



iCandy Interactive Limited
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Australia

1 July 2019

ASX and Media Announcement

iCandy Establishes eSports Division

Highlights

- **iCandy to set up a dedicated eSports division to engage in the burgeoning eSports industry**
- **iCandy eSports division will work on a multi-pronged approach to develop its eSports business**
- **iCandy eSports division will seek to enhance the commercialization value of iCandy's products in addition to bringing in additional revenue-generation business**
- **The division expects to bring in first revenue by end 2019**
- **Global eSports market is worth US\$1.1 billion in 2019**
- **iCandy seeks to be a unique integrated value-chain provider that develops products in the gaming and esports segments**

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 is establishing a dedicated eSports Division to advise the board on current and future eSports initiatives.

eSports refers to the competitive tournaments of online video games and has been broadly regarded by tech industry as a new industry that is fast gaining attention of sponsors, advertisers, gamers, media and tournament organizers, in similar fashion to major global sports leagues and their associated businesses.

iCandy eSports Initiative

As a game development and publishing company, many of iCandy's currently business activities are encroached in the fast developing esports industry. To consolidate and coordinate current and future eSports initiatives, the iCandy eSports Division will employ a multi-pronged approach to develop business in areas related to:

- i. **Technology Platform Development** – Developing iCandy's own mobile games tournament platform, with potential integration of iCandy's current portfolio of games.

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- ii. **Development of eSports Business via Partnership** – Development of partnerships with other participants working on eSports initiatives to generate new business. Such partnerships would be mutually beneficial for all parties involved, similar to the earlier global collaboration agreement entered with Emerge Gaming Limited (ASX: EM1). iCandy would also explore other corporate partnerships that could see content providers leverage iCandy's network of gamers and content to kick-off their own eSports initiatives.
- iii. **Provision of Game Content to Third-party eSports Platforms** – Providing mobile games within iCandy's portfolio to other existing eSports platform operators.
- iv. **eSports Community Building** – To further cultivate and develop the eSports community within iCandy's network of mobile gamers, through the provision of relevant content and digital entertainment services.

iCandy's eSports Division will initially be staffed by a team selected from existing employees with varying and complementary development and marketing skillsets.



Figure 1 – iCandy eSports Division Logo

Commercialization Strategy

The iCandy eSports Division will allow iCandy to better monetize its content and its 350 million mobile gamer audience in line with the Company's present monetization strategy (as detailed in the iCandy Monetization Strategy memorandum released on 28 February 2019). In addition, it will potentially bring in additional revenue-generation business opportunities for iCandy.

Under the eSports Division, iCandy will develop eSports commercial activities that centre around the creation of commercialisation value for iCandy through monetization mechanics that include:

- a) **In-app or in-game purchases** – eSports tournaments encourage competition among gamers, which drives in-app or in-game purchases of virtual items.
- b) **Digital advertising** – eSports tournaments increase viewership, providing a greater platform for iCandy to display digital advertisements. This would be

highly complementary to existing iCandy operation, which has been successful and actively generate significant revenue from in-game digital advertising.

- c) **Brand and corporate sponsorship** – iCandy will seek strategic branding and corporate sponsorship income in eSports campaigns that it runs. It enhances the advertising offering of iCandy.
- d) **E-commerce and merchandise** – iCandy see auxiliary income opportunities in conducting online sales of gaming-related products and merchandise.

iCandy is not new to deriving income beyond game-related purchases, In-line with the global game industry development, the Company has been generating other sources of revenue that include digital advertising and merchandise sales since its ASX listing (as detailed in the Company's IPO prospectus).

The iCandy eSports Division expects to begin bringing in revenue into the Company by end of 2019.

Rationale and Outlook

The global eSports industry is estimated to generate US\$1.1 billion in 2019 and the industry is expected to grow to US\$1.8 billion by 2022 (Source: Newzoo¹).

The iCandy management is of the opinion that eSports is one of the fastest growing areas in the gaming industry. Having a business unit that focuses on eSports will enhance the business objectives of iCandy, which since listing have included the design, development, commercialization and publishing of mobile games and digital interactive entertainment content for a global audience.

In addition, iCandy has been involved in eSports since it has started to incorporate online tournament elements into some of its games, a move that has proved to be popular with its gaming community and also has driven extensive interactivity in its games. Developing iCandy's eSports ambition further will be highly complementary to its existing mobile games development and publishing business, as well as setting it on course to seek to be a unique integrated value chain provider that develops products for the gaming and esports segments.

For further inquiries, please contact:

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Note:

1. Newzoo eSports Market Report - <https://newzoo.com/insights/trend-reports/newzoo-global-esports-market-report-2019-light-version/>

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 have been played by over 350 million mobile gamers worldwide and has won multiple awards in various coveted international events. For more information visit www.icandy.io

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