



8 January 2025

**ASX and Media Announcement**

## **Operational Update - ZKCandy Raises US\$4m in Seed Funding, Led by Institutional Investors**

iCandy Interactive Ltd (ASX: ICI) ("**iCandy**" or the "**Company**") is pleased to announce that its Web3 Layer 2 network joint venture, ZKCandy, has successfully closed a US\$4 million seed funding round. The round was completed by well-known Web3 institutional investors such as **Wemix Pte. Ltd., Animoca Ventures, Spartan Group, Perlone Capital, Presto Labs, Flowdesk, Prometheus, Lecca Ventures, and Efficient Frontier**. It also included participation from angel investors and early contributors from Web3 tech firms of **Stacks, Analog, Mittaria, Xangle, and Trading Strategies**. The material terms of the seed funding round is herein enclosed on Appendix B of this announcement.

This funding comes shortly after ZKCandy's open-testnet phase, which saw more than 2.4 million wallets created in just two weeks after its launch. This early milestone shows that ZKCandy's approach can reach a wide gaming audience with a seamless Web3 gaming experience, with its novel focus on building EVM-compatible games integrated into the Telegram messaging platform. By making it easy for both players and developers to use its technology, ZKCandy aims to grow a strong and lively ecosystem. ZKCandy is still testing its technology in its current open-testnet phase.

As announced earlier, ZKCandy is the result of a strategic collaboration between Matter Labs and iCandy that seeks to develop a dedicated zkSync-powered gaming and AI-focused Ethereum scaling solution, in the form of a Layer 2 elastic chain. The Layer 2 elastic chain incorporates gaming and AI-specific tools, with decentralized gaming infrastructure, developer resources, and a general game development ecosystem. The material terms of the ZKCandy joint venture is herein enclosed on Appendix A of this announcement.

The funding round of ZKCandy may potentially have a positive financial impact on the financials of iCandy as the ZKCandy business can now develop further with its own funding. However, the iCandy management is not able to quantify the financial impact of this positive development currently. iCandy will be accounting for this joint venture using the equity method.

ZKCandy will use the funds to strengthen its technology, develop new features, and prepare for the mainnet launch in the first half of 2025. It also has plans to grow its network of partners, support more AAA games and IPs, and make the user experience even easier. ZKCandy currently has a pipeline of more than 25 game titles in various stages of going live.



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This announcement has been authorised by the Board of Directors of iCandy.

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### **About iCandy Interactive**

iCandy Interactive Limited (ASX:ICI) ("**iCandy Group**" or the "**Company**") is an award-winning, publicly traded video-game development group that has been listed on the Australian Securities Exchange since 2016.

With headquarters in Melbourne, Australia, and offices across Malaysia, Singapore and Indonesia, we are one of the largest independent game developers in the region. Our team of more than 650 full-time game developers, artists, and engineers has delivered more than 350 mobile, console, PC, and Web 3.0 titles. The Company has worked with some of the biggest names in the global videogame industry on some of the most widely known titles and iconic franchises in video games history. For more information, please visit our website at <https://icandy.io/>.

iCandy Group is supported by a strong network of strategic shareholders, including Animoca Brands, Fatfish Group, Baidu, Singtel, SK Square, AIS, IncubateFund, as well as several Australian and international funds.

For more details, please contact: [ir@icandy.io](mailto:ir@icandy.io)



## Appendix A - Material Terms Related to The Formation of ZKCandy

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company:                          | ZK Candy Limited ("ZKCandy")                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Jurisdiction:                     | Incorporated in the British Virgin Island                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Shareholders:                     | iCandy Games Ltd (100% subsidiary of iCandy Interactive Ltd) and Matter Labs Inc (collectively known as the Parties), each holding 50% respectively                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Board of Directors:               | Both Parties have rights to appoint a director to the Board of ZKCandy but both Parties have waived the rights to do so currently. The Board consists of Mr Tan C.H., as the sole and independent director, that is not an employee of either party                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Key Terms:                        | <p>The Parties set out the following as the objectives of the ZKCandy business:</p> <ul style="list-style-type: none"><li>○ To collaborate and exchange engineering resources for building Web3 games on ZKsync ecosystem</li><li>○ To setup a Layer 2 hyperchain infrastructure powered by ZKsync technology to enable gaming experience on the elastic chain</li><li>○ To collaborate on marketing and publication of games related</li><li>○ To incubate and encourage development of Web3 games by third-parties game studios</li><li>○ To work towards establishing gaming specific tools, infrastructure, libraries and products within ZKSync ecosystem</li></ul> <ul style="list-style-type: none"><li>● Matter Labs Inc provided an investment of US\$1,000,000 to kick off the operation of the venture. The funding was provided in March 2024.</li><li>● iCandy Games Ltd provided initial expertise and recruitment resources to establish the founding team of ZKCandy, which eventually grew to its current form of 32 employees.</li></ul> |
| Minimum Annual Funding Obligation | There is no minimum annual funding obligation for each party                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



## **Appendix B - Material Terms Related to The Seed Funding Round of ZKCandy**

Company: ZK Candy Limited ("ZKCandy"),

Funding Amount: US\$ 4,000,000

Key Terms:

- Investors subscribe to a conversion investment note that is non-interest bearing.
- Investors provide funding in exchange for conversion of the funding amount into potential future tokens to be received by ZKCandy for operating the Layer 2 elastic chain network

Elastic chain is defined as Layer 2 roll-up network that is designed to scale and accelerate transactions on the Ethereum network using zero-knowledge proof system but also has advanced technology ability to interact with other software modules on other Layer 2 network.

Potential tokens that the operation of the elastic chain and/or ZKCandy may receive will include gas fees in the form of Ethereum tokens or any major tokens that ZKCandy may decide to adopt as payment form for the elastic chain network

- In the event that investors do not receive any token, there will be no legal recourse, as ZKCandy will on best effort basis to effect the transfer of tokens to Investors. Investors will not receive any token and any form of payment, and ZKCandy will not be obliged to pay back the funding amount to the investors
- Investors to receive regular Information rights to the operation of ZKCandy
- Investors do not have rights to vote or receive dividends or be deemed the holder of capital stock for any purpose, nor will anything contained herein be construed to confer on the Purchaser, as such, any of the rights of a stockholder of the ZKCandy or any right to vote for the election of directors
- The funding round is not open to any US based person or investor. The investor further undertakes that the investor understands that this funding instrument has not been, and will not be, registered under the U.S. Securities Act of 1933, as



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amended, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Company's representations as expressed

- There are no circumstances where investors of the seed funding round can receive equity in ZKCandy, hence no potential dilution impact on iCandy's holding