

24 September 2021

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

Dear Laura,

EMERGE GAMING LIMITED ('EM1'): QUERY LETTER

In reference to your query letter of 21 September 2021 entitled "Emerge Gaming Limited ('EM1'): Query Letter" which refers to: -

- A. EM1's announcement titled "Response to ASX Query" lodged on the ASX Market Announcements Platform ('MAP') on 9 July 2021;
- B. EM1's announcement titled "Response to ASX Query" lodged on MAP on 5 August 2021;
- C. EM1's announcement titled "Emerge response to media article" lodged on MAP on 6 September (the '**Media Response**'); and
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities

EM1's response to the Query Letter's request for further information in number order is as follows:

- 1) In response to this question: -
 - a) As per the Company's response on 9 July 2021, the promotional strategies were proposed by the CEO of EM1 and agreed with Crowd1.
 - b) Yes, EM1 mutually agrees with Crowd1 the timing of when each promotion (or 'offer') begins and ends.
- 2) The 'MIGGSTER Offer' is active however there are no current promotional activities directly supporting it.
- 3) It is presently intended that the 'MIGGSTER Offer' will no longer be offered after 28 February 2022.
- 4) The bulk of EM1's revenue is received from MIGGSTER subscribers and not from Crowd1 or ICT because the value of the subscriptions sold under the 'standard' pricing structure to MIGGSTER subscribers far exceeds the value of the payments remitted by Crowd1 under the MIGGSTER Offer.
- 5) In response to the ASX request for subscriber and revenue information on for the MIGGSTER platform for the period from 1 July 2021, EM1 provides the following unaudited financial information for the period 1 July 2021 to 31 August 2021: -



EMERGE GAMING

ASX:EM1 | ABN 31 004 766 376

a) As at 31 August 2021:	
Number of Standard Price paid Subscriptions Sold:	175,165
Number of Discounted Price paid Subscriptions Sold ("MIGGSTER Offer"):	<u>1,811,644</u>
Total Number of Subscriptions Sold to date	1,986,809

For the period 1 July 2021 to 31 August 2021 only, new subscribers were:

i) Number of Standard Price paid Subscriptions Sold:	478
ii) Number of Discounted Price paid Subscriptions Sold ("MIGGSTER Offer"):	<u>749,309</u>
Total Number of Subscriptions Sold	749,787

- b) Total revenue from MIGGSTER for July 2021 and August 2021 was ~AUD\$3,220,000 (assuming an AUR:EUR exchange rate of 0.62) of which ~\$2,650,000 was in relation to paying subscribers under 'standard' pricing (being an apportionment of annual subscriptions); and ~\$570,000 in relation to Crowd1 under the 'MIGGSTER offer' (being an apportionment of annual subscriptions).

In relation to those new subscribers signing up in July 2021 and August 2021 only and disregarding the 1,237,022 subscribers prior to 1 July 2021, as above per 5(a)(i) and 5(a)(ii) respectively, revenue was: -

- i) ~\$4,000 in relation to paying subscribers under 'standard' pricing (being an apportionment of annual subscriptions); and
- ii) ~\$30,000 in relation to Crowd1 under the 'MIGGSTER Offer' (being an apportionment of annual subscriptions, all of which were sold under the second tier of the MIGGSTER Offer i.e. EUR 0.25 (AUD\$0.39) for subscriptions in excess of 1,000,000 subscriptions).

6) The Company confirms that it is complying with the listing rules including listing rule 3.1.

7) Confirmed.

By the order of the Emerge Gaming Board.





21 September 2021

Mr Derek Hall
642 Newcastle Street
West Leederville
WA 6007

By email: dhall@regencycorporate.com.au

Dear Mr Hall

Emerge Gaming Limited ('EM1'): Query Letter

ASX refers to its letter dated 16 September 2021 and notes that this letter replaces the letter dated 16 September 2021 in its entirety.

ASX refers to the following:

A. EM1's announcement titled "Response to ASX Query" lodged on the ASX Market Announcements Platform ('MAP') on 9 July 2021, in which EM1 stated in relation to the 'Miggster Offer':

i. In response to question 3:

"As at 30 June 2021:

Number of Standard Price paid Subscriptions Sold: 174,687

Number of Discounted Price paid Subscriptions Sold ("MIGGSTER Offer"): 1,062,335

Total Number of Subscriptions Sold: 1,237,022"

ii. In response to question 4:

"861 MIGGSTER subscriptions have been sold on EM1's behalf under the standard agreement since the launch of the MIGGSTER Offer."

iii. In response to question 5:

"All promotional subscriptions under the MIGGSTER Offer are 12-month subscriptions. EM1 receives the following amounts under the MIGGSTER Offer:

- *EUR 2.00 (± AUD \$3.10) per subscription up to 1,000,000 subscriptions*
- *EUR 0.25 (± AUD \$0.39) per subscription for subscriptions in excess of 1,000,000 subscriptions*
- *EUR 500,000 (± AUD \$780,000) in prize contribution revenue over 12 months, paid quarterly*
- *Reimbursement of server costs to support these discounted promotional subscriptions"*

B. EM1's announcement titled "Response to ASX Query", lodged on MAP on 5 August 2021, in which EM1 stated (relevantly):

i. In response to question 2:

"Under the 'MIGGSTER Offer':

a) The cash received by EM1 for the 'MIGGSTER Offer' comes from Crowd1. Miggster subscribers obtaining subscriptions through the 'MIGGSTER Offer' did not pay for such subscriptions" ...

ii. In response to question 5:

“The ‘MIGGSTER Offer’ is currently being offered by Crowd1. Yes, there were periods that the ‘MIGGSTER Offer’ was not being offered. During those times that the ‘MIGGSTER Offer’ was not being offered, EM1 did not receive any promotional subscriptions but did receive subscriptions that were not promotional in nature.”

- C. EM1’s announcement titled “Emerge response to media article” lodged on MAP on 6 September 2021, (the ‘**Media Response**’) in which EM1 stated (relevantly):

“The Company clarifies that it receives the bulk of its revenue directly from MIGGSTER subscribers and not from Crowd1 or the entity which it has a marketing partnership with i.e. Impact Crowd Technology SL (ICT).”

- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.

Request for information

Having regard to the above, ASX asks EM1 to respond separately to each of the following questions and requests for information:

1. When Crowd1 conducts promotions which offer a discount on or free access to MIGGSTER, thereby altering EM1’s revenue arrangements:
 - a. Is this always at EM1’s instruction? If not, is it ever at EM1’s instruction?
 - b. Does EM1 control when such offers close?
2. Is the MIGGSTER Offer still active?
3. If the answer to question 2 is “yes”, when will it no longer be offered? If EM1 does not know, when does it expect that it will no longer be offered?
4. Please clarify EM1’s statement in the Media Response that “it receives the bulk of its revenue from MIGGSTER subscribers and not from Crowd1 or [ICT]” when, as at 30 June 2021, it had:
 - a. sold 174,687 subscriptions directly to paying end-users under the ‘standard’ pricing structure;¹ and
 - b. booked revenue from 1,062,335 subscriptions offered freely to eligible Crowd1 subscribers, for which payment was remitted by Crowd1 at the ‘promotional’ pricing structure (see paragraph A.iii).
5. Noting that, in the Media Response, EM1 said (in the present tense) that it *receives* most of its revenue directly from subscribers:
 - a. For the period between 1 July 2021 and 31 August 2021, please provide the number of new subscriptions, broken down into i. paying subscribers and ii. subscribers who were partly or wholly subsidised by Crowd1 or any other entity.
 - b. For the period between 1 July 2021 and 31 August 2021, what was the split of revenue from new subscribers between item 5.a.i and 5.a.ii?
6. Please confirm that EM1 is complying with the Listing Rules and, in particular, Listing Rule 3.1.

¹ Disclosed in EM1’s announcement titled “MIGGSTER surpasses 100,000 Paying Subscriber milestone”, released on MAP on 22 January 2021: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02332781-6A1016414?access_token=83ff96335c2d45a094df02a206a39ff4

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7. Please confirm that EM1's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EM1 with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

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 PM AWST Friday, 24 September 2021**. 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 '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.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in EM1's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in EM1's securities under Listing Rule 17.3.

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 sincerely

Laura Gomme
Adviser, Listings Compliance (Perth)