

22 January 2021

MIGGSTER surpasses 100,000 Paying Subscriber milestone and set for further growth

Highlights:

- MIGGSTER platform achieves agreement milestone of 100,000 paying subscribers
- The value of subscriptions sold to date is ~AUD\$9 million
- ~74% of the platforms subscriptions sold to date are annual subscriptions
- MIGGSTER subscriptions continue to show strong daily growth internationally
- Over the past month, ~26,000 unique paying subscribers have entered MIGGSTER tournaments and a total of ~2.5M games have been played in the tournaments
- Emerge and ICT incentivised to grow paying subscribers with performance based commission
- ICT has agreed to market Emerge's Game Cloud Streaming Product under the MIGGSTER brand

Emerge Gaming Limited (ASX: EM1) ("Emerge" or the "Company"), the operator of eSports and gaming technology, is pleased to advise that the MIGGSTER social gaming platform ("MIGGSTER") has registered 100,000 paying subscribers.

MIGGSTER Subscriptions

The total number of MIGGSTER platform subscriptions sold and verified by Emerge are 100,387, with the breakdown per type of package sold being: -

- Annual Packages – 74,366
- Bi-annual Packages – 10,488
- Monthly Packages – 15,533

Encouragingly some 74% of subscriptions sold to date are annual subscriptions sold at a price of EUR69.00 per annum. MIGGSTER subscriptions continue to show strong daily growth and Emerge will continue to provide the market with material updates as they transpire.

MIGGSTER Paying Subscriber Guarantee Milestone

Emerge previously announced the executed agreement with Influence Crowd Technologies S.L. ("ICT") (formerly named Tecnología de Impacto Multiple S.L.) whereby ICT guaranteed a minimum of 100,000 paying subscribers within 6 months of the launch of MIGGSTER (ASX: 10 September 2020).

With MIGGSTER now surpassing 100,000 subscriptions, this milestone has been met well in advance of its targeted date.

Head Office Address:

642 Newcastle Street,
Leederville,
WA, 6007
Australia

South African Office:

3rd Floor, Edge Building
22 Somerset Road, Green Point
Cape Town, 8005
South Africa

Contact Us:

Mail: info@emergegaming.com.au
Call: + 618 6380 2555



MIGGSTER Subscription Value

MIGGSTER subscriptions are primarily offered in Euros (“EUR”) with the following tiered subscription packages offered to platform subscribers (“End User Prices”):

- Monthly Subscription: EUR7.50 (~AUD\$12.00) per month
- Bi-annual Subscription: EUR39.00 (~AUD\$63.00) for 6 months
- Annual Subscription: EUR69.00 (~AUD\$113.00) for 12 months

The value of the 100,387 subscriptions sold at the above subscription package prices is EUR5,656,784 (~AUD\$ 9,163,000). Emerge estimates that it will retain ~AUD\$ 3,115,000 (or ~34%) of the subscription value received, after paying ICT its marketing commission cost and share of Net Revenue.

MIGGSTER Products set for International Growth

In achieving the 100,000 subscriber milestone for the MIGGSTER social gaming platform Emerge has signed up, and received payment for, subscriptions in more than 160 countries.

To date the MIGGSTER subscription milestone reflects the following global paid subscriber representation: -

- China – 32%
- South East Asia – 21%
- Africa – 10%
- Russia – 10%
- Europe – 7%
- Rest of the World 20%

The rest of the world includes a range of countries such as Canada, India, United Kingdom, Pakistan, Japan, South Korea, Brazil, Argentina, Mexico and Saudi Arabia.

MIGGSTER social gaming platform is set for further international growth in subscriptions and the established billing infrastructure provides a tested platform for the launch of further eSports and gaming products.

MIGGSTER Platform Statistics

Emerge is continuing to refine and optimise the way it tracks subscriber behaviour and other statistics. In this regard, the performance of MIGGSTER to date is very encouraging and set out below are some early platform metrics:

- Number of unique paying subscribers entering tournaments in the past month – 26,224
- Average subscriber session time on the MIGGSTER platform – 17 minutes
- Total games played in tournaments since launch – 4,551,741
- Total games played in tournaments in the past month – 2,567,078
- Total games played in tournaments in the last week – 446,324

To date ~US\$62,000 (A\$81,000) has been spent on prizes for MIGGSTER.

Agreement with ICT

Emerge concluded a first phase licencing agreement with ICT to market Emerge’s proprietary tournament platform technology into an affiliate sales network under the brand MIGGSTER (ASX: 10 September 2020).

The significant terms of the original agreement (“First Agreement”) with ICT include:

- Emerge to operate the white labelled MIGGSTER mobile tournament platform
- ICT is responsible for marketing the platform at its own cost
- Emerge is to provide prizes to a value of USD\$250,000 over 12 months with a grand prize of USD\$250,000 at the end of the 12 months
- ICT guarantees a minimum of 100,000 subscribers will subscribe to the platform within 6 months from launch date (“Target”)
- If the Target is not reached, ICT will pay Emerge 50% of the cost of prizes put up by Emerge. If the Agreement is terminated prior to the end of the 12 months and the target is not reached, ICT will pay Emerge 50% of the cost of prizes put up by Emerge until the end of the contract
- ICT earns commission of 38.5 % of the Net Revenue from the platform.

With achievement of the initial subscriber milestone, Emerge and ICT have now agreed terms for the ongoing operation and growth of MIGGSTER incorporating the expected launch of further eSports and gaming products (“Second Agreement”).

Second Agreement – Incentivised Commission Structures for Emerge and ICT

The Second Agreement with ICT introduces incentives for both Emerge and ICT to grow the userbase of MIGGSTER paying subscribers.

Split of Net Revenue

ICT is a promoter of several products into a global network of 25 million affiliates. ICT has delivered the 100,000 paying subscribers that it guaranteed under the terms of the First agreement with Emerge, within 6 months of the launch of MIGGSTER.

In terms of the “Second Agreement”, Emerge has agreed to incentivise ICT with a performance based ratchet which will result in ICT earning a greater share of Net Revenue for delivering sustained higher numbers of paying subscribers. The revised Net Revenue split under the performance ratchet in the Second Agreement is set out below:

No. of Paying Subscribers	Up to 150,000	> than 150,000	> than 200,000	> than 300,000	> than 400,000	> than 500,000	> than 600,000	> than 700,000
ICT % of Net Revenue	38%	54%	59%	63%	67%	72%	76%	80%
EM1 % of Net Revenue	62%	46%	41%	37%	33%	28%	24%	20%

ICT’s share of Net Revenue is determined with reference to the number of paying subscribers as determined at the end of each calendar month. ICT’s share of Net Revenue increases or decreases based on the degree of sustainable platform performance.

Net Revenue is calculated as follows:

- End User Price (“EUP”) charged to users
- Less any applicable direct taxes (“Tax”)
- **Result: Net Sales Price (“NSP”) is the EUP less applicable Tax**
- Less actual billing costs incurred
- Less Emerge’s operational cost retention of 5% of NSP
- Less Emerge’s prize pool retention of 5% of EUP
- Less ICT’s marketing commission cost
- Add Emerge commission retention
- **Result: Net Revenue**

The table below illustrates the effect of the Second Agreement incentive ratchet on Emerge if the number of paying subscribers is achieved as a result of ICT acquiring new subscribers (i.e. the net amount Emerge can expect to retain after paying ICT marketing and share of revenue commission) and is as follows: -

Number of paying subscribers at month end ^{1,2}	EM1 portion of EUP retained (estimated)		
	Monthly	Bi-Annual	Annual
Up to 150,000	34%	34%	34%
> than 150,000	29%	29%	29%
> than 200,000	27%	27%	27%
> than 300,000	25%	25%	25%
> than 400,000	24%	24%	24%
> than 500,000	23%	23%	23%
> than 600,000	21%	21%	21%
> than 700,000	20%	20%	20%

Notes:

1: Includes the paying subscribers who were signed up prior to the execution of the Second Agreement.

2: A user is required to have an active paid subscription to be included in the number of month end subscribers. For example, if a user’s subscription ends during the month and is not renewed by month end, then such user will not be included in the number of month end subscribers.

Emerge Incentive

In terms of the Second Agreement Emerge can earn a higher proportion of the subscription fees for MIGGSTER users that it has attracted to the platform. In the First Agreement, there was no recognition for subscribers sourced by Emerge. Emerge is responsible for paying for prizes and may use its own funds in an effort to attract further subscribers to the MIGGSTER platform in the future. The Second Agreement provides Emerge an incentive to achieve greater returns to account for such additional effort and capital investment. Under the First Agreement, Emerge will provide prizes to a value of USD\$250,000 over 12 months with a grand prize of USD\$250,000 at the end of the 12 months. Emerge’s budget for future prizes is yet to be determined.

The commission will be earned through a greater retention of the End User Price resulting from the reduction of agreed ICT marketing commission earned. On this basis, where the subscriber is attributed to Emerge efforts, Emerge would be entitled to retain up to 60% of the EUP. Emerge’s ultimate retention of EUP depends on the number of paying subscribers at month end.

EMERGE GAMING

ASX:EM1 | ABN 31 004 766 376

ICT to market new Emerge product

The Second Agreement also introduces a new Emerge product under MIGGSTER. The launch of MIGGSTER Social Gaming Platform was the precursor to launching Emerge’s Game Cloud Streaming Product as a premium offering under the MIGGSTER brand. The Game Cloud Streaming Product, touted the “Netflix of Gaming”, targets the more avid gamer with higher average user spends.

In the eSports and gaming markets, services that stream high quality immersive games have been slow to commercialise being previously hampered by restrictions of bandwidth resulting in latency challenges and expensive hardware solutions. Today, most games are downloaded to a device—a smartphone, gaming console, or PC, by gamers.

Cloud gaming moves content execution off the consumer’s device and into the cloud. Similar to how video streaming services deliver content (Netflix, Showmax, YouTube, Twitch, etc.), the game is streamed to the player’s device via content delivery networks (CDNs) with regional points of presence near densely populated cities. In addition to streaming the game’s video, the gamers commands to control the gameplay are rapidly sent back to the Cloud. Essentially the “Console” is in the cloud.

Emerge’s Game Cloud Streaming Technology offers an all-in-one gaming and entertainment platform for mobile smart devices and smart TV’s including cloud gaming, live streaming, video, comics, esports and ecommerce. Offering download free cloud-based multiplayer AAA games with graphic interface overlays (“on screen soft buttons as a controller”) seamlessly to mobile devices is a key differentiator of the technology.



Emerge has partnered with Microsoft as an Independent Service Vendor (“ISV”) to drive the development of its Game Cloud Streaming Product giving rapid scalable access to hardware in 61 countries, with 5 more African & Middle Eastern countries launching soon (ASX: 21 September 2020).

Globally, the rapid deployment of 5G and fibre will provide billions of people with unprecedented access to high bandwidth connectivity at an increasingly affordable cost.

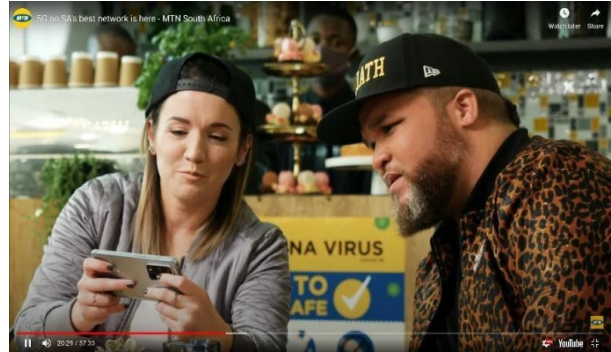
Emerge’s new generation Game Cloud Streaming Technology delivered with Microsoft, combined with 5G and fibre, will unlock the full capabilities of hardware free next-generation services such as virtual and augmented reality, ultra-high-definition game and video streaming, to mobile devices and smart TVs.

EMERGE GAMING

ASX:EM1 | ABN 31 004 766 376

Emerge showcased its Game Cloud Streaming Technology on MTN's new 5G Network and in so doing was the first in the southern hemisphere to demonstrate this AAA game streaming technology on 5G (ASX: 1 July 2020).

This demonstration seamlessly streamed AAA games over a 5G network to a mobile device. Cloud gaming is poised to do to gaming what video-on-demand has done to TV; a complete game-changer delivered via 5G and fibre.



Engaging ICT as a marketing partner to promote MIGGSTER Premium after a proven successful delivery of Emerge's MIGGSTER Social Gaming platform to more than 100,000 paying subscribers provides Emerge the opportunity to unlock the potential of offering its Game Cloud Streaming product into a network of 25 million affiliates and attracting further paying subscribers or increasing subscriptions sold to existing paying subscribers. The new product will add to the existing MIGGSTER offering making it significantly more attractive in key markets.

For further information:

Gregory Stevens

CEO

E: greg@emergegaming.com.au

P: +27 72 420 4811

P: +61 8 6380 2555

ASX release authorised by the Board of Directors of Emerge Gaming Limited.

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

About MIGGSTER

MIGGSTER, a revolutionary gaming and eSports community, leverages world class technology to deliver immersive gaming entertainment and social engagement to a global online network of gamers.

With MIGGSTER, the objective is to build the world's biggest online gaming community. The MIGGSTER products will deliver community tools including chat, friends and team functionality laying the foundation for gamer engagement in the online network. Entertaining content, including mobile games, AAA gaming titles, tournaments, rewards and live streaming to global audiences, will feed the online community's insatiable eSports and gaming appetite.

More information: view miggster.com