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.