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Emerge Gaming signs Billing and Distribution Agreement with Mondia Media and set to launch the ArcadeX annuitized scalable monetisation model

Highlights:

- **Mondia to deliver access for ArcadeX to 48 MNOs in 25 countries across Africa, the Middle East and Europe**
- **ArcadeX gains access to potentially over 1 billion subscribers through Mondia**
- **Agreement furthers the global annuitized scalable monetisation model and strategy**
- **Emerge plans imminent launches for Egypt and Kuwait in December 2019 with Mondia**
- **Along with the South African launch with WorldPlay, these efforts represent the first supported select country launches for ArcadeX**

Emerge Gaming Limited (ASX: EM1) (“Emerge” or the “Company”), the operator of online eSports and casual gaming tournament platform and lifestyle hub **“ArcadeX”**, is pleased to advise that it has signed a billing and distribution agreement for ArcadeX with Mondia Media MENA Getmo Arabia FZ-LLC (**“Mondia”**), a leader in the global B2B digital entertainment market.

Agreement with Mondia

Mondia is a direct carrier billing (“DCB”) Aggregator who provide mobile payment integration, subscription management, marketing services and content distribution into multiple Mobile Network Operators (“MNOs”) in Africa, the Middle East and Europe.

Following the successful completion of a technical integration, Emerge has concluded a billing and distribution agreement with Mondia to distribute and commercialise the ArcadeX platform.

The selected country launches with Mondia, into Egypt and Kuwait, will be the second and third supported pilot launches for the ArcadeX product and provide a pathway to focused revenue generation.

About Mondia

Mondia, a leading private mobile technology company, recently announced the expansion of its Direct Carrier Billing (DCB) services into six additional African markets. Mondia’s growing penetration brings its global reach to **over 1 billion subscribers**. Mondia currently: -

- Operates in 25 countries, with access to 48 MNOs
- Delivers 60 million monthly pieces of content
- Channels 90 million visits per month, of which 27 million are unique
- Provides access to more than 1,000 content and merchant partners
- Processes 570 million payments per month

The integration of ArcadeX allows for digital payment collections through DCB services or mobile money platforms such as M-Pesa. Mobile phone penetration in Africa is expected to reach 90% by 2020, of which 40% will be smartphones. Mondia’s DCB services seamlessly integrate with the region’s current and anticipated payment ecosystem, which primarily relies on digital solutions.

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Mondia is expected to further increase its footprint in the region by integrating its services in more African markets. Meanwhile, development is simultaneously underway to initiate the company's DCB services in the APAC region for the first time in countries such as Malaysia and Indonesia.

Marketing and Monetisation Mechanics

It remains Emerge's strategy that leveraging mobile subscribers from MNO networks by implementing multi-channel marketing with simple mobile signup user journeys customised by country, should deliver paying subscribers to the ArcadeX platform.

In addition to the billing and distribution agreement, Mondia will be engaged to digitally market the ArcadeX platform using direct mobile advertising to attract a mobile gamer audience to the ArcadeX platform, and expand the ArcadeX database. This marketing service is delivered at a fixed Cost per Acquisition ("CPA") for each revenue paying subscriber.

The ability of the ArcadeX platform to engage, entertain and retain paying subscribers is key to its future commercial success. Emerge has outsourced its subscriber lifecycle management to Mondia's expert team to provide the most relevant services with the best touchpoints to mobile gamers.

Under the billing and distribution agreement Mondia will pay Emerge the revenues generated by users, less any applicable deductions and taxes, for which a billing request was successfully completed and which successfully received the digital services from Emerge over the applicable billing period. Emerge's revenue share is negotiated separately with each MNO and the revenue is calculated as a percentage of revenue generated from users. Emerge has negotiated a 60% share of revenue for the initial launch markets.

Market selection, feasibility and scaling

Markets are selected for feasibility testing via pilot launch by analysing the Average Revenue Per User and CPA of users for gaming content specific to that market, to determine whether the market is a potentially feasible market capable of supporting a positive Return on Investment ("ROI").

A market is tested through an 8 to 12-week pilot launch process and a fixed marketing investment budget, during which the feasibility is established prior to scaling. Once a market is proven to be feasible, significant marketing investment is allocated to scaling that market to drive users to ArcadeX.

Emerge has prioritised Egypt and Kuwait for pilot launch in the 2019 calendar year. Prioritisation is based on potential feasibility and complexity of integration, with a plan to roll out into all feasible countries.

To illustrate the potential economic impact of the Mondia relationship, a casual mobile games content provider (standard casual mobile games with no competition or tournament functionality) in one country (Tunisia), integrated through Mondia demonstrated a negative weekly ROI for the first 8 weeks, after which positive weekly ROI was returned with significant growth from week 9 to week 104 (2 years). In week 104, the weekly ROI based on actual results is 996%. In absolute terms, this product achieves a weekly revenue of c.US\$15,000, with a consistent US\$1,500 per week marketing investment. The US\$15,000 weekly revenue equates to c.US\$780,000 on an annualised basis. Although the financial impact of the Mondia agreement in relation to ArcadeX is not determinable at this time, the Company will benchmark the success of its testing with reference to the significant market data available to Mondia, including the aforementioned example.

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Strategy and outlook

The outlook for the mobile gaming market continues to demonstrate strong market growth. Emerge believes the Mondia agreement and implementation strategy is key to the success of the company by enabling accelerated market traction in fundamentally sound, feasible and scalable geographies.

As previously flagged, Emerge expects to launch in 3 countries prior to the end of calendar 2019. The launches into Egypt and Kuwait with Mondia will follow on from the launch with WorldPlay in South Africa, also occurring in December 2019.

Emerge is currently in negotiations with other DCB Aggregators, Mobile Content Distributors and MNOs to drive the continued commercial expansion of ArcadeX.

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About Emerge Gaming

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

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: www.emergegaming.com.au and view the Arcade X platform at www.ArcadeX.co