



iCandy Interactive Limited
(ACN 604 871712)
Level 4, 91 William Street
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Australia

14 October 2019

ASX and Media Announcement

iCandy to co-found Esports Pro League with Partners

Highlights

- **iCandy to co-found Esports Pro League ("ESPL"), a global esports tournament and media network**
- **iCandy to own 42.55% of ESPL**
- **ESPL to roll out in 16 countries across Asia, Europe and America**
- **ESPL's unique hybrid online and on-ground tournament model to bring ubiquitous mass entertainment to its target audience**
- **Investment by iCandy of SGD 100,000 (approximately AUD 110,000)**
- **ESPL will independently raise additional A\$2.4 million funding to roll-out its global plan**

In line with its earlier announcement of 1 July 2019 regarding the establishment of a dedicated Esports Division, iCandy Interactive Limited (ASX:ICI) ("**iCandy**", the "**Company**") is pleased to announce today that it has entered into a co-founding shareholder agreement with a consortium of partners to launch a global esports venture, named the Esports Pro League ("**ESPL**").

ESPL will be a **global esports tournament and media network** that will be developing an integrated and open ecosystem for tournaments, media, brands, publishers, teams and players with a focus on community and digital interactivity.

ESPL was announced recently at the Esports Bar Miami 2019, a major esports business conference held in Miami, United States, attended by 500 esports industry executives.

ESPL – A Global Esports Media and Event Network

ESPL is conceived as an international esports tournament and media network that intends to manage and operate esports tournaments and media across 16 countries initially, covering Asia, Europe and America. To enable its global ambition, from day-1 onwards, ESPL intends to adopt a scalable licensing partnership model, working exclusively with one experienced tournament organizer in every country it plans to enter into.



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ESPL is 100% owned and managed by Esports Pte Ltd ("**ESPL-Co**"), a newly incorporated Special Purpose Vehicle registered in Singapore. ESPL will have its own executive team managing its day-to-day operations, supported by experienced founding shareholders that include iCandy and other founding shareholders (outlined below). It is proposed that ESPL will operate out of its headquarters in Singapore and regional offices in Cologne, Germany and Los Angeles, USA.

ESPL intends to distinguish itself from other esports event organizers by adopting state-of-the-art media technology that empowers a hybrid online and on-ground tournament model that ESPL will run together with its in-country partners. ESPL is not just an event company, its core mission is to bring ubiquitous mass entertainment in the form of esports to its target audience, via a deep and multilateral approach on branding and digital media.

ESPL is currently building its online tournament platform and also planning for a calendar of events for the first season of ESPL that is anticipated to take place from February 2020 to December 2020.

ESPL is game-title neutral, working alongside game-publishers who share the vision of promoting healthy and competitive gaming sports across international markets. ESPL's esports media and tournaments will be mobile focused as that is where the biggest growth is, but other platforms such as PC and game console will also be included on ESPL's network.

ESPL is also in discussions with various sponsors and partners on potential branding and licensing collaboration across media and tournaments that ESPL will be operating on its international network.

The Founding Shareholders

ESPL-Co is co-founded by three initial founding shareholders, being:

- iCandy, via its 100% owned Singaporean entity iCandy Digital Pte. Ltd.
- Mr Michael Broda, who is the former CEO of eSports.com Group AG; and
- Sedania Innovator Berhad ("**Sedania**") a software and technology solutions company publicly traded on the sole stock exchange of Malaysia, Bursa Malaysia.

Sedania is not a related party of iCandy. However, iCandy's chairman Kin Wai Lau sits on the board of directors of Sedania as an independent director (being a total of one of 6 directors of Sedania) with no equity interest in Sedania (direct or indirect).



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eSports.com Group AG is a Germany incorporated esports media firm and an existing shareholder of iCandy that has an investment agreement with iCandy to invest up to A\$1,320,000 into iCandy, of which A\$774,792 is still outstanding to date. As announced by iCandy on 4 April 2019, eSports.com Group AG is going through a court-directed insolvency process currently. Mr Michael Broda left the firm long before the insolvency process began. iCandy has earlier announced (on 4 April 2019) that it has no reliance on the cash receipt from the investment of eSports.com Group AG for its operation.

ESPL will also enlist top esports executives to assist it to accelerate the roll-out of its global footprint.

The founding shareholders are investing on the terms outlined below. Sedania has earlier announced the terms of investment into the ESPL venture. This announcement by iCandy (today) contains the most current form of the terms of investment.

Esports Market

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 2022¹.

In recent months esports has garnered widespread attention from global consumer brands as esports is gaining a global audience base at a very fast pace. For example, the largest sporting event in North America is the Superbowl, which in 2018 was watched by approximately 98 million people over broadcast media, whereas a popular esports game, League of Legends amassed more than 100 million online viewers for its global finals in 2018². A recent report also states that the average age of esports fans is about 25 years old³, a target segment for global consumer brands that has been perceived to be difficult to reach via conventional advertising and media channels.

In the competitive landscape, there is not a dominant player that operates an international esports media and tournament network like ESPL, especially one that has footprint across America, Europe and importantly Asia, where the largest growth is. ESPL's business model aims to take advantage of this opportunity in the market. ESPL plans to generate income from multiple sources that include franchise fees, merchandize licensing, advertising and media rights, branding and sponsorship.

¹ Newzoo Global esports Market Report 2019

² CNBC – <http://shorturl.at/cqrGN>

³ Newzoo Global esports Market Report 2019



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Terms of Investment

Under the legally binding Co-Founding Shareholder Agreement, entered into by the founding shareholders of ESPL-Co, iCandy will invest a sum of SGD 100,000 (approximately AUD 110,000) for a 42.55% shareholding in ESPL-Co, Sedania will invest the same amount on same terms, where as Michael Broda will invest SGD 35,000 for 14.90% shareholding in ESPL-Co.

Other key terms include:

(i) iCandy's right to appoint representatives

Upon completion of its investment, iCandy will have the right to appoint two representatives to join the management team of ESPL-Co.

(ii) Sedania's Option To Further Invest in ESPL-Co

To roll out its global media and tournament network successfully, it is estimated that ESPL-Co will need further funding of approximately SGD 2.2 million (approximately AUD 2.4 million) ("**Pre-seed Funding**"). The Pre-Seed Funding will be sufficient to support ESPL-Co for 18 months, where ESPL-Co is expected to be self-sufficient by then. ESPL-Co is in discussions with leading venture capital firms in Asia and high net-worth individuals to complete its Pre-seed Funding round in the near term.

Sedania is granted an option (for a period of 12 months), on a first right of refusal basis, to further invest SGD 300,000 (approximately AUD 330,000) into ESPL-Co at the Pre-Seed Funding round at a valuation and terms to be mutually agreed by all incoming investors of the Pre-Seed Funding round.

(iii) Key Personnel Incentive Shares

To incentivize and attract top talents into ESPL-Co, a 10% Key Personnel Share Award Pool will be set up by ESPL-Co at the Pre-Seed Funding round.

The Co-Founding Shareholder Agreement is subject to the parties obtaining all necessary shareholder, regulatory and third-party approvals (if required) and is



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otherwise subject to additional terms, conditions, warranties and representations which are considered standard for an agreement of this type.

iCandy's Funding of the Investment

iCandy will fund its investment of SGD 100,000 via internal funds.

Collaboration between ESPL-Co and iCandy

ESPL-Co plans to collaborate closely with iCandy to engage iCandy's global community of 350 million gamers. ESPL-Co will be working with iCandy to jointly develop online and on-ground competitive gaming events that can help iCandy to bring in additional revenue-generation business opportunities in the form of advertising and sponsorship.

Outlook and Rationale

The management of iCandy is of the opinion that the strategic investment into ESPL-Co is a significant business milestone for the earlier announced esports Division of iCandy, and it further enhances the business objectives and capabilities of iCandy which, since listing, have included the design, development, commercialization and publishing of mobile interactive entertainment content.

In addition, iCandy's management is of the opinion that the initiative to be a co-founder of ESPL-Co will have associated strategic and immediate business collaboration angles with iCandy.

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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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