



iCandy Interactive Limited
(ACN 604 871712)
Level 4, 91 William Street
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ASX and Media Announcement

iCandy to Take 20% Strategic Stake in UK based Video Influencer Platform 'Xcademy'

Highlights

- **iCandy is to invest into Xcademy, a UK based Video Influencer Training and Monetisation Platform**
- **Xcademy is founded by well-known British YouTuber Joel Morris (popularly known online as JMX and has 2.5 million subscribers) and gaming and blockchain entrepreneur Oliver Bell**
- **Subject to due diligence and closing, iCandy is to invest up to USD200,000 for 20% of Xcademy and USD100,000 for digital advertising**
- **Through strategic collaboration, iCandy will work closely with Xcademy to cross-promote and cross-sell each other's products and services**
- **iCandy expects the strategic investment and collaboration to have positive material impact on the company's business and capability in the near to mid-term.**

iCandy Interactive Limited (ASX:ICI) ("**iCandy**", the "**Company**") is pleased to announce It has entered into a binding term sheet with UK based Xcademy Ltd ("**Term Sheet**"), which is building and planning to launch a mobile first online video influencer training and monetization platform.

Video Influencer Market

Social media is indisputably part of consumers lifestyle across the globe. Online Video Influencers ("**Video Influencers**" or popularly known as "**YouTubers**" in media) are public personalities that frequently broadcast their independently produced video content over video-capable social media such as YouTube, Instagram, Tik Tok or Vimeo. Content produced by Video Influencers are a new breed of media that has far and important reach of the world's population that consume primarily digital entertainment content today, via largely mobile internet.

A 2018 statistics by Statista¹ shows that in the US, YouTube video content could reach more than 90% of adults aged 35-44, and more than 95% of those aged below 35. This reach is unprecedented and placed independently produced online video content as amongst the most influential media in the world.

According to recent media report² the influencer marketing market, as estimated by US based AdWeek, is estimated to worth **USD\$10 billion** globally in 2019.

Xcademy – A Video Influencer Training and Monetisation Platform

Xcademy Ltd ("**Xcademy**") is a private company incorporated in the United Kingdom. Founded by 20-year old video influencer Joel Morris ("**JM**") and 24-year old Oliver Bell ("**OB**") (collectively known as the "**Founders**"). JM is a well-known British video influencer popularly known online as JMX and has a YouTube channel that has more than 2.5 million subscribers whereas OB is a British gaming and blockchain entrepreneur / influencer.

Xcademy is currently building an online mobile-first platform that intends to offer interactive tutorial and training as an online academy to provide training to users who want to learn how to create video content to become Video Influencers in areas related to mobile games and other mobile-first interactive entertainment.

In addition, Xcademy intends to also provide the tools and services that will help Video Influencers to generate revenue from the viewership they garner from their video content through innovative affiliate marketing tools and business models.

The Xcademy platform, its tutorial, training services and revenue generation program are being designed and built based on the extensive experience and success of JM and his fellow video influencer-collaborators that regularly appear on his YouTube channel.

The Xcademy platform will be among the first mass market solution for training aspiring video influencers. Xcademy will be offering products and services on a "freemium" model where some part of its products and services could be used for free while other parts would require customers to pay a monthly subscription fee for.

Notes:

1. Statista - YouTube usage reach in the United States 2018 (<https://bit.ly/2CnEi3W>)
2. Forbes – Calculating the True Size of the Influencer Marketing Industry, Feb 2019 (<https://bit.ly/2TOSnNK>)

Terms of Investment

Subject to the satisfaction of all of the conditions precedent under a definitive agreement to be entered into between iCandy and the Founders ("**Definitive Documentation**"), iCandy intends to invest up to **USD\$200,000 in cash consideration** and **USD\$100,000 in digital advertising** into Xcademy in return for **20% of the enlarged share capital** of Xcademy. The salient terms of the Term Sheet are as follows:

(i) Conditions precedent

The investment by iCandy is subject to the satisfaction of the following conditions precedent prior to closing:

- (a) the preparation and execution by iCandy and the Founders of the Definitive Documentation;
- (b) all relevant approvals and consents by the board of directors of iCandy and Xcademy having being obtained; and
- (c) satisfactory due diligence outcome by iCandy on Xcademy and the Founders.

(ii) iCandy's rights

Upon closing, iCandy will have the right to appoint a representative to the Board of Directors of Xcademy and also the right to appoint a representative to join the management of Xcademy.

(iii) Founder's buy-back option

iCandy grants the Founders of Xcademy a 12 months option to purchase half of iCandy's outstanding shareholding in Xcademy back at a premium, based on the time of execution of such option:

<u>Execution date of the option</u>	<u>Buy-Back Price</u>
Within 6 months of closing	5x the iCandy's cost of investment (cash consideration only)
Within 9 months of closing	10x the iCandy's cost of investment (cash consideration only)
Within 12 months of closing	15x the iCandy's cost of investment (cash consideration only)



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(iv) Founder's incentive option

To incentivise and foster collaboration with the Founders, each of the Founders shall be granted 2 million unlisted share options in iCandy (exercisable at AUD0.05 each and expiry 12 months after the date of issue) upon closing. The agreement to issue the options is made under iCandy's existing placement capacity under ASX Listing Rule 7.1.

iCandy expects the investment to close within 30 days from the date of signing of the Term Sheet.

Strategic Collaboration

The Founders and the Company are to form a new joint executive management group that will be responsible for Xcademy & iCandy synergies that will specifically look into areas of collaboration that include but not limited to:

- (i) **Generating Gaming Interest** - Generating more interest of Video Influencers into iCandy's existing game portfolio in order to establish collaboration with Video Influencers with the objective of marketing iCandy's current and future game portfolio;
- (ii) **New Game Publishing Channel** - Expanding iCandy's game publishing network to include working closely with Video Influencers that could be enabled and trained to include game promotion as part of their monetization strategy for their video content;
- (iii) **New Business Opportunities** - Exploring new opportunities for iCandy to build new games with business models that specifically involve cooperating with Video Influencers on the Xcademy platform that will lead to revenue generation initiatives for iCandy, Xcademy and the clientele of Xcademy; and
- (iv) **Cross-Marketing** – Developing and executing a marketing plan for both iCandy and Xcademy that will allow for cross-promotion and cross-selling of each other's products of services.

Immediate Business Collaboration

Xcademy and iCandy will collaborate to generate direct revenue for both companies in the following manner:

- (i) Xcademy Partner Program – The Xcademy platform will feature the Xcademy Partner Program where business partners will be signed up to provide unique products that Xcademy trained Video Influencers are able to review and promote in return for a share of revenue with the business partners. iCandy will be the exclusive game publishing business partner for the Xcademy Partner Program, sharing 30% of generated revenue generated with Xcademy and its users while retaining 70% of generated revenue.
- (ii) Xcademy Asia – iCandy will have the option to enter into a joint venture with Xcademy to use the technology, know-how, brand and content of Xcademy for an Asian version of Xcademy, that will feature localised Asian languages and Asian Video Influencers. The ownership structure of the joint venture will be decided at a later stage. iCandy will drive the Asian version of Xcademy with its well positioned resources in Asia and its familiarity with the Asian marketplace for mobile and digital entertainment.

Outlook and Rationale

The management of iCandy is of the opinion that the strategic investment in Xcademy is in-line with and enhances the business objectives of iCandy which since listing have included the design, development, commercialization and publishing of mobile interactive entertainment content.

As an award-winning mobile game developer and publisher, iCandy is adding to its portfolio capability and reach to commence coverage of the fast-growing video influencer marketing channel that has very similar target-audience to iCandy's game marketing operation, in terms of demographic and behaviour.

The strategic and immediate business collaboration with Xcademy 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.

iCandy management is of the opinion that the strategic investment into Xcademy, and its associated strategic and immediate business collaboration, will have material positive impact in terms of revenue and operational capability to the Company in the near to mid-term. The cross-promotional aspects of the collaboration with Xcademy will also greatly enhance iCandy's ongoing effort to monetize its large base of mobile gamers as detailed in the Monetisation Strategy memorandum published by the Company earlier.

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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 mobile gamers worldwide and has won multiple awards in various coveted international events. For more information visit www.icandy.io

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