

20 June 2022

Emerge to Launch Game Streaming with MTN

Highlights:

- **MTN and EmERGE expand existing MTN Arena agreement to launch Game Streaming Platform**
- **New agreement extends EmERGE as MTN service provider for a further 2 years**
- **EmERGE's share of existing MTN Arena revenue increased to 50% with EmERGE's game streaming revenue share set at 60%**
- **MTN to initially invest ~A\$100,000 for promotional launch campaign in South Africa with expansion into more countries to follow**
- **Game streaming set for launch in calendar Q4 2022**

EmERGE Gaming Limited (ASX: EM1) ("EmERGE" or the "Company"), is pleased to advise that it has executed an addendum ("**Addendum**") to its existing MTN Arena agreement with MTN South Africa (ASX: 23 June 2020).

The Addendum extends EmERGE's term as a content service provider to MTN for a further 2 years; increases EmERGE's share of MTN Arena revenue to 50% (from 40%); and confirms the launch of a game streaming service ("**MTN Arena 5G**") with EmERGE's revenue share set at 60%.

The launch of MTN Arena 5G will be supported by a promotional launch campaign funded by MTN and builds on the momentum and supports MTN's previous investment of A\$500,000 in marketing spend over the 3-month period of February to April 2022.

MTN Arena 5G

MTN Arena 5G is a new game streaming service to be offered as a new feature of the existing MTN Arena platform.

Game streaming subscribers will redeem 'play tokens' for entries into tournaments offering custom designed competitive premium games that are streamed through a browser launch web application.

Tournaments will offer streamed games with up to 3 minutes game play (multiple play tokens may be required for extended play beyond 3 minutes) and players will be ranked by high score in the tournament leader boards with the opportunity to win enticing rewards and prizes.

MTN Arena 5G game streaming platform is scheduled to launch in calendar Q4 2022.



MTN Arena 5G – Commercial Terms

Game streaming subscribers will either be issued bulk play tokens in return for a periodic subscription payment or can make once-off purchases of play tokens.

Under the terms of the Addendum, Emerge will earn 60%, and MTN 40%, of ‘Shareable Revenue’ received from MTN Arena 5G, where Shareable Revenue is defined as Gross platform receipts less costs including taxes, platform costs and marketing rebates.¹

Shareable Revenue will exclude play tokens issued under the Promotional Launch Offer detailed below.

Game Streaming - Promotional Launch Offer

MTN has agreed to promote the launch of the MTN Arena 5G game streaming service with a supported promotional campaign (“**Promotional Launch Offer**”).

MTN South Africa has agreed to offer 1,500,000 “play tokens” for a limited period to its registered 5G subscribers for free (subject to a maximum of 30 play tokens per subscriber).

MTN has agreed to pay Emerge a discounted R0.70c (±AUD0.06c) per play token redeemed with Emerge having the opportunity to earn ±AUD100,000 in revenue from the MTN funded launch promotion.

During this Promotional Launch Offer, Emerge will work with MTN to finalise how the pricing of streaming for MTN 5G subscribers will be determined post the Promotional Launch Offer.

MTN Arena – Emerge’s Increased Revenue Share

In addition to the Addendum agreeing the commercial terms for the new game streaming service, Emerge’s Shareable Revenue² of MTN Arena has also been increased to 50% from 40%. This is a material positive development for Emerge and a show of confidence and goodwill from MTN, in both the existing offering and the expanded gaming services which Emerge provides to MTN.

Emerge’s Telco Growth Strategy

MTN Arena has acquired more than 1 million new subscribers since launch which represents 3% of MTN South Africa’s mobile subscriber base. The further commitment and investment by MTN South Africa is a testament to the potential of the MTN Arena and MTN Arena 5G offerings with further opportunity to grow subscribers in South Africa.

Emerge will continue to implement its MNO expansion strategy and is now targeting 4 additional MTN Group countries (Nigeria, Ghana, Cameroon and Ivory Coast) with a total addressable market of ~120 million mobile subscribers leveraging MTN Arena’s performance in South Africa. Initial engagement and meetings between MTN Group countries and Emerge have led to strong country interest in launching both the MTN Arena platform and MTN Arena 5G.

Emerge continues to market to other multinational MNOs and to prospective Telco partners.

¹ Annexure A

² Annexure A



EMERGE GAMING

ASX:EM1 | ABN 31 004 766 376

Further information:

E: info@emergegaming.com.au

P: + 61 2 9680 8777

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

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



Annexure A

Shareable Revenue

In relation to the new MTN Arena 5G, "Shareable Revenue" will be determined as follows:

- End User Price ("EUP) - Gross platform receipts (excludes "Promotional Launch Offer") Less:
 - VAT (Currently 15% of EUP)
 - ICASA* Fees (Currently 0.55% of EUP less VAT)
 - Deemed Costs of 10% EUP less VAT
 - Marketing Rebate Incentive paid to Emerge by MTN being 10% of EUP less VAT.

Where Emerge Gaming shall earn 60% and MTN 40% of the Shareable Revenue so calculated.

In relation to the existing MTN Arena service, "Shareable Revenue" will be determined as follows:

- End User Price ("EUP) - Gross platform receipts Less:
 - VAT (Currently 15% of EUP)
 - ICASA* Fees (Currently 0.55% of EUP less VAT)
 - Deemed Costs of 10% EUP less VAT less ICASA fees
 - Marketing Growth Incentive Rebate paid to Emerge by MTN being 5% of EUP less VAT
 - Less Prize Fees Incentive paid to Emerge by MTN being 5% of EUP less VAT

Where Emerge Gaming shall earn 50% and MTN 50% of the Shareable Revenue so calculated.

*ICASA is the Independent Communications Authority in South Africa / Telecommunications regulator.

