



**iCandy Interactive Limited**  
(ACN 604 871712)  
Level 4, 91 William Street  
Melbourne, VIC 3000  
Australia

21 March 2019

ASX and Media Announcement

## **Global Collaboration and Distribution Agreement Signed**

### **Highlights**

- **iCandy to collaborate with Emerge Gaming Ltd (ASX: EM1)**
- **Access to additional major markets and esports technology platform**
- **New iLeague esports platform to be co-developed**
- **ileague to attract iCandy's network of 350 million mobile gamers**
- **50:50 revenue sharing agreement**

iCandy Interactive Limited (ASX: ICI) ("**iCandy**" or the "**Company**"), developer and publisher of mobile games and digital entertainment for a global audience of over 350 million mobile gamers worldwide, is pleased to announce that it has entered into a Global Collaboration and Distribution Agreement with ASX-listed Emerge Gaming Ltd (ASX: EM1) (the "**Agreement**").

The Agreement provides for the joint building and operation of mobile games focused on EM1's eSports platform which has been launched in various major geographical markets in collaboration with telcos and other major consumer businesses.

### **EM1's Global eSports Platform**

EM1 has built the Arcade X Platform that allows for skill-based tournaments, series and live matchmaking. Gamers compete in sponsored tournaments to establish rankings, win prizes and earn participation rewards, which can later be utilized to enter raffles for more prizes, as well as purchase and trade physical merchandise and digital assets. The Arcade X Platform has successfully hosted more than 10,000 game tournaments.

The Arcade X Platform is mobile focused, much like iCandy's large portfolio of mobile games. iCandy and EM1 see immense opportunity and synergy in working together using iCandy's extensive mobile game portfolio and user base to develop mobile esports business as further means of distribution using EM1's Arcade X Platform.



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The Agreement involves a strategic collaboration between EM1 and iCandy to generate new business that will mutually benefit both parties.

iCandy Non-Executive Chairman Kin-Wai Lau said, "The strategic collaboration with EM1 should significantly enhance the business objectives of iCandy which since listing have included the design, development, commercialization and publishing of mobile interactive entertainment content.

Collaboration with EM1 will provide iCandy with access and exposure to a wider audience of mobile gamers that will increase users and user interaction on iCandy's current and future game portfolio, directly and indirectly strengthening iCandy's revenue generating capabilities."

### **Creation of iLeague**

Under the Agreement, iCandy and EM1 will develop a new eSports tournament to be named **iLeague** that utilises iCandy's game content and technology based on the Arcade X Platform. iLeague will include select mobile games from iCandy's extensive mobile game portfolio which currently is in excess of 300 games. iLeague will also be marketed to its network of over 350 million mobile gamers.

iLeague is envisaged to become a mobile eSports tournament platform that will be marketed to an international audience with the ability to establish ranking and offer participation rewards to gamers in the form of physical merchandise or digital assets.

The costs associated with developing iLeague is to be mutually agreed upon by iCandy and EM1 in a separate agreement at a later date. The iCandy Management expects to fund its portion of the cost via internally generated funds. iCandy will make a further announcement in due course when an agreement has been reached on this matter.

### **Strategic Value for iCandy**

iCandy believes that the global collaboration with EM1 will bring significant and material synergies that include but are not limited to:

- (i) **Generating esports Interest** - Generating more interest from the mobile esports community into iCandy's current and future game portfolio.
- (ii) **New Game Distribution Channel** - Expanding iCandy's game publishing network to include working closely with the community that EM1 reaches in their extensive eSports global partnership network.



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- (iii) **New Business Opportunities** – The collaboration represents both new and additional revenue-generation business opportunities for iCandy by monetizing its content and its 350 million mobile gamers in line with the Company's present monetization strategy (as detailed in the Company's Monetization Strategy memorandum released on 28 February 2018).

#### **Rationale and Outlook**

The iCandy management is of the opinion that the strategic collaboration with EM1, and its associated immediate business opportunities, will have material positive impact in terms of revenue and operational capability to the Company in the near to mid-term, allowing the Company to harness further potential of its extensive game content and technology via a very interactive mobile esports platform that could bring much excitement to the gamer community that the Company currently serves.

The iCandy management expects its portion of the cost associated with this strategic collaboration to be marginally incremental on its existing operating cost as the strategic collaboration largely involves licensing of game content from iCandy's game portfolio and in any case iCandy expects to fund any incremental cost associated with this strategic collaboration from internally generated funds.

For further inquiries contact:

MMR Corporate Services Pty Ltd  
Level 2, 131 Macquarie Street  
Sydney, NSW 2000 Australia

**P:** +61 2 9251 7177 | **E:** [iCandy@mmlrcorporate.com](mailto:iCandy@mmlrcorporate.com)

#### **About iCandy Interactive**

iCandy Interactive Limited (ASX: ICI) is an Australian publicly traded company that has its core business in the development and publishing of mobile games and digital entertainment for a global audience. iCandy Interactive runs a portfolio of mobile games that are being played by over 350 million mobile gamers worldwide and has won multiple awards in various coveted international events. For more info visit [www.icandy.io](http://www.icandy.io)



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## **Global Collaboration and Distribution Agreement – Key Terms**

The key terms of the Agreement include:

- I. **Collaboration Purpose** - The purpose of the collaboration is to license and integrate select iCandy's game content onto EM1's Arcade X Platform to develop mutual beneficial business in the mobile esports area.
- II. **Grant of Licence by EM1** - EM1 grants to iCandy a non-exclusive license to use EM1's Arcade X technology and platform in the Territories.
- III. **Grant of License by iCandy** - iCandy grants to EM1 a non-exclusive license to use select games from its game portfolio in the Territories.
- IV. **Territories** - Australia, New Zealand, Latin America, India, Middle East and Africa.
- V. **Term** – Initial period of 18 months. The Term may be extended for another 6 months if EM1 exercises its option, or to such other period as iCandy and EM1 may mutually agree in writing.
- VI. **Revenue Share** – iCandy and EM1 are to share the net revenue from this collaboration on a 50:50 basis, after deducting all relevant and reasonable costs from both parties. For iCandy, its portion of the cost would largely be its usual incidental costs such as app-store distribution cost and brand licensing cost that are only incurred contingent upon revenue generation.