



# Market Announcement

1 December 2020

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Attached for the information of the market is ASX's query letter to Emerge Gaming Limited (ASX.EM1) dated 16 November 2020 and EM1's response dated 1 December 2020.

ASX's enquiries into the matters dealt with in the above correspondence are ongoing.

1 December 2020

Daniel Nicholson, Adviser, Listings Compliance (Perth)  
ASX Compliance Pty Ltd  
Level 40, Central Park,  
152-158 St Georges Terrace  
Perth WA 6000

Dear Daniel:

## EMERGE GAMING LIMITED ('EM1'): GENERAL – QUERY

In reference to your letter of 16 November 2020 entitled "Emerge Gaming Limited ('EM1'): General Query" which refers to: -

- A. ASX's query letter dated 29 October 2020 ('Initial Query') and EM1's response to the Initial Query dated 2 November 2020 (the 'Initial Response'), released on the ASX Market Announcements Platform ('MAP') at 6.39 PM AEDT on 3 November 2020; and
- B. ASX's query letter dated 4 November 2020 ('Second Query') and EM1's response to the Second Query dated 10 November 2020 (the 'Second Response'), released on MAP at 2.29 PM AEDT on 10 November 2020; and
- C. EM1's announcement titled "Additional Information: MIGGSTER launch and pre-registrations" lodged on MAP and released at 8.06 PM on AEDT on 13 November 2020 ('November Announcement').

EM1's response to the Query Letter dated 16 November 2020, a further response to your further ASX queries and further requests for further information, in number order is as follows:

1. *The November Announcement foreshadowed that MIGGSTER will launch on 14 November 2020. Did MIGGSTER launch on 14 November 2020?*

Yes.

2. *Having regard to the Promotional Referral Competition Information and commenting specifically on the pre-registrant vetting process:*

- 2.1. *Does each pre-registration represent a unique holding/belong to one individual (such that the total number of pre-registrations represents the total number of individuals who pre-registered for MIGGSTER)?*

Yes.

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2.2. *If the answer to question 2.1 is 'yes', please specifically address:*

2.2.1. *how the vetting process operates to ensure that each pre-registration is unique; and*

This vetting process referred to is undertaken by TIM on behalf of Crowd1 by virtue of a service agreement between TIM and Crowd1. To the best of EM1's knowledge this process involves:

- the linking of a prospective pre-registrant to an existing vetted affiliate network member or vetted pre-registrant;
- the capturing of correct pre-registrant information, including the double capturing of emails to ensure accuracy of information; and
- as described in the November Announcement, after clicking the 'opt in', Google's reCAPTCHA identity authorisation sequence is initiated which protects websites from fraud and abuse. The pre-registration process uses reCAPTCHA's advanced risk analysis engine and adaptive challenges to keep malicious software from engaging in abusive activities on a website, while allowing legitimate users to register and blocking suspect users.

2.2.2. *how EM1 otherwise satisfied itself that each pre-registration is unique.*

EM1 performs no further steps to establish the uniqueness of each pre-registration.

2.3. *If the answer to question 2.1. is 'no', please confirm the total number of unique pre-registrations?*

Not applicable.

3. *How many of the pre-registrants to date have converted their pre-registrations into paying subscriptions of MIGGSTER?*

The first 4-weeks from the launch date is a 'technical live testing launch' period, the purpose of which is to ensure user onboarding and experience is as seamless and refined as possible. During this period, only a limited number of pre-selected pre-registrants are being invited to use the MIGGSTER Platform, on a gradual basis.

Emerge have been informed by TIM that during this technical live testing launch period, invitations were sent to approximately 925,000 pre-registrants, of which 800,000 invitations have been sent since 28 November 2020.

As on 30 November 2020, the total number of invited pre-registrants converted into paying subscribers is 6,279 with the breakdown per packages sold being: -

Annual Package – 4,596

Bi-annual Package – 356

Monthly Package – 1,327

Subscription numbers are affected by the following dynamic variables: the number of pre-registrants who have been invited; when the invitation has been sent; the number of pre-registrants who have opened the invitation; and the number of pre-registrants who have started the subscription process,

The rollout of MIGGSTER is an ongoing campaign over several months with a systematic onboarding process carefully managed by TIM. The Company's priority is to monitor the platform performance, functionality and the onboarding process. This will be an ongoing process throughout the subscriber acquisition campaign.

The November Announcement provided details of the marketing approach and activities. In particular, EM1 announced that: -

- *“Emerge and TIM will be engaging in ongoing, systematic and regular marketing activities targeting the captive pre-registrant audience with the objective of converting the pre-registrants to paying subscribers.*

*The pre-registrants have opted in to receive information and marketing material on MIGGSTER. Emerge and TIM will continue marketing to pre-registrants until such time as pre-registrants opt out of receiving further information and marketing material of MIGGSTER.”; and*

- *“Whilst TIM will proactively promote and market the MIGGSTER product to the pre-registrants with the purpose of converting the pre-registrants to paying subscribers, Emerge does not yet have sufficient information available to reliably forecast the rate of this conversion.*

*The time at which pre-registrants may register and become paying subscribers is not yet known. The timing is dependent on the marketing process, to be undertaken by TIM.”*

In the context of the voluminous numbers of pre-registrants a marketing strategy has been adopted which involves a staggered roll out of marketing activities to multiple continents using a 4-week technical live testing launch period followed by a dynamic queuing strategy in the marketing acceleration.

This marketing approach allows an assessment of the country specific user onboarding journeys identifying bugs or improvements. The objective is to ensure a seamless onboarding offering to all countries thereby improving conversion rates before large scale deployment of marketing acceleration activities in each country and region.

4. *The Promotional Referral Competition Information discloses that the MIGGSTER product is being marketed into a network of more than 17 million affiliate members of TIM across 150 countries. Further, members are invited to promote and sell products such as MIGGSTER whilst earning a commission when a customer becomes a paying subscriber. Further, the Marketing Information discloses that TIM will proactively promote and market the MIGGSTER product to the millions of pre-registrants with the objective of converting such pre-registrants to paying subscribers.*

*Commenting specifically on the Promotional Referral Competition Information and the Marketing Information, please respond to the following queries and requests for information and documents:*

- 4.1. *Please provide separately to ASX (not for release to the market) EM1's document(s) and correspondence detailing:*

*4.1.1. the cash or non-cash commission payable to affiliate members when a customer becomes a paying subscriber;*

The responses set out below are based upon the information which EM1 has received from TIM. TIM is responsible for delivering a product library to Crowd1 and organizing marketing activities for such products. The information received from TIM is to the best of TIM's knowledge. Affiliates receiving commission are members of a network that is owned by Crowd1.

Crowd1's Cash Commission for Affiliate Members when they refer a paying subscriber

Crowd1's cash commission paid to affiliate members when a referred customer becomes a paying subscriber is made up of the following commission types: -

1. Customer Sales Bonus Commission
2. Active User Pool Commission

Affiliate members cannot earn commission from sales referral unless the member themselves is a paying subscriber of MIGGSTER.

1. Customer Sales Bonus Commission:

An affiliate member earns commission when a customer they have referred becomes a paying subscriber.

The percentage commissions are provided in Appendix A.

2. Active User Pool Commission:

An affiliate member earns a portion of the pool commission with the portion increasing with the number of paying subscribers the affiliate has referred.

The percentage commissions are provided in Appendix A.

Crowd1's non-cash commission for Affiliate Members when subscribing

Crowd1 are offering affiliate members a non-cash commission as part of a launch promotion for early subscribers to MIGGSTER. Crowd1 offers its members 600 rewards for signing up for a bi-annual package and 1,200 rewards for signing up for an annual package. Accumulating rewards benefit affiliate members in that accumulation of a certain amount of rewards means those affiliate members are granted access to reward pool commissions (See further explanation in 4.1.2).

*4.1.2. the cash or non-cash commission payable to affiliate members when a member of its network sells the MIGGSTER product and the ultimate customer becomes a paying subscriber; and*

The responses set out below are based upon the information which EM1 has received from TIM. TIM is responsible for delivering a product library to Crowd1 and organizing marketing activities for such products. The information received from TIM is to the best of TIM's knowledge. Affiliates receiving commission are members of a network that is owned by Crowd1.

## Crowd1's Cash Commission for Affiliate Members when a member in their network refers a paying subscriber

Crowd1's cash commission paid to affiliate members when a member in their network refers a customer that becomes a paying subscriber is made up of the following commission types: -

1. Residual Pool Commission
2. Rewards Pool Commission

Affiliate members cannot earn commission from sales referral unless the member themselves is a paying subscriber of MIGGSTER.

### 1. Residual Pool Commission:

Residual Pool commission is a commission pool that is divided between the member affiliates that have built a network of affiliates through their referrals.

The percentage commissions are provided in Appendix B.

### 2. Rewards Pool Commission:

Rewards Pool commission is a commission pool that is divided between the affiliates that have Rewards, where each reward gets an equal part of the commission.

The percentage commissions are provided in Appendix A.

## Crowd1's Non-Cash Commission for Affiliate Members when a member in their network refers a paying subscriber

To the best of Emerge's knowledge, there are no non-cash commissions for affiliate members when a member in their network refers a paying subscriber.

### *4.1.3. the general process by which TIM and/or its affiliate members will proactively promote and market the MIGGSTER product following the launch of MIGGSTER on 14 November 2020.*

MIGGSTER will proactively be promoted through:

- Bulk promotional marketing emails sent to all pre-registrants inviting them to subscribe to the MIGGSTER platform.
- Actively marketing MIGGSTER through all available marketing channels, including WhatsApp business bulk promotional messaging.
- TIM, in conjunction with Crowd1, will promote and make MIGGSTER available through a network technology platform.

In addition, Crowd1's affiliate members will proactively promote and market MIGGSTER through their friends, family and other persons in their network using word of mouth, digital social channels and other digital broadcasting channels available on the internet.

- 4.2. *Notwithstanding that the promotional referral competition closed on 14 November 2020, will affiliate members of TIM continue to earn a commission when customers become paying subscribers for MIGGSTER?*

TIM and affiliate members of Crowd1 do not earn commission from the referral or acquisition of pre-registrants.

Pre-registrants that are members of the Crowd1 affiliate network will only earn commission when such member is a paying subscriber of MIGGSTER themselves and has in addition referred paying subscribers for MIGGSTER.

- 4.3. *When will TIM stop proactively promoting and marketing MIGGSTER?*

TIM will continue to promote and market MIGGSTER under the terms of agreement with EM1, until such agreement is terminated.

**By the order of the Board.**

## **About Emerge Gaming**

Emerge Gaming Limited (ASX:EM1) is a leading eSports and gaming technology company. Emerge Gaming owns and operates an online eSports and casual gaming tournament platform technology and lifestyle hub. Via this platform, casual, social and hardcore gamers can play hundreds of gaming titles against each other via their mobile, console or PC, earning rewards and winning prizes.

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

More information: view [www.emergegaming.com.au](http://www.emergegaming.com.au)



16 November 2020

Reference: 26777

Mr Derek Hall  
Company Secretary  
Emerge Gaming Limited

By email

Dear Mr Hall

**Emerge Gaming Limited ('EM1'): General – Query**

ASX Limited ('ASX') refers to:

- A. ASX's query letter dated 29 October 2020 ('Initial Query') and EM1's response to the Initial Query dated 2 November 2020 (the 'Initial Response'), released on the ASX Market Announcements Platform ('MAP') at 6.39 PM AEDT on 3 November 2020.
- B. ASX's query letter dated 4 November 2020 ('Second Query') and EM1's response to the Second Query dated 10 November 2020 (the 'Second Response'), released on MAP at 2.29 PM AEDT on 10 November 2020.
- C. EM1's announcement titled "Additional Information: MIGGSTER launch and pre-registrations" lodged on MAP and released at 8.06 PM on AEDT on 13 November 2020 ('November Announcement').
- D. In particular (and without limitation), the following disclosures made in the November Announcement:

*"...MIGGSTER Mobile will be launched internationally on Saturday, 14 November 2020."*

and

*"Pre-registrants registering their expression of interest in MIGGSTER must undertake a vetting process to pre-register."*

and

*"Pre-registration does not impose any obligation for a pre-registrant to register as a paying subscriber of any of the MIGGSTER products offered. A pre-registration is not a registration to use MIGGSTER Mobile and does not infer that a pre-registration will ultimately convert into a paying subscriber. The preregistrations will expire Friday, 13 November 2020 at 12:00AM (GMT+1)"*

and

*"This value proposition is incentivisation for pre-registrants to ultimately to become paying subscribers of the MIGGSTER platform. MIGGSTER Network Product Sales – Marketing Commission as Incentive*

*The MIGGSTER product is being marketed into a network of more than 17 million affiliate members of TIM across 150 countries. These members are invited to actively promote and sell digital products such as MIGGSTER whilst earning a commission when a customer becomes a paying subscriber of MIGGSTER. In addition, members will receive a commission when a member of their network sells the MIGGSTER product earning the commission only when a customer becomes a paying subscriber of MIGGSTER.*

*These incentive-based sales represent a strong motivational drive to incentivise ambassadors of MIGGSTER. This is an innovative and disruptive marketing strategy.*

*Traditional online digital marketing channels, such as Google Ads and Facebook, are saturated by competition and represent an expensive way to market digital products globally. Affiliate network marketing*



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*communities provide a non-traditional marketing channel in which community affiliate members can get paid for their sales efforts, removing reliance on traditional digital marketing channels by both Emerge and the affiliates alike.*

*The opportunity to network members is to be salespeople and ambassadors of the MIGGSTER social gaming and eSports product whilst earning commission as incentive for their sales efforts. Promotional Referral Competition for Pre-registrants.*

*Once a pre-registrant has registered their expression of interest, they subsequently have the opportunity to enter into a promotional referral competition to stand a chance to win non-cash prizes by referring, inviting and pre-registering family, friends and other persons in their personal network to MIGGSTER.*

*This promotional referral competition is running from 10 October 2020 to 14 November 2020, the launch date of MIGGSTER Mobile, and is a marketing referral tool operated by TIM to increase the targeted and captive audience. The competition ends before the launch of the product on the 14 November 2020 when winners will be announced."*

*('Promotional Referral Competition Information')*

and

*"On the launch date of 14 November 2020, the marketing of MIGGSTER Mobile to the pre-registrants who opted in to receive marketing material, will commence.*

*TIM will proactively promote and market the MIGGSTER product to the millions of pre-registrants with the objective of converting such pre-registrants to paying subscribers. Pre-registrants include both network members and non-network members.*

*Semi-automated subscription flows for pre-registrants to register as paying subscribers have been implemented to facilitate a simple and efficient subscription process for pre-registrants that have registered their expression of interest.*

*The marketing activities targeting conversion to paying subscribers will be:*

- A live online launch event will be held on 14 November 2020 to which more than 2 million persons have currently registered.*
- Bulk promotional marketing emailers will be sent to all pre-registrants inviting them to subscribe to the MIGGSTER platform.*
- TIM will be actively marketing MIGGSTER through all available marketing channels, including WhatsApp business bulk promotional messaging.*
- MIGGSTER will be made available to all 17 million network members through the network's world class network technology platform.*
- MIGGSTER will be actively promoted to the circa. 160,000 unique network member daily visits on the network technology platform."*

*('Marketing Information')*

and

*"Whilst TIM will proactively promote and market the MIGGSTER product to the pre-registrants with the purpose of converting the pre-registrants to paying subscribers, Emerge does not yet have sufficient information available to reliably forecast the rate of this conversion.*

*The time at which pre-registrants may register and become paying subscribers is not yet known. The timing is dependent on the marketing process, to be undertaken by TIM."*

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Unless otherwise defined, defined terms in this letter have the same meaning as in the Initial Query, Initial Response, Second Query or Second Response (as applicable).

#### Further ASX Queries and Requests for Further Information

1. The November Announcement foreshadowed that MIGGSTER will launch on 14 November 2020. Did MIGGSTER launch on 14 November 2020?
2. Having regard to the Promotional Referral Competition Information and commenting specifically on the pre-registrant vetting process:
  - 2.1 Does each pre-registration represent a unique holding/belong to one individual (such that the total number of pre-registrations represents the total number of individuals who pre-registered for MIGGSTER)?
  - 2.2 If the answer to question 2.1 is 'yes', please specifically address:
    - 2.2.1 how the vetting process operates to ensure that each pre-registration is unique; and
    - 2.2.2 how EM1 otherwise satisfied itself that each pre-registration is unique.
  - 2.3 If the answer to question 2.1. is 'no', please confirm the total number of unique pre-registrations?
3. How many of the pre-registrants to date have converted their pre-registrations into paying subscriptions of MIGGSTER?
4. The Promotional Referral Competition Information discloses that the MIGGSTER product is being marketed into a network of more than 17 million affiliate members of TIM across 150 countries. Further, members are invited to promote and sell products such as MIGGSTER whilst earning a commission when a customer becomes a paying subscriber. Further, the Marketing Information discloses that TIM will proactively promote and market the MIGGSTER product to the millions of pre-registrants with the objective of converting such pre-registrants to paying subscribers.

Commenting specifically on the Promotional Referral Competition Information and the Marketing Information, please respond to the following queries and requests for information and documents:

- 4.1 Please provide separately to ASX (not for release to the market) EM1's document(s) and correspondence detailing:
  - 4.1.1 the cash or non-cash commission payable to affiliate members when a customer becomes a paying subscriber;
  - 4.1.2 the cash or non-cash commission payable to affiliate members when a member of its network sells the MIGGSTER product and the ultimate customer becomes a paying subscriber; and
  - 4.1.3 the general process by which TIM and/or its affiliate members will proactively promote and market the MIGGSTER product following the launch of MIGGSTER on 14 November 2020.
- 4.2 Notwithstanding that the promotional referral competition closed on 14 November 2020, will affiliate members of TIM continue to earn a commission when customers become paying subscribers for MIGGSTER?
- 4.3 When will TIM stop proactively promoting and marketing MIGGSTER?

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AWST Thursday, 19 November 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, EM1's obligation is to disclose the information

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'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require EM1 to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to EM1's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that EM1's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Release of correspondence between ASX and entity**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

### **Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

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**Daniel Nicholson**  
Adviser, Listings Compliance (Perth)