

31 August 2022

**Appendix 4E Preliminary Final Report***Rule 4.3A*

**Emerge Gaming Limited (ASX: EM1) ("Emerge" or the "Company")**, is pleased to report its unaudited preliminary report for the Company and its Controlled Entity for the financial year ended 30 June 2022.

|                                      |                              |
|--------------------------------------|------------------------------|
| Name of entity:                      | <b>EMERGE GAMING LIMITED</b> |
| ABN or equivalent company reference: | 31 004 766 376               |

**1. Reporting period**

|   |              |
|---|--------------|
| Preliminary report for the financial year ended           | 30 June 2022 |
| Previous corresponding period is the financial year ended | 30 June 2021 |

**2. Results for announcement to the market**

|   |    |        |    | <b>\$'000</b> |
|---|----|--------|----|---------------|
| Revenues from ordinary activities ( <i>item 2.1</i> )                                 | Up | 167%   | to | 671           |
| Profit from ordinary activities after tax attributable to members ( <i>item 2.2</i> ) | Up | 1,213% | to | 6,780         |

|   |    |        |    |       |
|---|----|--------|----|-------|
| Net profit for the period attributable to members ( <i>item 2.3</i> ) | Up | 1,213% | to | 6,780 |
|---|----|--------|----|-------|

| Dividends (item 2.4)  | Amount per security | Franked amount per security |
|---|---------------------|-----------------------------|
| Interim dividend  | Nil                 | Nil                         |
| Final dividend  | Nil                 | Nil                         |
| Record date for determining entitlements to the dividend (item 2.5)   | Not Applicable      |                             |
| Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6): Refer to item 12. |                     |                             |

**3. Statement of profit or loss and other comprehensive income**

Refer to attached Financial Report for the year ended 30 June 2022.

**4. Statement of financial position**

Refer to attached Financial Report for the year ended 30 June 2022.

**5. Statement of Cash flows**

Refer to attached Financial Report for the year ended 30 June 2022.



## 6. Statement of changes in equity

Refer to attached Financial Report for the year ended 30 June 2022.

## 7. Dividends

|  | Date of payment | Total amount of dividend |
|--|-----------------|--------------------------|
| Interim dividend – year ended 30 June 2022 | N/A             | N/A                      |
| Final dividend – year ended 30 June 2021   | N/A             | N/A                      |

### Amount per security

|                                     | Amount per security | Franked amount per security at % tax | Amount per security of foreign sourced dividend |
|-------------------------------------|---------------------|--------------------------------------|---|
| <b>Total dividend:</b> Current year | N/A                 | N/A                                  | N/A   |
| Previous year                       | N/A                 | N/A                                  | N/A   |

### Total dividend on all securities

|   | Current period<br>\$A'000 | Previous corresponding<br>Period - \$A'000 |
|---|---------------------------|--|
| Ordinary securities ( <i>each class separately</i> )      | N/A                       | N/A  |
| Preference securities ( <i>each class separately</i> )    | N/A                       | N/A  |
| Other equity instruments ( <i>each class separately</i> ) | N/A                       | N/A  |
| <b>Total</b>  | N/A                       | N/A  |

## 8. Details of dividend or distribution reinvestment plans in operation are described below:

|  |     |
|--|-----|
| N/A  |     |
| The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan | N/A |

## 9. Net tangible assets per security

|  | Current period | Previous corresponding period |
|--|----------------|-------------------------------|
| Net tangible asset backing per ordinary security | \$0.017        | \$0.011                       |

## 10. Details of entities over which control has been gained or lost during the period:

### Control gained over entities

Name of entities (*item 10.1*)

N/A

Date(s) of gain of control (*item 10.2*)

N/A

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (*item 10.3*)

N/A

### Loss of control of entities

Name of entities (*item 10.4*)

N/A

Date(s) of loss of control (*item 10.5*)

N/A

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (*item 10.6*).

N/A

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (*item 10.7*)

N/A

## 11. Details of associates and joint venture entities

Name of associate or joint venture entity (*item 11.1*)

% Securities held (*item 11.2*)

N/A

N/A

### Aggregate share of profits (losses) of associates and joint venture entities (*item 11.3*)

Group's share of associates' and joint venture entities':

2022  
\$

2021  
\$

Profit (loss) from ordinary activities before tax

N/A

N/A

Income tax on ordinary activities

Net profit (loss) from ordinary activities after tax

N/A

N/A

Adjustments

Share of net profit (loss) of associates and JV entities

N/A

N/A

## 12. Significant information relating to the entity's financial performance and financial position.

### *Overview*

Emerge Gaming Limited (ASX: EM1) ("**Emerge**" or the "**Company**"), is a leading provider of competitive casual gaming and eSports technology and products

Emerge owns and operates online "Competitive Social Gaming Platform" technology and lifestyle hubs. This technology enables cutting-edge online casual gaming tournament and competition facilitation platforms where subscribers enter tournaments, play their favourite social games, and earn rewards and prizes, while engaging socially.

During the year, EmERGE operated 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.

In the current year, EmERGE has:

- Divested the MIGGSTER platform for A\$5M and banked an initial receipt of A\$1.75m from the divestment, with the balance of A\$3.25M deferred consideration to be collected in due course. As at date of this report a further A\$800K was banked;
- Shifted the operational focus to its MTN Arena platform. This platform attracted more than 1,000,000 subscribers since launch representing, 3% of South Africa's 33 million mobile subscribers;
- Expanded the MTN Arena agreement to launch Game Streaming Platform under the brand MTN Arena 5G – with this launch expected before the end of the calendar year 2022;
- Finished the year with \$17.9M in the bank;
- Engaged in R&D activities developing game streaming technology, head-to-head competition, extended brand engagement features and new social engagement features.

### *Revenue*

In the 2022 financial year, the Company generated revenue from its platforms of \$12.8M. Of this total, \$12.1M relates to the MIGGSTER platform which was sold during the year and is reflected as discontinued operations. Revenue from continuing operations was \$671,219 (2021: \$251,833), materially generated by the MTN Arena platform. After increasing more than 167% during the current year, the Company expects MTN Arena to continue to grow as new products are released and new jurisdictions are entered.

### *Explanation of Result*

The consolidated operating profit of the Group after income tax amounted to \$6,780,494 (2021: \$516,416). This figure reflects two significant one-off 'Other income' items, specifically the sale of the MIGGSTER platform (\$4.92M) and receipt of the Company's share of a legal settlement from the TIPL spinout (\$2.81M).

In terms of Operating expenses, the Company posted total expenses of \$1.64M (2021: \$1.67M) consisting of consulting fees (\$630k), vesting of share-based payments (\$385k), marketing (\$136k) with the balance to admin and other costs (\$489k).

### *Cash Position*

Cash at the end of the year was \$17,867,555 (2021: \$15,876,873). Subsequent to year end, this balance was further bolstered by \$800k received as part of the deferred consideration of the MIGGSTER platform divestment.

*Outlook*

The Company remains in a very strong financial position and looks forward to the launch of its MTN Arena 5G cloud game streaming product late in the calendar year. With this launch, the Company will look to expand on the agreements with MTN Group to release the product into further jurisdictions with the MTN Group currently servicing ~270 million mobile subscribers.

The Company will look to broaden its revenue sources with further MNOs targeted as partners to launch gaming platforms as well as large corporates looking to gain marketing exposure to the online gaming industry as well as considering complementary acquisitions.

**13. The financial information provided in the Appendix 4E is based on the preliminary financial report (attached), which has been prepared in accordance with Australian accounting standards.**

**14. Commentary on the results for the period.**

Refer to explanation item 12.

**15. Information on Audit.**

This report is based on accounts that are in the process of being audited, and are unlikely to be subject to dispute or qualification.

**16. Approval.**

This Appendix 4E Preliminary Final Report announcement is approved by the Board of Emerge Gaming Limited.

**EMERGE GAMING LIMITED**  
**and its Controlled Entity**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2022**

|  | Notes | 2022<br>\$       | 2021<br>\$         |
|--|-------|------------------|--------------------|
| <b>Continuing Operations</b>   |       |                  |                    |
| Revenue from operating activities                                      | 2     | 671,219          | 251,833            |
| Cost of Goods sold   |       | (595,251)        | (171,536)          |
| <b>Gross profit</b>  |       | <b>75,968</b>    | <b>80,297</b>      |
| Other income   | 3     | 7,819,257        | 297,333            |
| Operating expenses   |       | (110,382)        | (12,372)           |
| Foreign exchange gains   |       | (20,222)         | 7,672              |
| Administration expenses  |       | (245,300)        | (185,738)          |
| Consulting expenses  |       | (630,309)        | (454,797)          |
| Depreciation and amortisation  |       | (21,433)         | (339)              |
| Finance costs  |       | (1,713)          | (1,136)            |
| Marketing expenses   |       | (136,164)        | (13,007)           |
| Professional expenses  |       | (78,080)         | (41,682)           |
| Public Relations   |       | (15,450)         | (9,017)            |
| Share based payment expenses   |       | (385,250)        | (964,199)          |
| <b>Total Operating Expenses</b>  |       | <b>1,644,303</b> | <b>1,674,615</b>   |
| <b>Profit/(Loss) before income tax from continuing operations</b>      |       | 6,250,922        | (1,296,985)        |
| Income tax benefit/ (expenses)   |       | (1,026,157)      | 43,773             |
| <b>Profit/(Loss) after income tax from continuing operations</b>       |       | <b>5,224,765</b> | <b>(1,253,212)</b> |
| Profit/(Loss) after income tax from discontinued operations            |       | 1,555,729        | 1,769,628          |
| <b>Profit/(Loss) after income tax for the year</b>                     |       | <b>6,780,494</b> | <b>516,416</b>     |
| <b>Items that may be reclassified subsequently to Profit or loss</b>   |       |                  |                    |
| Other comprehensive income/(loss), net of income tax                   |       | 14,937           | (22,840)           |
| <b>Total comprehensive profit/(loss) for the year</b>                  |       | <b>6,795,431</b> | <b>493,576</b>     |
| <b>Profit/ (Loss) attributable to:</b>                                 |       |                  |                    |
| Members of the parent  |       | 6,780,494        | 516,416            |
|  |       | <b>6,780,494</b> | <b>516,416</b>     |
| <b>Total comprehensive profit/(loss) attributable to:</b>              |       |                  |                    |
| Members of the parent  |       | 6,795,431        | 493,576            |
|  |       | <b>6,795,431</b> | <b>493,576</b>     |
| <b>Earnings/(Loss) per share</b>                                       |       |                  |                    |
| From continuing operations   |       |                  |                    |
| Basic and diluted earnings/ (loss) per share (cents per share)         |       | 0.47             | (0.15)             |
| From discontinued operations   |       |                  |                    |
| Basic and diluted earnings/ (loss) per share (cents per share)         |       | 0.14             | 0.21               |
| Overall Basic and diluted earnings/ (loss) per share (cents per share) |       | 0.61             | 0.06               |

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

**EMERGE GAMING LIMITED**  
**and its Controlled Entity**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

|                                  | Notes | 2022<br>\$        | 2021<br>\$        |
|----------------------------------|-------|-------------------|-------------------|
| <b>Current Assets</b>            |       |                   |                   |
| Cash and cash equivalents        |       | 17,867,555        | 15,876,873        |
| Trade and other receivables      |       | 3,831,869         | 2,198,611         |
| Contract asset                   |       | -                 | 5,089,685         |
| <b>Total Current Assets</b>      |       | <b>21,699,424</b> | <b>23,165,169</b> |
| <b>Non-current Assets</b>        |       |                   |                   |
| Property, plant and equipment    |       | 10,342            | 44,805            |
| Intangible assets                |       | 3,905             | 4,882             |
| Deferred tax assets              |       | 730,032           | 1,738,368         |
| <b>Total Non-current Assets</b>  |       | <b>744,279</b>    | <b>1,788,055</b>  |
| <b>Total Assets</b>              |       | <b>22,443,703</b> | <b>24,953,224</b> |
| <b>Current Liabilities</b>       |       |                   |                   |
| Trade and other payables         |       | 692,733           | 1,226,021         |
| Contract liability               |       | -                 | 10,781,774        |
| Provision of tax payable         |       | 2,493,360         | 896,403           |
| Deferred tax liability           |       | 5,063             | -                 |
| <b>Total Current Liabilities</b> |       | <b>3,191,156</b>  | <b>12,904,198</b> |
| <b>Total Liabilities</b>         |       | <b>3,191,156</b>  | <b>12,904,198</b> |
| <b>Net Assets</b>                |       | <b>19,252,547</b> | <b>12,049,026</b> |
| <b>Equity</b>                    |       |                   |                   |
| Issued capital                   | 4     | 72,209,737        | 72,209,737        |
| Reserves                         | 5     | 864,386           | 441,359           |
| Accumulated losses               |       | (53,821,576)      | (60,602,070)      |
| <b>Total equity</b>              |       | <b>19,252,547</b> | <b>12,049,026</b> |

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

**EMERGE GAMING LIMITED**  
**and its Controlled Entity**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

|   | Notes | 2022<br>\$        | 2021<br>\$        |
|---|-------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>                 |       |                   |                   |
| Receipts from customers                                     |       | 3,140,770         | 18,895,538        |
| Payments to suppliers and employees                         |       | (5,770,891)       | (14,212,676)      |
| Interest received / (paid)                                  |       | 70,714            | 9,428             |
| Proceeds on sale  |       | -                 | 88,177            |
| Other receipts  |       | 2,865,647         | 198,592           |
| Net cash used in operating activities                       |       | <b>306,240</b>    | <b>4,979,059</b>  |
| <b>Cash flows from investing activities</b>                 |       |                   |                   |
| Purchase of plant and equipment                             |       | (16,575)          | (48,384)          |
| Disposal of business  |       | 1,750,000         | -                 |
| Net cash (used in) / provided by investing activities       |       | <b>1,733,425</b>  | <b>(48,384)</b>   |
| <b>Cash flows from financing activities</b>                 |       |                   |                   |
| Proceeds from exercise of options                           |       | -                 | 8,901,787         |
| Payment of transaction costs                                |       | -                 | (94,836)          |
| Net cash provided by financing activities                   |       | -                 | <b>8,806,951</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | 2,039,665         | 13,737,626        |
| Cash and cash equivalents at the beginning of the year      |       | 15,876,873        | 1,991,671         |
| Effects of exchange rate changes                            |       | (48,982)          | 147,576           |
| Cash and cash equivalents at the end of the year            |       | <b>17,867,556</b> | <b>15,876,873</b> |

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



**EMERGE GAMING LIMITED**  
**and its Controlled Entity**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2022**

|   | Issued<br>Capital<br>\$ | Accumulated<br>Losses<br>\$ | Option<br>Reserve<br>\$ | Revaluation<br>Reserve<br>\$ | Total<br>Equity<br>\$ |
|---|-------------------------|-----------------------------|-------------------------|------------------------------|-----------------------|
| <b>Balance at 1 July 2020</b>                               | 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)              |
| <b>Total comprehensive loss for the year</b>                | -                       | <b>516,416</b>              | -                       | <b>(22,840)</b>              | <b>493,576</b>        |
| <b>Transactions with owners in their capacity as owners</b> |                         |                             |                         |                              |                       |
| Exercise of options   | 11,514,584              | -                           | (2,327,634)             | -                            | 9,186,950             |
| Issued option   | -                       | -                           | 384,713                 | -                            | 384,713               |
| Recognition of share-based payments                         | -                       | -                           | 199,486                 | -                            | 199,486               |
| <b>Balance at 30 June 2021</b>                              | <b>72,209,737</b>       | <b>(60,602,070)</b>         | <b>464,199</b>          | <b>(22,840)</b>              | <b>12,049,026</b>     |
| <b>Balance at 1 July 2021</b>                               | 72,209,737              | (60,602,070)                | 464,199                 | (22,840)                     | 12,049,026            |
| Profit for the year   | -                       | 6,780,494                   | -                       | -                            | 6,780,494             |
| Other comprehensive income/(loss)                           | -                       | -                           | -                       | 37,777                       | 37,777                |
| <b>Total comprehensive loss for the year</b>                | -                       | <b>6,780,494</b>            | -                       | <b>37,777</b>                | <b>6,818,271</b>      |
| <b>Transactions with owners in their capacity as owners</b> |                         |                             |                         |                              |                       |
| Exercise of options   | -                       | -                           | -                       | -                            | -                     |
| Issued option   | -                       | -                           | -                       | -                            | -                     |
| Recognition of share-based payments                         | -                       | -                           | 385,250                 | -                            | 385,250               |
| <b>Balance at 30 June 2022</b>                              | <b>72,209,737</b>       | <b>(53,821,576)</b>         | <b>849,449</b>          | <b>14,937</b>                | <b>19,252,547</b>     |

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

**EMERGE GAMING LIMITED**  
**and its Controlled Entity**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**1. BASIS OF PREPARATION**

This preliminary final report for the year ended 30 June 2022 relates to the consolidated entity consisting of Emerge Gaming Limited ("Emerge" or "the Group") and its controlled entity.

The preliminary final report has been prepared on an accruals basis and a historical cost basis except for certain current and non-current assets and financial instruments which are measured at fair value or where otherwise stated. Cost is based on the fair value of consideration given in exchange for assets.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial report of the year ended 30 June 2021 and any public announcements made by Emerge during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The amounts contained in this preliminary final report are presented in Australian dollars, the functional currency of the consolidated entity.

**STATEMENT OF COMPLIANCE**

The preliminary final report is a general-purpose financial report and has been prepared in accordance with applicable Australian Accounting Standards, other pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. The preliminary final report is also in compliance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. Australian Accounting Standards include Australian equivalents of International Reporting Standards ("AIFRS").

**2. REVENUES**

|                      | 30 Jun 22      | 30 Jun 21      |
|----------------------|----------------|----------------|
|                      | \$             | \$             |
| <b>Revenue</b>       |                |                |
| Sales – MTN          | 416,036        | 251,833        |
| Campaign revenue     | 255,183        | -              |
| <b>Total Revenue</b> | <b>671,219</b> | <b>251,833</b> |

**3. OTHER INCOME**

|                                     | 30 Jun 22        | 30 Jun 21      |
|-------------------------------------|------------------|----------------|
|                                     | \$               | \$             |
| <b>Other Income</b>                 |                  |                |
| Gain on sale of MIGGSTER            | 4,918,255        | -              |
| Interest received                   | 70,713           | 10,564         |
| TIL settlement                      | 2,808,732        | -              |
| Other income                        | 21,557           | -              |
| Research and development tax credit | -                | 198,592        |
| Gain on sale of digital currency    | -                | 88,177         |
| <b>Total other income</b>           | <b>7,819,257</b> | <b>297,333</b> |

**EMERGE GAMING LIMITED**  
**and its Controlled Entity**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**4. ISSUED CAPITAL**

**a) Issued and paid up capital**

|                                   | 30 Jun 22         | 30 Jun 21         |
|-----------------------------------|-------------------|-------------------|
|                                   | \$                | \$                |
| <b>Ordinary shares fully paid</b> | <b>72,209,737</b> | <b>72,209,737</b> |

**b) Movements in shares on issue**

| b) Movements in shares on issue                  | 30 Jun 22            |                   | 30 Jun 21            |                   |
|--|----------------------|-------------------|----------------------|-------------------|
|  | No.                  | \$                | No.                  | \$                |
| <i>Movements in ordinary shares on issue</i>     |                      |                   |                      |                   |
| Opening balance                                  | 1,121,184,780        | 72,209,737        | 657,095,552          | 60,695,153        |
| Issue of shares in return on exercise of options | -                    | -                 | 464,089,228          | 11,514,584        |
| <b>Closing Balance</b>                           | <b>1,121,184,780</b> | <b>72,209,737</b> | <b>1,121,184,780</b> | <b>72,209,737</b> |

**5. RESERVES**

**a) Reserves**

|   | 30 Jun 22      | 30 Jun 21      |
|---|----------------|----------------|
|   | \$             | \$             |
| Options & Share based payments reserves | 849,449        | 464,199        |
| Foreign currency translation reserve    | 14,937         | (22,840)       |
| <b>Total Reserves</b>                   | <b>864,386</b> | <b>441,359</b> |

**b) Movements**

|   | 30 Jun 22      | 30 Jun 21      |
|---|----------------|----------------|
|   | \$             | \$             |
| Opening balance   | 441,359        | 2,207,634      |
| Issue of options in return for service – corporate advisors | -              | 120,000        |
| Issue of options in return for service – corporate advisors | -              | 264,713        |
| Recognition of performance rights                           | 385,250        | 199,486        |
| Exercise of options   | -              | (2,327,634)    |
| Revaluation Reserve   | 37,777         | (22,840)       |
| <b>Total Reserves</b>                                       | <b>864,386</b> | <b>441,359</b> |

**6. COMMITMENTS AND CONTINGENCIES**

**Lease expenditure commitments**

The Company's office lease is contracted on a one-year fixed term with option to renew. No significant make-good or other obligations.

**Bank guarantee**

There are no bank guarantees of the Group as at Balance Date.

**Capital Commitments**

The Group did not have any capital commitments as at Balance Date.

**EMERGE GAMING LIMITED**  
**and its Controlled Entity**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**Contingent Liability**

There were no contingencies as at 30 June 2022.

**7. FINANCIAL INSTRUMENTS**

At 30 June 2022, the carry value of all financial assets and liabilities is considered to approximate their fair values. The held for trading assets are recognised at fair value and have been classified as level 1 financial assets based on quoted prices in active markets.

**8. 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. 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 the development and commercialisation of online gaming platforms.

**9. SUBSEQUENT EVENTS**

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2022.