Award winning creator and publisher of mobile games puts the ‘e’ on Play

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There is an emerging trend of using Augmented Reality (AR) or Virtual Reality (VR) to enhance the user experience, either in gaming or in entertainment. AR is an enhanced experience in the real world whereas VR is a virtual (digital) world experience.

According to Fortune Business Insights, the global Augmented Reality market size was US$ 2.82 billion in 2019 and is projected to reach US$ 65.22 billion by 2027, exhibiting **a CAGR of 48.3%.** That’s a very impressive **23x increase** over the 8 year forecast period.

Today’s company is an award winning creator and publisher of games (including AR games) that can be used on your mobile phone.

ePlay Digital Inc. (CSE: EPY) (“ePlay”) is a sports, eSports, and AR entertainment mobile games developer and publisher. ePlay has 10+ mobile sports, eSports, and entertainment games already released and several others readying for commercial release. They also have an AR fitness app called Klocked.

Some of ePlay’s game titles include: Howie Go Viral, Outbreak ES, Outbreak Unlimited, Big Swish, SwishAR ES, SwishAR, Big Shot Basketball, Big Shot Swish, Klocked Fitness app and Fan Freak.

ePlay creates and publishes mobile games for sports, eSports & AR entertainment

Source: ePlay investor deck 2021

Market opportunity

The market opportunity for ePlay is enormous. For example, ePlay operates in several markets including: eSports (US$1.1 billion), mobile games (US$120 billion), mobile advertising (US$107 billion), sports advertising (US$150 billion) and the US$37.9 billion sports gaming markets.

ePlay's global market opportunity

Source: ePlay investor deck 2021

Distribution and commercialization of ePlay's AR mobile games

The key method of distribution used by ePlay is having its games available on the Apple app store and the Android play store. ePlay also has a marketing and distribution deal with one of China's largest media conglomerates, with an audience of over 100 million viewers.

Partners and investors include comedian, and America's Got Talent's, Howie Mandel, social media star and 7-time NBA champ, Robert Horry, and TV host and Sports broadcaster, Lindsay McCormick.

In September ePlay announced the launch of their Klocked Fitness app. By using AR the app makes exercise fun and engaging.

In some recent good news for ePlay, the Company announced that a major update of their Outbreak mobile game featuring Howie Mandel was approved for both the Apple and the Google Stores. Trevor Doerksen, CEO of ePlay Digital, stated: "We are seeking millions of players for the games we created with Howie Mandel

and are well on our way with top rated titles like Outbreak."

ePlay stated in the news release:

"Outbreak is a part of a series of games developed by ePlay and created in partnership with Howie Mandel. Howie's Games highlights just one of many successful partnerships between ePlay, athletes, celebrities and great brands. Others include Robert Horry, 7-time NBA champion with his mobile game Big Shot Basketball co-created and developed by ePlay. The Klocked partnership was announced earlier this summer with Spartan Racing and more announcements to follow."

In further good news, ePlay announced on September 30 that Apple has approved ePlay's Fan Freak app and ePlay wallet. Fan Freak is 3 games-in-one, all of which allow users to earn prizes and points. The three games included in the initial release include Fantasy, Pick-Sheet, and Streak. Games covered by Fan Freak include NHL, NFL, MLB, NBA, and NCAA football.

Closing remarks

ePlay is at a great stage now for investors to consider. This is because the hard work of game development and distribution has been done. Now comes the potential for large revenues if the games achieve popularity and monetization success.

Trading on a market cap of just C$17.75 million leaves ePlay Digital with plenty of potential upside ahead if ePlay's revenues take off as commercialization of its games progresses in 2021 and beyond.

Pokemon Go meets NBA at ePlay Digital

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I remember back when Pokemon Go first came out in 2016. It was quite unique at the time, had massive appeal (downloaded more than 500 million times worldwide within 6 months) and was mortally addictive. What do I mean by mortally addictive? People became so engrossed with the game they were literally walking into harm's way following the screen on their mobile device as opposed to the actual environment they were in. One unintended consequence (or maybe it was intended) was that it got video gamers off their butts and out into the real world and actually walking around, meeting people and getting a little exercise. For better or for worse, augmented reality (AR) had come of age.

Today AR and VR (virtual reality) are starting to become an almost normal part of everyday. With the pandemic afflicting the world for the last 18+ months, who didn't want to go for a run on a treadmill that had a screen showing you in a cheery meadow or perhaps a bike ride through some exotic foreign location. Granted those aren't quite as interactive as things like Pokemon Go but it is a form of AR. That's where ePlay Digital Inc. (CSE: EPY) and their Klocked offering, which is an augmented reality fitness app and network for races and everyday training, takes things to another level.

The Klocked website proclaims you are "Racing on the Holodeck", which is a Star Trek reference to a fictional device that uses holograms to create a realistic 3D simulation of a real or imaginary settings, in which participants can freely interact with the environment. The App, using the Augmented Reality Sports Network, tracks your fitness activity using GPS and in

real-time visualizes everyday training and racing utilizing advanced 3D augmented reality technology. Artificial Intelligence (AI) provides real-time feedback regarding race placement, personal best progress, and fitness enhancements. Klocked allows spectators and fans to live stream or view on-demand the world's biggest marathons and races from thousands of Klocked virtual cameras. In other words, you can be running around your neighbourhood but your family can watch you competing in the NYC Marathon (or whatever event you want to be in). In your earbuds, you are hearing the cheering fans and the occasional motivational encouragement as well as progress updates. Runners can customize their avatars, share their runs, upload to Strava, and run under the Eiffel Tower or by the London Eye.

Klocked is one of the latest ePlay contributions to the Apple App store and the Google Play Store. The Company has been gaining traction with its suite of offerings from Howie's games, game titles featuring Howie Mandel, to their flagship title Robert Horry's Big Shot Basketball where Pokemon Go meets NBA.

In fact, for the week ending July 12th ePlay announced that it took 100 days to reach 100,000 downloads and 107 days to reach 125,000 downloads. This acceleration in downloads was being led by their new (at the time) Android title Big Swish, a mini basketball game with a twist but we'll get to that in a moment.

At present, the Company, as a mobile game creator and publisher specializing in sports, Esports and entertainment augmented reality titles, has the following games available:

- Howie Go Viral – iOS / Android
- Outbreak ES – iOS
- Outbreak Unlimited – iOS / Android
- Big Swish – iOS
- SwishAR ES – iOS

- SwishAR – iOS / Android
- Big Shot Basketball – iOS / Android
- Big Shot Swish ES – iOS
- Klocked – iOS / Android

However, the value proposition is how best to monetize these games. You can find dozens of publicly traded gaming companies, some of whom get millions or even billions of views. But the trick is converting views or downloads into ARPU or ARPDAU (industry jargon for Average Revenue per User or Daily Active User). ePlay has a slightly different approach to the mobile gaming business with their evolution towards the betting and gambling angle. Big Swish allows you to show off your basketball shooting Skillz and play for real cash with Swish Real Money Gaming. You can challenge people around the world to a shoot-out, with a competition platform complete with leaderboards, trophies, cash or virtual currency prizes.

This evolution continues with the next progression in this strategy, the Fan Freak App. The passing of Bill C-218 by the Canadian Senate grants the legalization of betting on individual sports events in Canada. The Fan Freak App allows users to play daily fantasy, pick sheet, and streak games with NFL, NHL, MLB, NBA, and more. But the next level comes from Fan Freak also being interoperable within ePlay's sports metaverse. In other words, you can potentially start betting on different players within ePlay's suite of game offerings. Could this be the opening of Pandora's box? Maybe. But it also could be a huge, and unique, revenue generator.

In the meantime, it will be interesting to see the Q3 quarterly results (albeit Q2 isn't even out yet) to find out if the Company is able to convert the rapidly growing downloads of its various games into revenue, or ARPU. With roughly 96.5 million shares outstanding after the recently completed acquisition of

Holo3D Technologies Inc. for 12 million shares, ePlay Digital has a market cap of just under $15 million based on yesterday's close of $0.155/share. It shouldn't take a whole lot of revenue to attract investors into such a small-cap opportunity.