

11 November 2022

Emerge acquires profitable VAS business

Highlights:

- **Emerge acquires a profitable telco value-added service (VAS) business for A\$650k consideration**
- **Trading as Mobimedia, the acquired VAS business generates Mobile Network Operator (MNO) partnership revenue in Solomon Islands, Tonga, Papua New Guinea and American Samoa through delivery of digital content**
- **Opportunity to launch Emerge's existing products via newly acquired MNO partnerships in new territories**
- **Mobile games, SMS games and mJams music content acquired**
- **Mobile billing and media marketing platform technology assets acquired**
- **Emerge's management team bolstered with the addition of experienced VAS business executives and staff, positioning the combined Company to capitalise on existing MNO partnerships**

Emerge Gaming Limited (ASX: EM1) ("Emerge" or the "Company"), is pleased to advise that it has entered into an agreement to acquire a profitable VAS business (Mobimedia) from Australian Content Management Pty Ltd for a consideration of A\$650,000.

The acquisition of this VAS business expands the Company's MNO partnerships into new Indian Ocean countries and territories consistent with its overall MNO (B2B2C) Strategy.

Emerge has a strongly established partnership with MTN South Africa with products MTN Arena (competitive social gaming platform) and MTN Arena 5G (game streaming platform) currently in operation.

The new VAS business has partnerships with:

- Telkom Limited (Papua New Guinea);
- Bluesky Communications (American Samoa);
- Tonga Communications Corporation (Tonga); and
- Solomons Islands Telekom (Solomon Islands),

expanding the Company's footprint into new jurisdictions outside of South Africa and providing the opportunity to offer Emerge's existing social gaming and game streaming products to these Indian Ocean MNO partners.

The VAS business also creates a number of new revenue streams which are complementary to Emerge's existing gaming and streaming technology. The VAS business products and content also have the potential to be introduced to countries where the MTN Africa Group operates.

MNO Expansion Opportunities

Emerge has established itself as an experienced mobile gaming company with proven technology and demonstrated marketing and content production capabilities. Emerge's established prize distribution logistics and customer relationship management systems underpin its platform operations with a proven distribution reach of 160 countries.



The results of the MTN Arena platform in South Africa acquiring 1.3 million subscribers since launch has provided the Company with the opportunity for further extrapolation of this commercial model with offerings to the remaining countries where MTN services more than 240 million subscribers.

The acquisition of this VAS business integrates into Emerge a dedicated team of management and staff experienced in expanding and servicing MNO partnerships who are seeking to grow the business by targeting further expansion opportunities.

Subject to the successful closing of the transaction, Mr. Todd Emanuelli, the current CEO of Mobimedia, will be appointed as the CEO of a new subsidiary, StreamPlay Studio Pacific Pty Ltd, to be incorporated by Emerge to undertake the VAS business. Mr. Emanuelli is an experienced telco emerging markets executive with more than 15 years of experience across the Far East, Middle East and Pacific Islands. Mr Emanuelli and his team are located in Melbourne with support from a development office in Fiji.

Commenting on the acquisition, Chairman Bert Mondello noted:

"We are pleased to be entering this next phase of the Company's development. This deal diversifies our offering outside of our primary MTN relationship and outside Africa and brings in an entirely new management and operations team with capability and expertise, that are Australian based. Crucially, this new team, led by Todd, is incentivised to deliver new partnerships and grow the Company's offering sustainably and profitability. We also expect to see significant improvements in revenue and profitability from synergies once the Emerge tech stack is introduced and incorporated into existing partner relationships. We also expect to leverage Todd's expertise and guidance in enhancing our partnership with MTN and other MNOs Emerge have been targeting."

Todd Emanuelli, the designated CEO of the newly incorporated StreamPlay Studio Pacific Pty Ltd added:

"My team and I are so excited to join the Emerge group. We are bullish on what we will be able to accomplish with significantly expanded resources and a tech stack with clear value to our partners. The prospect of expanding our combined product offerings into new territories will be a catalyst for the group to deliver value for shareholders."

Terms of Purchase Agreement

Emerge executed a binding purchase agreement ("Purchase Agreement") to acquire the VAS business of Australian Content Management Pty Ltd ("the Seller") for a consideration of A\$650,000 to be settled 75% in cash (A\$487,500) and 25% in performance based Deferred Consideration Shares (A\$162,500).

Deferred Consideration Shares will be issued to the Seller subject to the VAS business achieving more than A\$660,000 in audited revenue, (excluding any one-off extraordinary revenue and investment income items), from its existing partnership agreements within 12 months from the Settlement Date of the Purchase Agreement.

The Seller is eligible to be issued an incentive of Additional Deferred Shares of A\$150,000 subject to the VAS business achieving a target of more than A\$1,150,000 in audited revenue, (excluding any one-off extraordinary revenue and investment income items), from its existing partnership agreements within 12 months from Settlement Date of the Purchase Agreement.

The number of Emerge shares issued for the Deferred Consideration Shares and Additional Deferred Shares will be determined based on the 10-day volume weighted average market price ("VWAP") calculated 30 days after the 12 months following the Settlement Date, subject to a floor share price of A\$0.02.



The VAS business acquired includes:

- All intellectual property, software systems, website and related content, social media accounts, contact numbers, contact email addresses, passwords, codes, data and any other assets associated with the operation of the VAS business
- All contracts and arrangements material to the operation of the VAS business, including the partnership agreements with respective MNOs
- All product content including, Mobile games content, SMS games and On-Deck Portals
- mJams Music (Music Streaming App), the largest indigenous specific music streaming app in the South Pacific holding content from over 1000 Pacific based musicians
- Mobile billing and media marketing technology platforms

The Settlement Date of the Purchase Agreement will occur 7 business days after the satisfaction or waiver of the following conditions precedent:

- Due diligence completed to the sole satisfaction of Emerge;
- Emerge obtaining any applicable regulatory consents and approvals to complete the Purchase Agreement;
- Key Management Personnel and staff entering into executive services agreement(s) on terms acceptable to Emerge; and
- Payment by Emerge of the cash consideration of A\$487,500.

Further information:

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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 Mobimedia

Mobimedia is a team of technology, marketing, and consumer behaviour experts with a mission to help carriers deliver captivating content and campaigns to their ever-growing number of mobile customers around the world. Mobimedia has delivered customised products to over 60 operators. From games to portals to Music streaming, we develop end-to-end digital products for mobile carriers to maximise revenue and create value for subscribers.

More information: view www.mobimedia.com.au

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

