

21 March 2019

ArcadeX Gains Access to 350M Gaming Subscribers with Revenue Generative Partnership

Highlights:

- Emerge Gaming signs Global distribution JV partnership for ArcadeX with leading mobile games and entertainment group **iCandy Interactive Limited** (ASX:ICI)
- Agreement gives Emerge Gaming **immediate access to revenue** across iCandy's network of 350 million mobile gamers globally
- Emerge Gaming gains significant content with access to iCandy's 300+ mobile premium casual and social games portfolio including iCandy's portfolio of new games being developed
- Emerge to develop 'white label' eSports platform branded '**iLeague**' powered by ArcadeX - customised to run tournaments and competitions using iCandy's premium content
- Revenue generated by iCandy content will be shared equally 50/50 between the JV partners
- Agreement to assist with and form part of the launch strategy for Arcade X

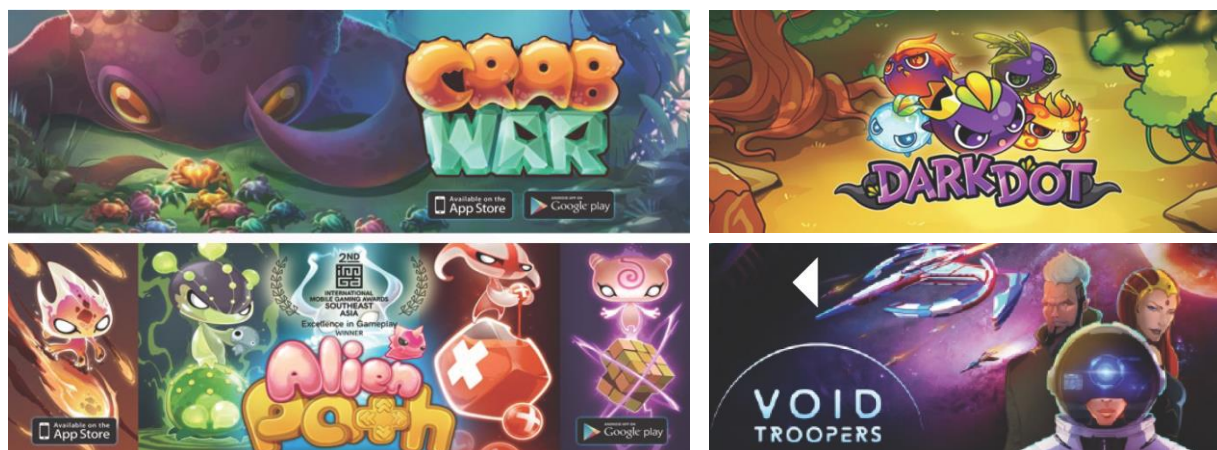
Emerge Gaming Limited (ASX: EM1) ("**Emerge Gaming**" or the "**Company**") advises that it has executed a Global Joint Venture and Distribution Agreement with leading mobile games and entertainment group iCandy Interactive Limited (ASX:ICI, "**iCandy**").

Global Joint Venture and Distribution Agreement (the "**Agreement**")

White Label ArcadeX 'iLeague'

Under the Agreement, Emerge Gaming and iCandy will customise a white-labelled Arcade X Platform branded **iLeague**. iLeague will have content including iCandy's extensive mobile game portfolio of 300+ mobile casual games ('iCandy content') and be marketed to iCandy's network of 350 Million mobile gamers¹.

Figure: iCandy game content



¹ 350 million Mobile Gamers is calculated based on data from third party analytical tools, i.e. Flurry and AppAnnie, using device UUIDs (Universal Unique Identifiers) that have installed iCandy's mobile apps (2011 to current). The number of active users is indeterminable and individuals may be double counted if they downloaded iCandy's games onto multiple devices. Refer to iCandy's ASX presentation of 28 February 2019 for more information.

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The iLeague platform will aim to increase the acquisition of users for both parties, re-engage dormant users, drive revenue, social engagement and create an online competitive environment where gamers can compete for prizes. The customisation process is due to commence imminently.

This sizeable user base will create an opportunity for brands to showcase themselves as millions of gamers engage with the iLeague platform.

A combination of the uniquely designed tournament platform and premium games ensures strong retention of users with an amplification opportunity for brands to showcase themselves.

The Agreement now gives Emerge Gaming access to the APAC regions where iCandy are primarily focused.

Commercial terms

Both parties will receive 50% of revenue generated via the white label ArcadeX iLeague platform including subscription revenue, in-game purchases and advertising for all iCandy Content hosted on iLeague.

Cross Promotion to 350 million Users

Emerge Gaming has secured, as part of the Agreement, a commitment that iCandy will promote ArcadeX tournaments to its current network of 350 million casual gamers with direct marketing, in-app push messaging and social channels.

This ability to cross promote offers substantial value for ArcadeX as it can now offer advertisers a new and novel marketing channel to promote their branded tournaments and improve user engagement.

The iCandy user base will be targeted with a dedicated engagement effort from both parties including direct marketing, push messaging and other means including social media platforms.

Emerge Gaming will shortly commence integrating iCandy content which it intends to include as part of its official launch. Both development team will work vigorously to integrate all-new premium content and scoping of the new iLeague Interface. This will also coincide with the planned roll out across a number of new territories.

Outlook

This partnership is a natural progression for both companies. Gaining access to iCandy's substantial mobile gaming user base is complementary to initiatives to date as it gives Emerge Gaming international reach into all of iCandy's Asian regions – Emerge Gaming has yet to directly target these regions.

Access to the user base and content is also a major positive for Emerge Gaming as it presents to major multinational brands, media buying agencies, creative agencies and media partners in the lead up to the launch of the Arcade X Platform.

iCandy has a strategic partnership with eSports and Blockchain technology company, eSports.com Group AG ("eSports.com") with a view to reaping synergistic benefit from eSports.com's extensive experience in organising large scale eSports activities.

The Agreement with Emerge Gaming further enhances iCandy's exposure to eSports and offers yet more synergies as it continues to acquire game developers and publish games.

Both iCandy and Emerge Gaming are set to benefit from the monetisation of this exclusive gaming content via the new retention and retargeting focused iLeague Platform.

Full details of the Agreement are appended to this announcement.

CEO, Gregory Stevens noted: *"With this agreement, Emerge gains access to Global Distribution and content from awarding winning mobile game developers. The iLeague Platform will give Emerge and iCandy a great opportunity to scale, promote games and generate substantial revenues."*

"Our vision is to become a leading mobile casual gaming eSports provider worldwide. We now have a global reach and exciting new content, which is consistent with our emerging market rollout strategy. This partnership also gives us access to the APAC region and further improves the prospects of the upcoming Arcade X launch."

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."

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About Emerge Gaming

Emerge Gaming Limited (ASX:EM1) is a leading eSports and Casual gaming tournament company. Emerge Gaming operates the online eSports and casual gaming tournament platform and lifestyle hub "Arcade X". Via this platform, casual, social and hardcore gamers can play hundreds of gaming titles against each other via their mobile, console or PC.

The platform uses its unique IP, advanced analytics tracking and proprietary algorithms to deliver an optimum tournament gaming experience for users while providing advertisers with the perfect vehicle for delivery of their messaging to a fully engaged audience.

More information: www.emergegaming.com.au and view the Arcade X platform at www.ArcadeX.co

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 information visit www.icandy.io

Annexure – Global Joint Venture and Distribution Agreement: Key Terms

The key terms of the Agreement include:

- **Collaboration Purpose** - The purpose of the collaboration is to integrate iCandy's game content onto a white label version of Emerge Gaming's Arcade X Platform to develop mutually beneficial opportunities in the mobile eSports industry
- **Grant of License by Emerge Gaming** – Emerge Gaming grants to iCandy a non-exclusive license to use EM1's Arcade X technology and platform for the purpose of this Agreement
- **Grant of License by iCandy** - iCandy grants to Emerge a non-exclusive license to use select games from iCandy's mobile game portfolio for the purpose this Agreement
- **iCandy User Community** - iCandy will offer its gamer community Emerge Gaming's internal and third party tournament campaigns via direct marketing, push messaging and other means at cost to be mutually agreed upon by the Parties
- **Territories** - Australia, New Zealand, Latin America, India, Middle East and Africa
- **Duration** – 18 months during the initial period, with option to extend for another 6 months
- **Revenue Share** – iCandy and Emerge are to share the net revenue from this collaboration on 50:50 basis after deducting all relevant and reasonable costs from both parties
- **Termination with cause:** A party may terminate this Agreement immediately if another party:
 - (a) the Party fails to comply with a material obligation under this Agreement and does not rectify the non-compliance within 14 (fourteen) days of receiving notice demanding that it do so;
 - (b) the Party breaches any material term of this Agreement and does not rectify the non-compliance within 14 (fourteen) days of receiving notice demanding that it do so; or
 - (c) an Insolvency Event occurs in respect of the Party.
- **Termination without cause:** Either Party may terminate this Agreement, for convenience and without cause, upon 3 (three) months' advance written notice to the other Party.