which will be reviewed annually.
- Period of notice for termination: Six month's written notice by the Chief Executive Officer. Six month's written notice by the Company.
- Details of remuneration entitlement on termination: Payment of fees up to the date of termination or payment of six month's fees in lieu of notice.

DIRECTORS' REPORT

Remuneration of key management personnel

Table 1: Remuneration for the year ended 30 June 2021

Key Management Personnel – 30 June 2021	Short-term Benefits Cash, salary and commissions $	Share-based Payment Shares and Options $	Post-employment Benefits $	Total $	Remuneration consisting of shares and options for the year %
Non-Executive Directors					
Mr B Mondello	60,000	39,897[1]	-	99,897	40%
Mr P Re	48,000	39,897[1]	-	87,897	45%
Mr J Hart	48,000	39,897[1]	-	87,897	45%
Mr F Coovadia	48,000	39,897[1]	-	87,897	45%
Mr R Hersov	20,000	-	-	20,000	0%
Sub-total	224,000	159,588	-	383,588	
Executive Directors					
Mr G Stevens	157,500	539,898[1]	-	697,398	77%
Sub-total	157,500	539,898	-	697,398	
Total	**381,500**	**699,486**	**-**	**1,080,986**	

1. On 14 December 2020 shareholders approved the grant of Tranches 1 to 6 Performance Rights to Directors (or their nominees) under the Performance Rights Plan. The value of the Performance Rights at grant date was estimated using a Trinomial Model and all Tranches have an expiry date of 3 years from the date of issue (Refer to Note 13). The total amount of $699,846 represents the value of performance rights recognised for the period of grant date to 30 June 2021.

Table 2: Remuneration for the year ended 30 June 2020

Key Management Personnel – 30 June 2020	Short-term Benefits Cash, salary and commissions $	Share-based Payment Shares and Options $	Post-employment Benefits $	Total $	Remuneration consisting of shares and options for the year %
Non-Executive Directors					
Mr B Mondello	60,000	-	-	60,000	0%
Mr P Re	48,000	-	-	48,000	0%
Mr J Hart	48,000	-	-	48,000	0%
Mr F Coovadia	48,000	22,500	-	70,500	32%
Sub-total	204,000	22,500	-	226,500	
Executive Directors					
Mr G Stevens	120,000	-	-	120,000	0%
Sub-total	120,000	-	-	120,000	
Total	**324,000**	**22,500**	**-**	**346,500**	

Compensation Options: Granted and vested during the year (consolidated)

There were no compensation options granted to or exercised by directors or other Key Management Personnel during the financial year. In addition, no directors or senior executives exercised options that were granted to them as part of their compensation during the financial year.

Share-based payment arrangements relating to key management personnel

In accordance with the Performance Rights Plan, the Company has obtained Shareholder approval to issue 27,261,905 performance rights to directors which included Mr Gregory Stevens, Mr Bert Mondello, Mr Jonathan Hart, Mr Phil Re and Mr Firdhose Coovadia. Details of these securities are outlined in tables below.

Table 3: Shareholdings of key management personnel (consolidated)

Shares held in Emerge Gaming Limited (number) by key management personnel are:

Share holdings of key management personnel	**Balance 1.7.2020 Ord**	**Granted as compensation Ord**	**Net Change Other Ord**	**Balance 30.6.2021 Ord**
Directors				
Mr G Stevens	17,852,765	-	17,852,765	35,705,530
Mr B Mondello	10,893,751	-	10,893,751	21,787,502
Mr P Re	-	-	-	-
Mr J Hart	13,350,000	-	13,625,000	26,975,000
Mr F Coovadia	1,500,000	-	-	1,500,000
Mr R Hersov	-	-	-	-
Total	**43,596,516**	**-**	**42,371,516**	**85,968,032**

Table 4: Option holdings of key management personnel (consolidated)

The numbers of options over ordinary shares in the company held during the financial year by each director of Emerge Gaming Limited and specified executive of the Group, including their personally related parties, are set out below:

Option[1] holdings of key management personnel	**Balance 1.7.2020 Options**	**Granted as compensation Options**	**Net Change Other Options**	**Balance 30.6.2021 Options**	**Number of Options Vested and Exercisable**
Directors					
Mr G Stevens[1]	17,852,765	-	(17,852,765)	-	-
Mr B Mondello[1]	10,893,750	-	(10,893,750)	-	-
Mr P Re	-	-	-	-	-
Mr J Hart[1]	13,625,000	-	(13,625,000)	-	-
Mr F Coovadia	-	-	-	-	-
Total	**42,371,515**	**-**	**(42,371,516)**	**-**	**-**

2. These options were issued as consideration for the acquisition of EGS and exercised during the year.

DIRECTORS' REPORT

Table 5: Performance-based remuneration (consolidated)

During the year, performance shares were granted to directors or other Key Management Personnel as part of their performance- based remuneration:

Performance-based remuneration (consolidated)	*No. of performance shares granted during the year*	*No. of performance shares exercised during the year*	**Balance as at 30.6.2021** *No. of performance shares*	*Vested as at 30.6.2021 No. of performance shares*	*Performance shares Class*	*Fair value of performance shares*
Directors						
Mr G Stevens	1,500,000	-	1,500,000	-	Tranche 1	13,748
	1,500,000	-	1,500,000	-	Tranche 2	13,282
	1,500,000	-	1,500,000	-	Tranche 3	12,868
	952,381	-	952,381	(952,381)	Tranche 4	100,000
	1,428,572	-	1,428,572	(1,428,572)	Tranche 5	150,000
	2,380,952	-	2,380,952	(2,380,952)	Tranche 6	250,000
	9,261,905	**-**	**9,261,905**	**(4,761,905)**		**539,898**
Mr B Mondello	1,500,000	-	1,500,000	-	Tranche 1	13,748
	1,500,000	-	1,500,000	-	Tranche 2	13,282
	1,500,000	-	1,500,000	-	Tranche 3	12,868
	4,500,000	**-**	**4,500,000**	-		**39,897**
Mr P Re	1,500,000	-	1,500,000	-	Tranche 1	13,748
	1,500,000	-	1,500,000	-	Tranche 2	13,282
	1,500,000	-	1,500,000	-	Tranche 3	12,868
	4,500,000	**-**	**4,500,000**	-		**39,897**
Mr J Hart	1,500,000	-	1,500,000	-	Tranche 1	13,748
	1,500,000	-	1,500,000	-	Tranche 2	13,282
	1,500,000	-	1,500,000	-	Tranche 3	12,868
	4,500,000	**-**	**4,500,000**	-		**39,897**
Mr F Coovadia	1,500,000	-	1,500,000	-	Tranche 1	13,748
	1,500,000	-	1,500,000	-	Tranche 2	13,282
	1,500,000	-	1,500,000	-	Tranche 3	12,868
	4,500,000	**-**	**4,500,000**	-		**39,897**
Total	**27,261,905**	**-**	**27,261,905**	**(4,761,905)**		**699,486**

The vesting conditions attached to each class of performance share were as follows:

Tranche 1: The Company's 14 day volume weighted average share price is equal to or exceeds a market capitalisation of AUD$135,000,000 subject to the relevant person being a director at this time.

Tranche 2: The Company's 14 day volume weighted average share price is equal to or exceeds a market capitalisation of AUD$150,000,000 subject to the relevant person being a director at this time.

Tranche 3: The Company's 14 day volume weighted average share price is equal to or exceeds a market capitalisation of AUD$165,000,000 subject to the relevant person being a director at this time.

Tranche 4: The Company achieving $1,200,000 in platform revenue excluding any grants issued by any government body.

Tranche 5: : The Company achieving $5,000,000 in platform revenue excluding any grants issued by any government body.

Tranche 6: The Company achieving $10,000,000 in platform revenue excluding any grants issued by any government body.

* Refer to note 13 for further details.

Related party transactions with key management personnel

Other than as disclosed in Note 19 there were no other transactions with Key management personnel.

[END OF REMUNERATION REPORT]

Signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001 (Cth).

BERT MONDELLO
Chairman

Dated this 30th day of September 2021.

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Emerge Gaming Limited and Controlled Entity for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Criterion Audit Pty Ltd

CRITERION AUDIT PTY LTD
Chartered Accountants

ELIZABETH LOUWRENS CA
Director

DATED at PERTH this 30th day of September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 $	2020 $
Continuing Operations			
Revenue from operating activities	3(a)	10,266,013	-
Cost of Goods sold		(6,621,490)	-
Gross profit		**3,644,523**	-
Other income	3(b)	297,333	31,095
Operating expenses		(195,754)	(26,987)
Foreign exchange gains		147,576	1,240
Administration expenses		(598,329)	(145,518)
Consulting expenses	3(c)	(916,092)	(782,445)
Depreciation and amortisation		(6,516)	(2,173)
Finance costs		(1,136)	(263)
Impairment		-	100
Research and development		(1,132,818)	(287,353)
Marketing expenses		(240,364)	(26,318)
Professional expenses	3(d)	(186,327)	(53,099)
Public Relations		(173,446)	-
Share based payment expenses		(964,199)	-
Total Operating Expenses		**(3,970,072)**	**(1,291,721)**
Profit/(Loss) before income tax		(325,549)	(1,291,721)
Income tax benefit/ (expenses)	4(a)	841,965	-
Profit/(Loss) after income tax for the year		**516,416**	**(1,291,721)**
Other comprehensive income/(loss), net of income tax		(22,840)	-
Total comprehensive profit/(loss) for the year		**493,576**	**(1,291,721)**
Profit/ (Loss) attributable to:			
Members of the parent		516,416	(1,291,721)
		516,416	**(1,291,721**
Total comprehensive profit/(loss) attributable to:			
Members of the parent		493,576	(1,291,721)
		493,576	**(1,291,721)**
Earnings/(Loss) per share			
From continuing operations			
Basic earnings/ (loss) per share (cents per share)	5	0.06	(0.20)
Diluted earnings/ (loss) per share (cents per share)	5	0.06	(0.20)

The accompanying notes form part of this Consolidated Statement of Profit or Loss and Other Comprehensive Income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	2021 $	2020 $
Current Assets			
Cash and cash equivalents	6	15,876,873	1,991,671
Trade and other receivables	7	2,198,611	46,362
Contract asset	8(a)	5,089,685	-
Total Current Assets		**23,165,169**	**2,038,033**
Non-current Assets			
Property, plant and equipment	9	44,805	2,936
Intangible assets	10	4,882	-
Deferred tax assets	4(c)	1,738,368	-
Total Non-current Assets		**1,788,055**	**2,936**
Total Assets		**24,953,224**	**2,040,969**
Current Liabilities			
Trade and other payables	11	1,226,021	256,668
Contract liability	8(b)	10,781,774	-
Provision of tax payable	4(b)	896,403	-
Total Current Liabilities		**12,904,198**	**256,668**
Total Liabilities		**12,904,198**	**256,668**
Net Assets		**12,049,026**	**1,784,301**
Equity			
Issued capital	12	72,209,737	60,695,153
Reserves	13(a)	441,359	2,207,634
Accumulated losses	13(b)	(60,602,070)	(61,118,486)
Total equity		**12,049,026**	**1,784,301**

The accompanying notes form part of this Consolidated Statement of Financial Position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		18,895,538	-
Payments to suppliers and employees		(14,212,676)	(1,240,043)
Interest received / (paid)		9,428	29,384
Proceeds on sale		88,177	-
Other receipts		198,592	19,173
Net cash used in operating activities	6	**4,979,059**	**(1,191,486)**
Cash flows from investing activities			
Purchase of plant and equipment		(48,384)	-
Net cash (used in) / provided by investing activities		**(48,384)**	**-**
Cash flows from financing activities			
Proceeds from issue of fully paid shares		-	20
Proceeds from exercise of options		8,901,787	-
Payment of transaction costs		(94,836)	-
Net cash provided by financing activities		**8,806,951**	**20**
Net increase/(decrease) in cash and cash equivalents		13,737,626	(1,191,466)
Cash and cash equivalents at the beginning of the year		1,991,671	3,181,897
Effects of exchange rate changes		147,576	1,240
Cash and cash equivalents at the end of the year	6	**15,876,873**	**1,991,671**

The accompanying notes form part of this Consolidated Statement of Cash Flows.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Issued Capital $	Accumulated Losses $	Option Reserve $	Revaluation Reserve $	Total Equity $
Balance at 1 July 2019	12,13	**60,672,633**	**(59,826,765)**	**2,187,634**		**3,033,502**
Loss for the year		-	(1,291,721)	-		(1,291,721)
Total comprehensive loss for the year		-	(1,291,721)	-		(1,291,721)
Transactions with owners in their capacity as owners						
Contribution of equity, net of transaction costs	12	20	-	-		20
Recognition of share-based payments	12,13	22,500	-	20,000		42,500
Balance at 30 June 2020	12,13	**60,695,153**	**(61,118,486)**	**2,207,634**		**1,784,301**
Balance at 1 July 2020		60,695,153	(61,118,486)	2,207,634		1,784,301
Profit for the year		-	516,416	-	-	516,416
Other comprehensive income/(loss)		-	-	-	(22,840)	(22,840)
Total comprehensive loss for the year		**-**	**516,416**	**-**	**(22,840)**	**493,576**
Transactions with owners in their capacity as owners						
Exercise of options	12	11,514,584	-	(2,327,634)	-	9,186,950
Issued option			-	384,713	-	384,713
	12	-				
Recognition of share-based payments	12,13	-	-	199,486	-	199,486
Balance at 30 June 2021	12,13	**72,209,737**	**(60,602,070)**	**464,199**	**(22,840)**	**12,049,026**

The accompanying notes form part of this Consolidated Statement of Changes in Equity.

1 CORPORATE INFORMATION

The financial report of Emerge Gaming Limited and its Controlled Entity (the Group) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 30 September 2021.

Emerge Gaming Limited which is the ultimate parent company, is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group is the development and operation of online eSport gaming platforms.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and applicable Australian Accounting Standards.

The consolidated financial statements have been prepared on the basis of historical cost as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

For the purpose of preparing the financial statements, the consolidated entity is a for-profit entity.

(b) New Standards and Interpretations Adopted

Standards and Interpretations applicable to 30 June 2021
In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted
The Directors have also reviewed all Standards and Interpretations in issue but not yet adopted for the year ended 30 June 2021. As a result of this review the Directors have determined that there is no material impact, of the Standards and Interpretations in issue but not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Emerge Gaming Limited and its entity controlled by Emerge Gaming Limited (its subsidiary).

Control is achieved when the Company:
• has power over the investee;
• is exposed, or has rights, to variable returns from its involvement with the investee; and
• has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(d) Foreign currency translation

Both the functional and presentation currency of Emerge Gaming Limited and its Australian subsidiaries is Australian dollars ($AUD). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date.

All differences in the consolidated financial report are taken to the statement of profit or loss and other comprehensive income with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the statement of profit or loss and other comprehensive income.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(d) Foreign currency translation (continued)

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Emerge Gaming Limited at the rate of exchange ruling at the statement of financial position date and the statements of profit or loss and other comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of profit or loss and other comprehensive income.

(e) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(g) Property, plant and equipment

Leasehold improvements, buildings and plant and equipment are stated at cost less accumulated depreciation and any impairment losses recognised.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:
Computer equipment – over 3 to 5 years
Office equipment – over 5 to 10 years

Impairment
The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.
For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued used of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss and other comprehensive income in the period the item is derecognised.

(h) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(i) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(k) Loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

(l) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of shares are recognised directly in equity as a reduction of the share proceeds received.

(m) Share-based payment transactions

The Group provides remuneration to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects -
(i) the extent to which the vesting period has expired, and
(ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest.

This opinion is formed based on the best available information at balance sheet date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

(n) Revenue

Revenue from contracts with customers
The Group recognises revenue when it transfers control of a product or service to a customer and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

(n) Revenue (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Rendering of services
Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date.

Interest
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sponsorship, marketing and advertising services revenue
Sponsorship, marketing and advertising services revenue is recognised at a point in time which the services have been provided and where the amount can be reliably estimated and is considered recoverable.

Government incentives received
Incentives received for research and development and other tax initiatives are recognised as revenue in the period in which they are received.

Contract Assets
Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes. The Company recognises the direct costs related to the generation of subscriptions (e.g. commissions) in line with the service period. The Company sells subscriptions to the MIGGSTER platform with monthly, six-monthly and annual terms and costs incurred are aligned with this.

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer. Contract liabilities relate to advance consideration received from subscription packages. The Company offers monthly, bi-annual and annual subscription packages to customers. As the subscription is used up on a monthly basis, the Company adjusted the yet to be earned revenue to contract liabilities until the performance obligation is satisfied.

All revenue is stated net of the amount of goods and services tax (GST).

(o) Income tax

In principle, deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Income tax (continued)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

(p) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement
Financial liabilities

Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
  - a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
  - held for trading; or
  - initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:
- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.
Financial assets
Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss
if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a Group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;

Financial instruments (continued)

- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:*Business Combinations* applies, the Group has the option to make an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss. The Group currently has no equity instrument financial assets.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment
The Group recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- contract assets (eg amounts due from customers under service contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Financial instruments (continued)

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approach to impairment, as applicable under AASB 9: *Financial Instruments*:

- - the simplified approach

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- - trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(q) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the Cash Flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Employee entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees at balance date. Employee benefits expected to be settled within one year, together with entitlements arising from wages and salaries, annual leave and sick leave, which will be settled within one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred.

(s) Segment information

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the board of directors of the Company.

(t) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intellectual property
Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 - 6 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.
Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Digital Assets – Bitcoins
The Group measures digital assets such as Bitcoins at its fair value less costs to sell in accordance with the revaluation model. Digital assets are indefinite life intangible assets initially recognised at cost, and subsequently measured at fair value by reference to the quoted price in an active market. Increases in the carrying amount of digital assets on revaluation are credited to a revaluation surplus in equity. Decreases that offset previous increases are recognised against the revaluation surplus in equity; all other decreases are recognised in profit and loss. On disposal of digital assets, the cumulative revaluation surplus associated with those assets is transferred directly to retained earnings.

(u) Financial risk management policy

Details of the Group's financial risk management policy are set out in Note 22

(v) Compound financial instruments

The Group evaluates the terms of any financial instrument to determine whether it contains both a liability and an equity component. The separate components of a financial instrument that create a financial liability and grant an option to the holder of the instrument to convert it into an equity instrument are recognised separately on the statement of financial position.

(w) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(x) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset only when the Group can demonstrate:

• The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
• Its intention to complete and its ability and intention to use or sell the asset;
• How the asset will generate future economic benefits;
• The availability of resources to complete the asset; and
• The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is completed and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

(y) Critical accounting judgements and key sources of estimation uncertainty

In the application of Australian Accounting Standards management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Trinomial, Binomial or Black- Scholes model taking into account the terms and conditions upon which the instruments were granted. There are several assumptions underlying the models. There are several assumptions underlying the models. The most significant is that of volatility, a measure of how much a stock can be expected to move in the near-term, is a constant over time. Assessing a suitable level of expected volatility is a significant part of the Rights valuation process and can have a material effect on the overall valuation. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Critical accounting judgements and key sources of estimation uncertainty (continued)

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2(t). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated pre-tax discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

3 REVENUES, OTHER INCOME AND EXPENSES

Revenue and expenses from continuing operations	2021 $	2020 $
(a) Revenue		
Revenue from operating activities		
Sales – Miggster	10,014,180	-
Sales – MTN	251,833	-
Total revenue	**10,266,013**	**-**
(b) Other income		
Research and development tax credit	198,592	-
Gain on sale of digital currency	88,177	-
Interest received	10,564	31,095
Total other income	**297,333**	**31,095**
(c) Consulting		
Accounting and company secretarial	(272,631)	(340,148)
Director fees	(381,500)	(324,000)
General consultancy	(261,961)	(118,297)
Total consulting expenses	**(916,092)**	**(782,445)**
(d) Professional expenses		
Audit fees	(29,000)	(31,400)
Legal fees	(114,870)	(12,449)
Tax and other professional fees	(42,457)	(9,250)
Total professional expenses	**(186,327)**	**(53,099)**

4 INCOME TAX

	2021 $	2020 $
(a) Income tax benefit		
Current tax	896,403	-
Deferred tax	(1,738,368)	-
Total Income tax benefit reported in income statement	**(841,965)**	**-**

A reconciliation of income tax expenses (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2021 and 2020 is as follows:

	2021 $	2020 $
Accounting profit (loss) before tax from continuing operations	(325,549)	(1,291,721)
Accounting profit (loss) before income tax	(325,549)	(1,291,721)
At the statutory income tax rate 26% (2020: 30%)	(84,643)	(387,516)
Add:		
Non-deductible expenses	1,735	529
Share Based Payments	250,692	12,750
Non-assessable R&D Refund	(51,634)	-
Movements in other temporary differences	-	31,402
Recognition of net deferred tax assets from prior years	(958,115)	-
Temporary differences and losses not recognised	-	342,835
	(841,965)	**-**
(b) Income tax payable		
Provision for income tax	**896,403**	**-**
(c) Recognised Deferred tax assets/ liabilities		
Deferred tax assets		
Equity capital raising cost	64,840	-
Contract liability	2,547,203	-
Other deferred tax assets	409,517	-
	3,021,560	-
Deferred tax liabilities		
Contract asset	1,272,421	-
Fixed assets	10,771	-
	1,283,192	-
Net deferred tax assets	**1,738,368**	**-**

(d) Unrecognised deferred tax assets/ (liabilities)

Deferred tax assets/ (liabilities) have not been recognised in respect of the following items

	2021 $	2020 $
Impaired Intellectual Property	1,584,067	1,900,880
Tax losses	470,410	1,354,509
Tax amortisation of Capital raising cost	-	103,614
Other unrecognised deferred tax assets	-	264,102
Accrued interest	-	(435)
Unrecognised deferred tax assets	**2,054,477**	**3,622,670**

The tax losses do not expire under current tax legislation. Deferred tax assets have been recognised because it is probable that future taxable amounts will be available to utilise the temporary differences and unused tax losses.

5 EARNINGS PER SHARE

	2021 cents	2020 cents
Basic profit/(loss) per share		
From continuing operations	0.06	(0.20)
From discontinued operations	-	-
Total basic profit/(loss) per share	**0.06**	**(0.20)**
Diluted profit/(loss) per share		
From continuing operations	0.06	(0.20)
From discontinued operations	-	-
Total diluted profit/(loss) per share	**0.06**	**(0.20)**

The following reflects the loss and weighted average number of shares used in the basic and diluted loss per share computations:

	2021 $	2020 $
(a) Reconciliation of earnings used in calculating earnings per share		
Income/(Loss) attributable to ordinary equity holders of the Company from continuing operations used in the calculation of basic earnings per share and diluted earnings per share	516,416	(1,291,721)
Loss for the year from discontinued operations used in the calculation of basic earnings per share and diluted earnings per share from discontinued operations	**-**	**-**

	Shares	Shares
(b) Weighted average number of shares used in the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	829,368,318	656,474,188
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	829,368,318	656,474,188

6 CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash and cash equivalents		
Cash at bank and in hand	15,876,873	1,991,671
	15,876,873	**1,991,671**

Cash at bank and in hand earns interest at floating rates based on daily bank rates. The fair value of cash and cash equivalents is $15,876,873 (2020: $1,991,671).

	2021 $	2020 $
Reconciliation of cash		
Cash	15,876,873	1,991,671
(a) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
Operating profit/(loss) after income tax	516,416	(1,291,721)
Adjustments for:		
Depreciation and amortisation	6,516	2,173
Share based payments	964,199	42,500
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,552,572)	17,524
(Increase)/decrease in other assets	(5,089,685)	-
(Decrease)/increase in trade and other payables	787,337	38,038
(Decrease)/increase in other liabilities	10,188,812	-
Increase in deferred tax assets	(1,738,368)	-
Increase/(decrease) in provision for income tax	896,403	-
Net cash from/(used in) operating activities	**4,979,059**	**(1,191,486)**

7 TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
Trade and other receivables		
Trade receivables (i)	1,495,302	-
Other receivables	109,671	22,326
Prepayments	535	22,587
Accrued receivables	142	1,449
	2,198,611	**46,362**

(i) Trade receivables including $513,616 from a related party.
(ii) Expected credit losses have been evaluated using the probability of default method. It has been determined as $0 as of 30 June 2021.

8 CONTRACT ASSETS AND LIABILITIES

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below (Refer to note 2n):

	2021 $	2020 $
(a) Contract Assets		
Opening balance	-	-
Costs related to the generation of subscriptions	11,224,647	-
Transfer to cost of goods sold	(6,134,962)	-
Closing balance	**5,089,685**	**-**
(b) Contract liabilities		
Opening balance	-	-
Income received in advance	19,790,713	-
Accrued unearned revenue	592,962	-
Transfer to revenue	(9,601,901)	-
Closing balance (i)	**10,781,774**	**-**

(i) Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $10,781,774 (2020: Nil) and is expected to be recognised as revenue in future periods as follows:

	2021 $	2020 $
Within 6 months	8,849,925	
6 to 12 months	1,931,849	-
	10,781,774	**-**

9 PROPERTY, PLANT AND EQUIPMENT

	2021 $	2020 $
Computer equipment at cost	44,274	7,751
Less accumulated depreciation	(10,654)	(4,815)
	33,620	2,936
Office equipment at cost	11,862	-
Less accumulated depreciation	(677)	-
	11,185	-
Total property plant and equipment	**44,805**	**2,936**

10 INTANGIBLE ASSETS

	2021 $	2020 $
Acquired intangible assets	4,882	898,443
Less provision of impairment	-	(898,443)
Total intangible assets	**4,882**	**-**

11 TRADE AND OTHER PAYABLES

	2021 $	2020 $
Trade and other payables		
Trade payables	676,425	185,066
Accrued expenses	549,596	71,602
	1,226,021	**256,668**

(i) Trade payables and accruals are non-interest bearing and are normally settled on repayment terms between 7 and 30 days.
(ii) Trade payables balance includes amounts outstanding to KMP related entities as below:

	$
Mr G Stevens and related entities	382,373
Mr B Mondello and related entities	11,256
Mr P Re and related entities	20,900
Mr J Hart and related entities	6,623
Mr F Coovadia and related entities	4,000
Mr R Hersov and related entities	4,000
Total	**429,152**

(iii) Accrued expenses balance includes $500,000 performance-based remuneration to Mr G Stevens.

12 CONTRIBUTED EQUITY

	2021 $	2020 $
Ordinary shares		
Ordinary shares fully paid	73,890,680	62,281,260
Less: Capital raising costs	(1,680,943)	(1,586,107)
	72,209,737	**60,695,153**

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Issued capital has no par value.

2021 **FULLY PAID ORDINARY SHARES**	**Number of shares**	**$**
Balance at 1 July 2020	657,095,552	60,695,153
Issue of shares in return on exercise of options	464,089,228	11,514,584
Balance at 30 June 2021	**1,121,184,780**	**72,209,737**

2020 **FULLY PAID ORDINARY SHARES**	**Number of shares**	**$**
Balance at 1 July 2019	655,594,532	60,672,633
Issue of shares in return for service – consultants and advisors (i)	1,500,000	22,500
Issue of shares in return on exercise of options	1,020	20
Balance at 30 June 2020	**657,095,552**	**60,695,153**

(i) 1,500,000 fully paid ordinary shares were issued to consultants and advisors. This expense was recognised at a price of $0.015 as at grant date.

12 CONTRIBUTED EQUITY (CONTINUED)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one (1) vote, and upon a poll each share is entitled to one (1) vote, in proportion to the number of and amounts paid on the shares held.

13 RESERVES AND ACCUMULATED LOSSES

(a) Reserves	2021 $	2020 $
Options & share based payments reserves	464,199	2,207,634
Revaluation reserve	(22,840)	-
Total Reserves	**441,359**	**2,207,634**

Movements in reserve	2021 $	2020 $
Opening balance	2,207,634	2,187,634
Issue of options in return for service – corporate advisors (i)	120,000	20,000
Issue of options in return for service – corporate advisors (ii)	264,713	-
Issue of performance rights (iii)	199,486	-
Exercise of options (iv)	(2,327,634)	-
Revaluation Reserve	(22,840)	-
Total Reserves	**441,359**	**2,207,634**

(i) During the period, 15,000,000 options were granted to pay for Corporate advisory and investor relation services. This expense was recognised at a price of $0.008 as at grant date.

(ii) During the period, the following options were granted to pay for underwriting services.

Series	Number	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
EM1OA	6,000,000[1]	27 April 21	$0.0161	$0.07	27 April 25	Vested
EM1OB	6,000,000[1]	27 April 21	$0.0148	$0.09	27 April 25	Vested
EM1OC	6,000,000[1]	27 April 21	$0.0132	$0.12	27 April 25	Vested

[1] 18,000,000 unlisted options issued for underwriting services.

Fair value of options granted during the year

The fair value of unlisted options issued during the year ended 30 June 2021 has been determined using the Black-Scholes option pricing model using the following inputs:

Input	EM1OA	EM1OB	EM1OC
Grant date share price	$0.030	$0.030	$0.030
Exercise price	$0.070	$0.090	$0.012
Expected volatility	100%	100%	100%
Option life	4 years	4 years	4 years
Risk-free interest rate	0.07%	0.07%	0.07%
Dividend yield	n/a	n/a	n/a
Grant Date Fair Value per option	$0.0161	$0.0148	$0.0132

(iii) During the period, the Company issued 27,261,905 performance rights to directors:

Director	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Total
Gregory Stevens	1,500,000	1,500,000	1,500,000	952,381	1,428,572	2,380,952	9,261,905
Bert Mondello	1,500,000	1,500,000	1,500,000	-	-	-	4,500,000
Philip Re	1,500,000	1,500,000	1,500,000	-	-	-	4,500,000
Jonathan Hart	1,500,000	1,500,000	1,500,000	-	-	-	4,500,000
Firdhose Coovadia	1,500,000	1,500,000	1,500,000	-	-	-	4,500,000
Total	**9,000,000**	**9,000,000**	**9,000,000**	**952,381**	**1,428,572**	**2,380,952**	**27,261,905**

13 RESERVES AND ACCUMULATED LOSSES (CONTINUED)

Each Performance Right converts into 1 fully paid ordinary share on vesting. The principal terms of each tranche of the Performance Rights are summarised:

Tranche 1 performance rights :
7,500,000 performance rights each converting into shares on a one for one basis will vest on the date that the Company's 14 day volume weighted average share price is equal to or exceeds a market capitalisation of AUD$135,000,000 subject to the relevant person being a director at this time.

Tranche 2 performance rights:
7,500,000 performance rights each converting into shares on a one for one basis will vest on the date that the Company's 14 day volume weighted average share price is equal to or exceeds a market capitalisation of AUD$150,000,000 subject to the relevant person being a director at this time.

Tranche 3 performance rights:
7,500,000 performance rights each converting into shares on a one for one basis will vest on the date that the Company's 14 day volume weighted average share price is equal to or exceeds a market capitalisation of AUD$165,000,000 subject to the relevant person being a director at this time.

Tranche 4 performance rights:
The number of Tranche 4 performance rights is equal to $100,000 divided by the volume weighted average price of the Company shares traded on ASX immediately preceding 14 days prior to the Company achieving $1,200,000 in platform revenue excluding any grants issued by any government body.

Tranche 5 performance rights:
The number of Tranche 5 performance rights is equal to $150,000 divided by the volume weighted average price of the Company shares traded on ASX immediately preceding 14 days prior to the Company achieving $5,000,000 in platform revenue excluding any grants issued by any government body.

Tranche 6 performance rights:
The number of Tranche 6 performance rights is equal to $250,000 divided by the volume weighted average price of the Company shares traded on ASX immediately preceding 14 days prior to the Company achieving $10,000,000 in platform revenue excluding any grants issued by any government body.

All Tranches of Performance Rights have an expiry date of 3 years from the date of issue.

The value of the Tranche 1, 2 and 3 Performance Rights at grant date was estimated using a Trinomial Model which takes into account the exercise price and expected life of the instrument, the current share price and its expected volatility, expected dividends and the risk-free interest rate for the expected life of the instrument. The value ascribed to each Tranche 1, 2 and 3 Performance Right were derived using the following inputs:

Input	Tranche 1	Tranche 2	Tranche 3
Grant date 14 day VWAP	$0.093	$0.093	$0.093
Barrier price	$0.168	$0.186	$0.205
Expected volatility	113%	113%	113%
Performance rights term	3 years	3 years	3 years
Risk-free interest rate	0.11%	0.11%	0.11%
Dividend yield	n/a	n/a	n/a
Grant Date Fair Value per right	**$0.053**	**$0.051**	**$0.050**

As at the date of this report, Tranches 1, 2 and 3 Performance Rights **have not** yet **vested.**

Tranches 4, 5 and 6 vesting conditions were met during the year, therefor the total values ascribed to Tranche 4, 5 and 6 Performance Rights were $100,000, $150,000 and $200,000 respectively.

(iv) 464,089,228 options were exercised during the year (2020: Nil).

(b) Accumulated losses	**2021**	**2020**
	$	**$**
Movement in accumulated losses were as follows:		
Balance 1 July	(61,118,486)	(59,826,765)
Net profit/ (loss) for the year	516,416	(1,291,721)
Balance 30 June	**(60,602,070)**	**(61,118,486)**

14 INTERESTS IN CONTROLLED ENTITY

The consolidated financial statements include the financial statements of Emerge Gaming Limited and its controlled entity listed in the following table:

	Country of Incorporation	Percentage of equity interest held by the Group		Investment	
		2021	2020	2021	2020
		%	%	$	$
Emerge Gaming Solutions Pty Ltd	Australia	100	100	5,498,916	5,498,916
				5,498,916	5,498,916

Emerge Gaming Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Emerge Gaming Solutions Pty Ltd was acquired as part of the Emerge Gaming Limited public offer.

15 EXPENDITURE COMMITMENTS

(a) Lease expenditure commitments
The Company's office lease is contracted on a month to month basis i.e. no set contract term and has no significant make-good or other obligations.

(b) Bank guarantee
There are no bank guarantees of the Group at 30 June 2021.

(c) Capital Commitments
There are no capital commitments of the Group at 30 June 2021.

16 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

The Group did not have any contingent liabilities as at Balance Date.

17 SUBSEQUENT EVENTS

On 30 August 2021, the Company announced that it had banked $2.8M from settlement of an investment dispute / legal claim with the Arab Republic of Egypt (Egypt). Emerge negotiated to retain an interest in any financial award arising out of the legal claim which was obtained as part of the Company's reverse takeover of Arrowhead Resources in 2018.

18 REMUNERATION OF AUDITORS

The auditor of Emerge Gaming Limited is Criterion Audit Pty Ltd ("Criterion").

	2021	2020
	$	$
Amounts received or due and receivable by Criterion for:		
An audit or review of the financial report of the entity and any other entity in the Group	29,000	31,400
	29,000	31,400

19 RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

	2021 $	2020 $
Technical consultancy services fees paid to Indomain Enterprises Pty Ltd – an entity associated with Mr B Mondello	60,000	60,000
Software development fees paid to Vection Australia Pty Ltd, a subsidiary of Vection Technologies Ltd. Mr B Mondello is a director of Vection Technologies Ltd (discontinued in December 2019).	-	215,000
Legal consulting fees paid to Hartness Consulting Pty Ltd – an entity associated with Mr J Hart	24,000	24,000
Accounting, bookkeeping, CFO service and corporate advisory fees, paid to Regency Corporate Pty Ltd – an entity associated with Mr P Re	165,000	120,460
Consulting fees paid to Mr G Stevens	22,200	-
South African based subscriptions revenue net of expenses The company authorised Villa Rock Agency (Pty) Ltd to act as collection and settlement agent from 1 November 2020 to 30 June 2021. Mr Stevens is a director of this entity.	(131,243)	-

The above transactions were entered on a commercial arm-length basis.

20 KEY MANAGEMENT PERSONNEL ("KMP") COMPENSATION

(a) Details of key management personnel

Mr Gregory Stevens	Chief Executive Officer, Executive Director
Mr Bert Mondello	Non-Executive Chairman
Mr Philip Re	Non-Executive Director
Mr Jonathan Hart	Non-Executive Director
Mr Firdhose Coovadia	Non-Executive Director
Mr Robert Hersov	Non-Executive Director

(b) Compensation of key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2021 $	2020 $
Short-term employee benefits	381,500	324,000
Post-employment benefits	-	-
Share-based payments	699,486	22,500
	1,080,986	**346,500**

(c) Other transactions with key management personnel

Refer to Note 19 regarding other transactions with key management personnel to the Company.

21 SEGMENT INFORMATION

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. During the year the Company only operated in one segment and that was operating of the online gaming platform.

22 FINANCIAL INSTRUMENTS

(a) Financial risk management policy

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to:

- meet all financial commitments as and when they fall due, and
- maintain the capacity to fund its forecast project development and exploration strategies.

The Group continually monitors and tests its forecast financial position against these criteria. The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments presently are interest rate risk, foreign currency risk, credit risk, security risk, digital asset price risk and liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

(b) Interest rate risk

The following table sets out the carrying amount of the financial instruments exposed to interest rate risk:

	2021 $	2020 $
Financial assets		
Interest bearing		
Cash at bank	7,858,585	1,000,000
Weighted average interest rate	0.58%	1.26%
Non-interest bearing		
Cash at bank	8,018,288	991,671
Trade receivables	2,198,076	22,324
	18,074,949	2,013,995
Financial liabilities		
Non-interest bearing		
Trade and other payables	1,226,021	256,668

22 FINANCIAL INSTRUMENTS (CONTINUED)

The following table summarises the sensitivity of financial assets held at balance date to interest rate risk, following a movement of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below.

Consolidated Post-tax gain (loss)/ equity increase (decrease)	2021 $	2020 $
+1% (100 basis points)	78,585	10,000

(c) Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

	Carrying Amount		Fair Value	
	2021 $	2020 $	2021 $	2020 $
Financial assets				
Cash	15,876,873	1,991,671	15,876,873	1,991,671
Trade and other receivables – current	2,198,076	22,324	2,198,076	22,324
Financial liabilities				
Trade and other payables	1,226,021	256,668	1,226,021	256,668

Cash, cash equivalents and security deposits: The carrying amount approximates fair value.

Trade receivables and trade creditors: The carrying amount approximates fair value.

	Fair value hierarchy as at 30 June 2021			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Cash	15,876,873	-	-	15,876,873
Trade and other receivables – current	-	2,198,076	-	2,198,076
Total	15,876,873	2,198,076	-	18,074,949
Financial liabilities				
Trade and other payables	-	1,226,021	-	1,226,021
Total	-	1,226,021	-	1,226,021

(d) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group does not hold any credit derivatives to offset its credit exposure.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk at the reporting date is the carrying amount of the following financial assets:

	$
Cash and cash equivalents	15,876,873
Trade receivables	2,198,076
Total	**18,074,949**

22 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Liquidity risk

The Group's liquidity position is managed to ensure sufficient funds are available to meet financial commitments in a timely and cost-effective manner.

The Company continually reviews its liquidity position including cash flow forecast to determine the forecast liquidity position and maintain appropriate liquidity levels.

In addition to the commitment disclosure in Note 15, the table below reflects the contractual maturity of financial instruments as at 30 June. Cash flows for financial instruments are presented on an undiscounted basis.

			Aging analysis between	
2021	**Total**	**<30 days**	**30-60 days**	**>60 days**
	$	**$**	**$**	**$**
Cash and cash equivalents	(15,876,873)	(15,856,873)	(20,000)	-
Trade and other receivables	(2,198,076)	(1,802,768)	-	(395,308)
Trade and other payables	1,226,021	1,226,021	-	-
Total	**(16,848,928)**	**(16,433,620)**	**(20,000)**	**(395,308)**

			Aging analysis between	
2020	**Total**	**<30 days**	**30-60 days**	**>60 days**
	$	**$**	**$**	**$**
Cash and cash equivalents	(1,991,671)	(991,671)	(500,000)	(500,000)
Trade and other receivables	(22,324)	(22,324)	-	-
Trade and other payables	256,668	256,668	-	-
Total	**(1,757,327)**	**(757,327)**	**(500,000)**	**(500,000)**

(f) Capital management policy

The Board's policy is to preserve its capital base as much as possible so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year, other than that Group has been able to rely upon equity to finance its capital management, rather than short term debt finance.

Neither the Company nor its controlled entity are subject to externally imposed capital requirements.

(g) Foreign Exchange Risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

The Group had the following exposure to foreign currency:

	2021		2020	
2021	**ZAR**	**EUR**	**ZAR**	**EUR**
	A$	**A$**	**A$**	**A$**
Cash and cash equivalents	-	80,661	-	-
Trade and other receivables	138,165	1,950,098	-	-
	138,165	2,030,759	-	-
Trade and other payables	423,214	83,532	11,953	14,785
Total	**(285,049)**	**1,947,227**	**(11,953)**	**(14,785)**

22 FINANCIAL INSTRUMENTS (CONTINUED)

The following sensitivity is based on a 10% movement of EUR and ZAR against the AUD and the effect on the net profit or loss and equity of the Group for the period to 30 June 2021, with all other variables held constant:

	2021		2020	
	Profit $	Equity $	Profit $	Equity $
EUR, ZAR increasing 10% against AUD	166,218	166,218	2,674	2,674
EUR, ZAR decreasing 10% against AUD	(166,218)	(166,218)	(2,674)	(2,674)

(h) Digital asset price risk

The Group has adopted a policy to convert any digital assets as soon as possible on receipt, minimising any exposure to this risk.

23 PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

	2021 $	2020 $
(a) Financial Position		
Assets		
Current assets	7,933,216	1,998,001
Non-Current assets	1,743,250	-
Total assets	9,676,466	1,998,001
Liabilities		
Current liabilities	1,577,811	162,126
Total liabilities	1,577,811	162,126
Equity		
Contributed equity	72,209,737	60,695,154
Accumulated losses	(64,575,331)	(61,066,913)
Option issue reserve	464,249	2,207,634
Total equity	8,098,655	1,835,875
(b) Financial Performance		
Loss for the year	(1,466,110)	(1,137,541)
Other comprehensive income	50	-
Total comprehensive income	(1,466,060)	(1,137,541)

(c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

At the Balance Date there are no guarantees entered into by the Parent Entity in relation to the debts of its subsidiaries (2020: Nil).

(d) Contingent liabilities of the parent entity

The Parent Entity did not have any contingent liabilities as at Balance Date.

(e) Commitments for capital expenditure entered into by the parent entity

The Parent Entity did not have any commitments for capital expenditure as at Balance Date.

DIRECTORS' DECLARATION

The directors of Emerge Gaming Limited declare that:

(a) in the directors' opinion, the financial statements and notes on pages 17 to 47, and the remuneration disclosures that are contained in the Directors' report, set out on pages 5 to 15, are in accordance with the *Corporations Act 2001*, including:

  i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance, for the year ended on that date; and

  ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

(b) 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.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors pursuant to Section 295(5) of the *Corporations Act 2001*.

Dated 30th day of September 2021.

BERT MONDELLO
Chairman

CRITERION AUDIT

Criterion Audit Pty Ltd

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Independent Auditor's Report

To the Members of Emerge Gaming Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Emerge Gaming Limited ("the Company") and Controlled Entity ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue	
Why Significant	**How our audit addressed the key audit matter**
Revenue is a key item in the Statement of Profit and Loss and Other Comprehensive Income. The Group earns revenue from subscriptions sold which are for 1 month, 6 months or 12 months respectively and therefore have different recognition points under the Group's revenue recognition policies (Note 2(n)) and Australian Accounting Standards. Under AASB 15 revenue is recognised when a performance obligation is satisfied by transferring control over a promised good or service. Amounts recorded as revenue, but which relate to subscription periods after year end, are recorded as contract liabilities. These amounts are disclosed in Note 8(b). The contract assets which consist of linked costs related to the generation of the subscription revenue is likewise recognised in Note 8(a) over the same periods. As at 30 June 2021, total subscription revenue signed up for was $19,790,713 of which $10,188,812 was for subscription periods after year end and therefore recognised as contract liabilities. Associated costs amounted to $11,224,647 of which $5,089,685 related to revenue for subscription periods after year end and therefore recognised as contract assets.	Our audit procedures included the following, amongst others: • Evaluating the revenue recognition policies for compliance with AASB 15 Revenue from Contracts with Customers and assessing revenue recognised against these accounting policies and accounting standards. • Testing a sample of revenue transactions to assess appropriate revenue recognition under the Group's accounting policies and accounting standards. • Recalculating the portion of subscription revenue received in advance and the associated costs related to the subscription revenue. • Testing the cut off controls applied to revenue recognised at 30 June 2021 as contract assets. • Verifying number of subscriptions for each subscription category to subscription data downloads from the Arcade X platform on a sample basis. • Tracing the revenue received to the bank accounts during the year and subsequent to year end for revenue included in accounts receivable at year end. • Confirming the vast majority of subscription revenue income with the Arcade X platform administrators (Crowd1). • Verifying the subscription associated costs to contract and calculations supplied, which were also recalculated. • Assessing the adequacy of the related disclosures within the financial statements.

Share Based Payment Transactions	
Why Significant	**How our audit addressed the key audit matter**
The Group provides benefits to directors and others in the form of share-based payment transactions, whereby rights over shares are granted in exchange for services or performance milestones reached. The accounting for share-based payments was a key audit matter because the expense recognised incorporates a judgemental option value. The Group valued options and performance rights, assisted by an external expert, using the Black Scholes and Trinomial Barrier models, where inputs such as volatility, dividend yield and risk free rates require judgement. The impact on the financial report for the year ended reflected a profit and loss charge of $964,199.	Our audit procedures included the following, amongst others: • Comparing the terms and conditions for the performance rights and options issued during the financial year included in the expense calculations with appropriate ASX announcements. • Comparing option and performance rights grant dates used in the expense calculations to publicly available supporting data. • Obtaining the Group's expert's performance rights valuation report and assessing the reasonableness of selected inputs used in the valuation of the performance rights using available supporting data. Assessing the competency and independence of the Group's expert including their experience and qualifications. • Assessing attributes in respect of the valuation of the share options and performance rights. Ascertaining whether these attributes were appropriately included in the valuation models and the expense recognised over the appropriate vesting periods. • Assessing the reasonableness of the fair value calculation through re-performing the options valuation calculation using the Black Scholes model. • Evaluating the adequacy of disclosures made by the Group in the financial report in view of the requirements of Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Emerge Gaming Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Criterion Audit Pty Ltd

CRITERION AUDIT PTY LTD

ELIZABETH LOUWRENS CA
Director

DATED at PERTH this 30th day of September 2021

ADDITIONAL ASX INFORMATION

NUMBER OF HOLDINGS OF EQUITY SECURITIES AS AT 31 AUGUST 2021

The fully paid issued capital of the Company consisted of 1,121,184,780 ordinary fully paid shares held by 4,980 shareholders. Each share entitles the holder to one vote.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES AS AT 31 AUGUST 2021

Spread of holdings	Number of holders	Number of shares	% Held
1 - 1,000	121	23,573	0.00%
1,001 - 5,000	296	1,144,697	0.10%
5,001 - 10,000	633	5,037,774	0.45%
10,001 - 100,000	2,711	109,844,801	9.80%
100,001 - 9,999,999,999	1,219	1,005,133,935	89.65%
Totals	**4,980**	**1,121,184,780**	**100.00%**

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum $500 parcel at $0.028 per unit	17,857	1664	14,620,414

SUBSTANTIAL SHAREHOLDERS AS AT 31 AUGUST 2021

The names of substantial shareholders the Company is aware of from the register, or who have notified the Company in accordance with Section 671B of the Corporations Act are:

Substantial shareholder	Number of shares	% Held
VBS Exchange Pty Ltd	66,370,753	5.92%

UNQUOTED EQUITY SECURITIES

The following unlisted options were on issue as at 31 August 2021:

EM1OA - 6,000,000 unlisted options exercisable at $0.07 each on or before 27 April 2025 held by 1 option holder Evolution Capital Advisors Pty Ltd which represents 100% of issued EM1OA options;
EM1OB - 6,000,000 unlisted options exercisable at $0.09 each on or before 27 April 2025 held by 1 option holder Evolution Capital Advisors Pty Ltd which represents 100% of issued EM1OB options; and
EM1OC - 6,000,000 unlisted options exercisable at $0.12 each on or before 27 April 2025 held by 1 option holder Evolution Capital Advisors Pty Ltd which represents 100% of issued EM1OC options.

Options do not carry a right to vote.

ON-MARKET BUY BACK

As at 31 August 2021 there is no current on-market buy back.

RESTRICTED SECURITIES

As at 31 August 2021 the Company has no restricted securities on issue.

ADDITIONAL ASX INFORMATION

TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AS AT 31 AUGUST 2021

Rank	Shareholder	Number of shares	% Held
1	VBS EXCHANGE PTY LTD	66,370,753	5.92%
2	MR GREGORY STEVENS	35,705,530	3.18%
3	CITICORP NOMINEES PTY LIMITED	27,166,196	2.42%
4	INVESTSHARE NOMINEES PTY LTD <INVESTSHARE NOMINEES A/C>	27,155,794	2.42%
5	MR JONATHAN HART <J HART FAMILY A/C>	26,975,000	2.41%
6	INDOMAIN ENTERPRISES PTY LTD <U C MONDELLO FAMILY A/C>	21,787,501	1.94%
7	LIGURIAN HOLDINGS PTY LTD	20,801,875	1.86%
8	LTL CAPITAL PTY LTD	19,000,000	1.69%
9	YASELLERAPH P/L <YASELLERAPH A/C>	17,350,000	1.55%
10	MS DAYLE REYNOLDS	16,477,802	1.47%
11	MR DAVID LEE	15,000,000	1.34%
12	EVANEU (NOMINEES) PTY LTD & RICNEU (NOMINEES) PTY LTD <THE EVAN RICKY NEUMANN A/C>	14,000,000	1.25%
13	MR YUSUF KUCUKBAS <YASEP A/C>	13,786,000	1.23%
14	MR THOMAS LUKE ANUSIC	12,600,000	1.12%
15	KIORAKU PTY LTD <KIORAKU A/C>	10,450,001	0.93%
16	MR JON PAUL RE <J P RE FAMILY A/C>	10,190,000	0.91%
17	SITUATE PTY LTD	10,170,676	0.91%
18	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	8,760,929	0.78%
19	MR EMILE ALFRED NESSIM	8,000,000	0.71%
19	JAMIE DEAN CAREY	8,000,000	0.71%
20	MR WENG LIONG AU YONG	7,625,467	0.68%
	Total	**397,373,524**	**35.43%**