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Emerge Cloudzen Joint Venture to accelerate commercialisation of cloud gaming

Highlights:

- **Emerge signs non-exclusive global licence agreement for cloud gaming technology**
- **Cloudzen EmERGE 50:50 JV extends 2018 agreement to launch and distribute a AAA game streaming product**
- **Emerge will leverage its Microsoft Independent Software Vendor (ISV) status to co-sell cloud-gaming technology with Microsoft to B2B markets**
- **Emerge demonstrates commercially feasible revenue models for cloud gaming**

Emerge Gaming Limited (ASX: EM1) ("Emerge" or the "Company"), is pleased to advise that it has agreed to enter into a joint venture with cloud gaming technology company Cloudzen Pte Ltd ("**Cloudzen**").

Emerge's relationship with Cloudzen commenced in 2018 with a distribution agreement for Cloudzen's technology (ASX: 4 Dec 2018). At the time of the announcement, EmERGE said *"The collaboration with Cloudzen enables EmERGE to distribute and stream AAA eSports content."*

Emerge and Cloudzen have now entered into a licensing joint venture agreement to launch and distribute a AAA game streaming product. This agreement is global without any requirement to enter into a separate territory specific negotiation – a streamlining advantage over the 2018 agreement.

Gregory Stevens CEO of EmERGE said:

"Establishing a committed long-term commercial relationship with Cloudzen provides EmERGE with global access to a cutting-edge technology that has taken years of R&D. There is an insatiable gamer appetite for the cloud game streaming aspect of the technology that is driving strong growth in this market category."

The strategic value for the EmERGE shareholders is to leverage this technology within the Company's existing business strategies to realise value from this growth trend."

Our B2B and B2B2C business strategies will see the Company leveraging its relationship with Microsoft to co-sell hardware and cloud game streaming products to corporate partners with EmERGE's objective of accessing customer bases with large subscriber communities, targeting partners with multi-country distribution channels such as mobile network operators and pay TV providers."

Our B2C business strategy will benefit from this new technology by delivering new feature set opportunities thereby delivering an even stronger value proposition for existing and future new customers."



About Cloudzen

Cloudzen is a Singapore-based cloud gaming technology and mobile entertainment “Platform as a Service” provider. Cloudzen’s award winning team of gaming developers have some two decades of global games development experience.

Cloudzen provides instant streaming of AAA games through mobile devices including features like multiplayer gaming, live game broadcasting to audiences, SDKs for game publishers, video streaming and social networking tools.

Cloudzen’s proprietary technology allows gamers to play download-free AAA games from their mobile devices over 5G and Fibre for optimal performance, or over 4G with higher connectivity speeds.

Terms of Agreement

Emerge’s objectives in entering the licensing joint venture agreement are to integrate the Cloudzen technology with Emurge’s platforms in key markets and to invest in research and development to customise and refine the offering to Emurge’s customer base.

The main terms of the Joint Venture license agreement with Cloudzen are as follows: -

- An interim licence agreement entered into between Cloudzen and Emurge in which:
 - Emurge has non-exclusive global rights to distribute Cloudzen’s AAA game streaming technology and product;
 - Payment of an initial USD\$200,000 license fee by Emurge upon delivery by Cloudzen of a minimum viable product;
 - The term of agreement is until such time the license is transferred into an Australian registered entity (“SPV”) for the purposes of pursuing the Emurge Cloudzen Joint Venture;
- An Australian registered SPV is established with 50:50 ownership by Emurge and Cloudzen;
- Interim licence agreement rights to transfer from Emurge into the SPV on incorporation;
- Emurge may terminate the license agreement with one month’s written notice. Additionally, if the agreed commercialisation plan has not been implemented for a period of 12 consecutive months, then either party may provide one month’s written notice to terminate the agreement;
- Emurge is to invest a minimum of USD\$800,000 over 12 months from incorporation of the Joint Venture SPV into further product development, technology development, product distribution and marketing.

Global Game Streaming Market

Over the medium term, the global cloud gaming opportunity is forecast to demonstrate robust growth with a projected CAGR of 48.2% from 2021 to 2027 taking the global market to an estimated USD\$7.24 billion by 2027 (“Cloud Gaming Market Analysis Report” by Grand View Research, March 2021).

Gregory Stevens CEO of Emurge said:

“The future of gaming is the streaming of immersive and interactive high-quality AAA games content delivered in high-definition video and with surround sound to smartphones, tablets and smart TVs. No downloads, no hardware and no patches.



Emerge's promotable tournament mechanics and entertaining competition and prize content deliver a unique opportunity thanks to Cloudzen's commercially viable AAA game streaming product with strong customer appeal. These are the elements that are required to achieve successful adoption of game cloud streaming products in the market.

Additionally, the use of smart mobile devices and smart TVs coupled with a 5G/Fibre connectivity backbone is the ideal environment to deliver AAA games from the cloud with no downloads and no additional hardware required."

AAA Cloud Gaming Technology – Features, Products and Commercial Models

The objective of the partnership is to leverage EmERGE's established and growing 1.7 million strong subscriber community across 160 countries to offer game cloud streaming features and products.

Cloudzen's technology adds features such as multiplayer gaming, live game broadcasting, SDKs for game publishers, video streaming and social engagement tools.

EmerGE will initially introduce game cloud streaming as a feature to its current platforms and offerings, which, seeks to deliver a commercial model supported by entertaining games content, competition content and prize content.

Game Cloud Hardware - Microsoft

EmerGE is an Independent Software Vendor ("ISV") partner of Microsoft (ASX: 21 September 2020), and has worked with Microsoft to design and successfully test a scalable hardware infrastructure solution that operates its game cloud technology on Microsoft's Azure servers.

In this partnership, Microsoft offers its infrastructure solution on a pay-as-you-use basis to EmERGE. This means EmERGE and its distribution partners can offer commercially feasible game cloud streaming services to the end user.

This eliminates the need for significant upfront investment into expensive server and GPU infrastructure required for streaming immersive high-quality games and content.

B2B/B2B2C Strategy – Microsoft Co-Sell

The cloud game technology is an ideal use case for Microsoft Azure and together with Microsoft we have identified co-selling opportunities, specifically to MNO's, PayTV Providers and other CDNs in line with EmERGE's B2B/B2B2C strategies.

Co-sell is traditionally the synergistic joint selling relationship between an ISV Partner and Microsoft where partners collaborate on an opportunity to close the deal, aid the corporate customer in procuring the proper licensing, deploying the software, and receiving accurate revenue attribution.

EmerGE is currently in discussions involving co-sell opportunities to corporate partners that have broad multi-country reaches.



EMERGE GAMING

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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

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

