



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

**8 March 2019**

**ASX Announcement**

## **Market Update**

iCandy Interactive Limited (ASX:ICI) ("**iCandy**", the "**Company**") is pleased to provide market updates on its recent initiatives and operations.

### **Business Updates from 'Thor: War of Tapnarok' and 'Void Troopers: Sci-fi Tapper'**

In late July 2018, iCandy began to actively market and publish a new game titled 'Void Troopers: Sci-fi Tapper' under a publishing deal that iCandy signed with the maker of the game. The game was featured on Google Play's "Early Access Collection", and has been downloaded more than 415,000 times. This publishing initiative is amongst the first of iCandy's new publishing initiative that aims to better monetise its marketing expertise and expansive network of mobile gamers. To date, Void Troopers had generated more than \$115,000 in revenue.

More recently in late January 2019, iCandy released a new game titled 'Thor: War of Tapnarok' in select geographical markets. This game is the first major game release from the acquired Animoca Brands game portfolio. The game was launched after an extensive 6 months of beta-testing and refinement. As at 28 February 2019, the game had approximately 145,000 unique installs, generating more than A\$50,000 in revenue within a short span of approximately one month, showing promising potential in this early stage of the game.

### **Acquisition of interest in Xcademy Ltd**

As announced on 5 March 2019, iCandy has entered into a binding term sheet to acquire a 20% strategic stake in UK based, Xcademy Ltd ("**Xcademy**"). This investment represents iCandy's venture into the video influencer marketing market that will provide multi-faceted operation synergy with its game publishing activities.

iCandy confirms that it intends to fund the total investment cost of US\$300,000 (US\$200,000 investment plus US\$100,000 in digital advertising within its game network) through internally generated funds.

### **Investment Agreement with eSports.com**

As announced on 1 August 2018, iCandy has entered into an investment agreement with eSports.com Group AG ("**eSports**"), under which eSports has agreed to subscribe for 16,500,000 new shares in iCandy at an issue price of \$0.08 per share for a total value

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of \$1,320,000, with the payment of subscription monies by eSports and issuance of shares to eSports over 5 tranches.

The Company confirms the following:

1. the first tranche of 3,300,000 Shares was issued on 4 September 2018 (refer to ASX announcement dated 4 September 2018);
2. a portion of the second tranche of 2,583,249 Shares was issued on 7 November 2018 (refer to ASX announcement dated 7 November 2018). As noted in the announcement, the issuance of the remaining balance of the second tranche was to be settled with the issuance of the third tranche;
3. the balance of the second tranche and a portion of the third tranche of 931,842 shares was issued on 12 December 2018 (refer to Appendix 3B dated 12 December 2018). The Company confirms that as at today's date, 3,084,909 shares, with a value of approximately \$246,803 remains outstanding under the third tranche; and
4. the fourth and fifth tranches are currently outstanding and were due to be issued to eSports on 1 November 2018 and 3 December 2018 respectively.

The Company notes that the issuance of the remaining balance of the third tranche, as well as the fourth and fifth tranches (**Remaining Tranches**) are subject to the receipt of outstanding subscription monies from eSports. The Company became aware that the payments due to the Company for the Remaining Tranches would not be made on and around the middle of February 2019.

The Company does not consider the information with respect to the Remaining Tranches noted above to be material. The Company notes that the delay in receiving subscription monies from eSports has resulted in less dilution of shareholders due the delay in the issuance of shares and has not had a material impact on the Company's financial position or its ability to remain solvent.

The Company is currently in discussions with eSports and has agreed to the extension of the deadline by which outstanding subscription monies are to be received from eSports for the Remaining Tranches from May 2019 onwards. The Company will ensure that it continues to keep the market informed as to the status of the Investment Agreement and its ongoing discussions with eSports in accordance with its continuous disclosure obligations.

As at the date of this announcement, iCandy has received a total of AU\$545,207 from eSports.com. In return, eSports.com has been issued a total of 6,815,091 new shares in iCandy.

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### **Acquisition of Animoca Brands**

As announced on 15 November 2017 and 25 June 2018, the Company has entered into an agreement with Animoca Brands Corporation Limited (**Animoca Brands**) for the acquisition of a suite of 318 mobile games.

The Company confirms the following in respect of the consideration payable to Animoca:

1. an upfront cash payment of \$250,000 was paid on December 2017 (refer to ASX announcement dated 25 June 2018);
2. the Company issued 25,000,000 shares at an issue price of \$0.16 for a total value of \$4,000,000 (**Initial Consideration Shares**) to Animoca on 28 June 2018 (refer to ASX announcement dated 28 June 2018);
3. of the \$750,000 cash payable by the Company in five monthly instalments commencing in July 2018 (**Cash Consideration**), \$300,000 has been paid. The remaining amount of \$450,000 includes the second, third, fourth and fifth instalments, which were due to be paid by September 2018, October 2018 and November 2018 respectively (**Remaining Cash Consideration**).
4. up to \$3 million worth of shares to be issued upon satisfaction of certain milestones have not been issued as the relevant performance milestones have not been met; and
5. \$500,000, payable in cash or shares within three months of the completion of the acquisition as an additional maintenance and migration fee (**Maintenance Fee**) has not been paid/issued.

The Company notes that there are outstanding technical matters in the operational handover process of the acquired game portfolio from Animoca Brands in which certain software source codes of some mobile games of lesser importance have not been transferred over from Animoca Brands to iCandy. However, this does not affect the ownership and rights of the acquired game portfolio that iCandy has fully taken control of, and nor does it have any material impact on the revenue of the acquired game portfolio.

Animoca Brands has been very supportive and is working closely with the Company to resolve the outstanding technical matters towards the completion of an ongoing operational handover process, which includes the process of obtaining from Animoca the necessary source codes that may be required to make future modifications and improvements to the games. Animoca Brands has agreed with the Company to extend the settlement date for the Remaining Cash Consideration and Maintenance Fee to September 2019 to allow for the completion of this operational handover.

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The Company became aware that the Remaining Cash Consideration and Maintenance Fee would not be paid by the relevant deadline on January 2019 and came to an agreement on the said deferment with Animoca Brands on 1 March 2019.

The Company does not consider the information noted above in respect of the Remaining Cash Consideration and Maintenance Fee to be material. The Company notes that it has acquired ownership of all 318 games from Animoca and that it currently derives revenue from all games. The total amount of revenue derived from these games to date is approximately \$700,000. The Company notes that the delay in the operational handover and settlement of the Remaining Cash Consideration has not had a material impact on the Company's financial position or its ability to remain solvent.

The Company notes that the Company will ensure that it continues to keep the market informed in accordance with its continuous disclosure obligations.

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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 are being played by over 350 million gamers worldwide and has won multiple awards in various coveted international events. For more information visit [www.icandy.io](http://www.icandy.io)

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