



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

8 February 2022

ASX and Media Announcement

iCandy Acquires Game Studio Storms from Leading Asian Telcos: Singtel, AIS and SK Telecom

Highlights:

- **iCandy to acquire 51% of Storms - a Southeast Asia based game development and publishing company. The current shareholders of Storms have an option to sell the remaining 49% of Storms to iCandy within an agreed period of time**
- **Storms is strategically owned by 3 leading Telcos in Asia, namely Singtel, AIS and SK Telecom.**
- **The transaction marks another step in iCandy's strategy to build the leading integrated Metaverse gaming platform globally; and in the respective strategies of Singtel, AIS and SK Telecom to serve their customers with unique and engaging content**
- **The acquisition is for an Initial Consideration of AUD 8 million to be satisfied entirely in new Shares.**
- **Unaudited Storms revenue for CY2021 was AUD 4.3 million with AUD 7.6 million in cash and cash equivalents**
- **Post-acquisition, iCandy will work with its new strategic shareholders, in bringing next-level integrated gaming experience to the millions of digital users that Singtel, SK Telecom and AIS are serving**
- **Storms is led by a senior and experienced management team that came from Google, Lazada, Amanotes and Paktor, which will join the existing iCandy management team**
- **iCandy will be well positioned to create and publish games for the Metaverse and Web 3.0**

iCandy Interactive Limited (ASX:ICI) ("**iCandy**" or the "**Company**") is pleased to announce that it has entered into a Share Purchase Agreement ("**Agreement**") to **acquire 51%** of Southeast Asia-based games development, publishing and licensing company, Digital

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Games International Pte. Ltd. (trading under the brand name “**Storms**”), with an **option for the current shareholders to sell the remaining 49%** of Storms to iCandy within an agreed period of time.

Storms - Game Publishing Far and Wide through Telcos and Super Apps

Storms was founded in March 2020 by Singtel, Advanced Info Service (“**AIS**”), and SK Telecom. Singtel, AIS and SK Telecom are the largest mobile network operators in Singapore, Thailand and South Korea, respectively.

Storms develops and publishes casual and hyper-casual games through the Google Play and Apple App Stores and taps into its business-to-business (“**B2B**”) business model which leverages Super Apps and Telcos product offerings. It also develops its own instant gaming and gamification features.

Storms demonstrated stellar performance in its financial period ending 31 December 2021, with **approximate revenues of SGD 4.1 million (AUD 4.3 million)**. This represents a surge of 14x from its FY 2020 reported revenues. **Storms has a healthy balance sheet** position with approximately **SGD 7.2 million (AUD 7.6 million) of cash and cash equivalents**. The acquisition of Storms will allow iCandy to leverage its distribution network to further target a number of markets in APAC.

Objectives of Storms' Shareholders

The management team of Storms, as well as Singtel, AIS and SK Telecom, are of the view that the share swap with iCandy will allow Storms to collaborate and advance iCandy's goal of developing the gaming Metaverse.

“We are looking forward to partnering with iCandy Interactive as iCandy develops its Metaverse gaming ambition”, said **Ms Lim Cheng Cheng, Singtel's Group Chief Corporate Officer** and Chairman of Storms' Board, “This will further our collective strategy to better serve our respective customers with unique and engaging content”.

“iCandy with its game studios and development expertise makes a great complementary addition to Storms, which is a mobile game publisher and has expansive distribution advantages via strategic Telcos and other partnerships in the region. Together, they will be well positioned to create and publish games for the Metaverse and Web 3.0, as well as to bring Korean games into the Southeast Asian market”, commented Jae Shin Lee, Vice President and Head of Global Business Development of SK Telecom.

“**We recognise many synergies between Storms and iCandy**, with Storms making a great complementary addition to **iCandy's horizontally-integrated gaming business model**. At the same time, this acquisition strengthens Storms' ability to be a trailblazer in delivering

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more fun to the gaming community through **efficient game development time and at scale**", adds David Yin, CEO at Storms.

Expanding Reach and Integrated Game Publishing

Post-acquisition, iCandy's Board believes that the Company will be in a better position to extend the reach of its portfolio of projects through leveraging Storms' expansive games publishing network in the fastest growing market for gaming experiences.

iCandy is already well positioned to make AAA games for the Metaverse following the transformative acquisition of Lemon Sky Animation Sdn. Bhd. ("**Lemon Sky Studios**"). The management of iCandy firmly believes that the acquisition of Lemon Sky Studios has solidified its upstream capabilities and seeks to bolster its downstream competencies through the acquisition of Storms.

To recap, Lemon Sky Studios is a video game, game art and animation studio founded in 2006 with an impressive portfolio of video games, including major AAA game titles such as Uncharted: The Lost Legacy, The Last of Us Part 2, Final Fantasy VII Remake, the Final Fantasy XIV franchise, Final Fantasy XV, Diablo III, StarCraft: Remastered, Command & Conquer Remastered, Marvel's Spider-Man, and many others.

Through the acquisition of Lemon Sky Studios, iCandy now has among the best-in-class skills and experience to develop AAA quality intellectual properties and games independently.

More information on Lemon Sky Studios can be found in iCandy's ASX Announcement dated 19 November 2021, the Investor Presentation uploaded to the ASX on the same date, as well as an update announcement dated 25 January 2022.

The Transaction Details

iCandy is acquiring 51% of Storms for a total consideration of **AUD 8 million**, which will be settled via the issuance of new fully paid ordinary shares ("**Shares**") of iCandy when the Agreement becomes unconditional.

The issue price of the Consideration Shares is approximately AUD 0.126, which is derived from the 7-day volume-weighted average price ("**VWAP**") of iCandy's Shares immediately prior to 5 February 2022. Consideration Shares issued are subject to a 12 months moratorium from the date of issuance.

In addition to the Initial Transaction for 51% of Storms, the existing shareholders of Storms will also have a Put Option to sell the remaining 49% of Storms to iCandy, which will be similarly settled via the issuance of new Shares of iCandy.

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Rationale for the Acquisition

The Company views the acquisition of Storms as an attractive opportunity to further build shareholder value, based on the following points:

I. Clear synergies and distinct growth pathway

The acquisition of Storms will allow iCandy to realise potential business synergies between both companies, due to its ability to enhance iCandy's game development and publishing capabilities.

The recent acquisition of Lemon Sky Studios allows iCandy to significantly strengthen its game development and design capability, viewed as its upstream production flow. In addition, iCandy was also able to bolster its human capital in times of skilled labour shortages.

The acquisition of Storms will deliver synergetic benefits to iCandy, especially post-acquisition of Lemon Sky Studios since both companies will distinctly augment iCandy's business processes along different parts of its game production flow. The acquisition can also be seen as complementary to the core business of Lemon Sky Studios.

II. Access to broad Telco and Super Apps network and User Base

The Company views the access to Storms' extensive network of Telcos and Super Apps as a key benefit of the acquisition. With the ability to leverage Storms' network on the games publishing front, iCandy can improve its monetisation mechanisms.

Reference is made to iCandy's announcement dated 19 March 2021, where the Company had announced its acquisition of NextGamer - a hyper-casual competitive gaming platform and games developer. Additional growth opportunities will now be available to NextGamer following the acquisition of Storms.

Storms' competencies and partnerships with large Telcos will allow iCandy to deliver Web 3.0 gaming to its large tech-savvy audiences, bringing the Company closer to its goal of developing and publishing games for the Metaverse.

Post-acquisition, the Company will focus on integrating and harnessing the synergies of the combined businesses to drive accretive value for shareholders.

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iCandy is founded and backed by Fatfish Group Ltd (**ASX: FFG**), which holds a significant stake of 192.5 million Shares in iCandy through its subsidiaries. Other significant shareholders of iCandy include **Animoca Brands**, a global leader in Metaverse gaming recently valued at over USD 5 billion.

The completion of the acquisition is expected to occur on or before 28 February 2022.

The vendors are not related parties of the Company.

Shares issued for the transaction will be utilising the placement capacity of iCandy in accordance with Listing Rules 7.1.

This announcement has been authorised by the Board of Directors of 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 360 million mobile gamers worldwide and has won multiple awards in various coveted international events.

For more details, please contact:

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About Singtel

Singtel is Asia's leading communications technology group, providing a portfolio of services from next generation communication, 5G and technology services to infotainment to both consumers and businesses. The Group has presence in Asia, Australia and Africa and reaches over 750 million mobile customers in 21 countries. Its infrastructure and technology services for businesses span 21 countries, with more than 428 direct points of presence in 362 cities. For consumers, Singtel delivers a complete and integrated suite of services, including mobile, broadband and TV. For businesses, Singtel offers a complementary array of workforce mobility solutions, data hosting, cloud, network infrastructure, analytics and cyber security capabilities. Singtel is dedicated to continuous innovation, harnessing next-generation technologies to create new and exciting customer experiences as we shape a more sustainable, digital future.

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Appendix A - Other Salient Terms of the Agreement

1. Voluntary moratorium of Consideration Shares

The Consideration Shares shall be subject to a moratorium of 12 months from the issuance date.

2. Put Option

Upon the completion of the Initial Transaction, iCandy will grant the Vendors a Put Option to sell the remaining 49% shareholding of Storms to iCandy in such manner:

- a. Option Period: Exercisable within a 30 month period at any time after the expiry of a 6 month-period from the Unconditional Date.
- b. Put Option Price: 49% to the equivalent Storm's valuation that is 3.5x of its last twelve months revenue ("**LTM**"), subject to a valuation floor of AUD 16 million.
- c. Put Option is to be automatically exercised upon Storms achieving LTM revenue of SGD 10 million.
- d. iCandy shares issued under the Put Option will be issued at an issue price equivalent to the 7-day VWAP of iCandy shares immediately prior to and excluding the date the Put Option is exercised, subject to a floor price of AUD 0.135 per iCandy share.
- e. iCandy shares issued under the Put Option are subject to moratorium similar to the Consideration Shares, i.e. 12 months moratorium from the date of issuance.

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