

16 April 2019

ASX and Media Announcement

iCandy Executes Xcademy Investment Agreement

iCandy Interactive Limited (ASX: ICI) ("**iCandy**" or the "**Company**"), developer and publisher of mobile games and digital entertainment for a global audience of over 350 million mobile gamers worldwide, is pleased to announce that it has executed an Investment Agreement with Xcademy Ltd ("**Xcademy**") to acquire a 20% stake.

A Term Sheet was executed on 5 March 2019 (ASX: 5/3/2019). The key terms of the Investment Agreement are attached.

Xcademy is building an online mobile-first platform 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.

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.

Kin W. Lau, Chairman of iCandy said, "The rapid growth of video-capable social media across the globe gives confidence to the iCandy management that the trend we observe today will continue to expand with more of the younger generation making their mark as video influencers."

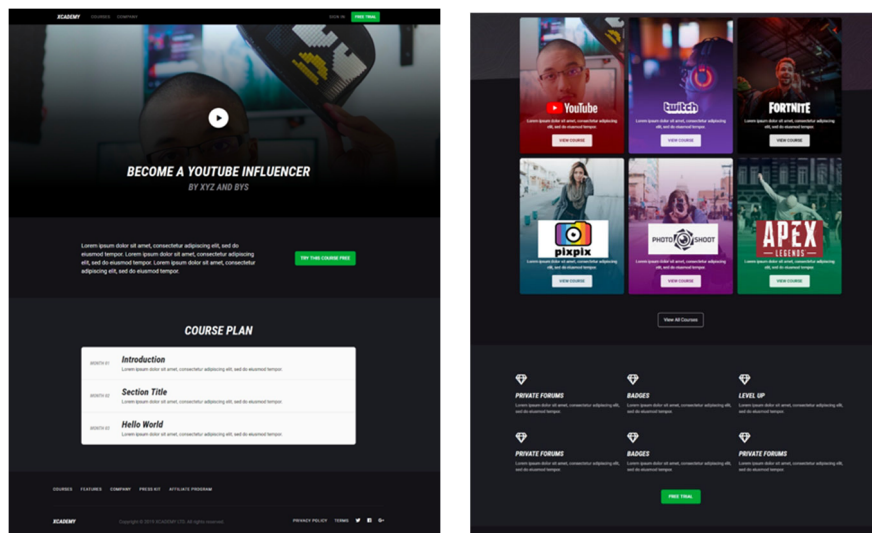


Fig 1 – Xcademy product prototype

The management of iCandy and Xcademy will form a new joint executive management group that will be responsible for various strategic and business collaboration initiatives. This is part of iCandy's ongoing effort to monetize its large base of mobile gamers.

Funding of the Consideration

The cash consideration portion of the investment will be funded via internally generated fund and the non-cash consideration of digital marketing will be made available from iCandy's current game network.

Outlook

With the rapid growth of video-capable social media across the globe, video influencers have very broad and important reach on young consumers that are gamers.

Youtube is the world's second most visited website (source: Alexa, January 2019) with more than 149 million daily visitors, generating more than 1 billion hours of video watched daily (source: Youtube). This high-volume online traffic and the wide-spectrum audience represent ideal target audience for marketing games and engaging the highly correlated population of gamers among the audience. iCandy management is of the opinion this is very complimentary engagement and distribution platform for iCandy's games suited to a targeted audience in addition to iCandy's existing network of 350 million mobile gamers.

This is part of iCandy's ongoing effort to monetize its large base of mobile gamers as detailed in the Monetization Strategy published on 28 February 2019.

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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

Key Terms of the Investment Agreement

1. Consideration

The consideration for the investment shall be USD300,000 (USD200,000 in cash consideration and up to USD100,000 in digital advertising).

The consideration will be disbursed to Xcademy within 15 business days from the date on which all conditions precedent have been fulfilled/waived ("**Completion Date**").

2. Conditions Precedent

The completion of the Subscription Agreement shall be subject to the satisfaction of all of the following conditions prior to the Completion Date:

- (i) the execution by the parties of the Subscription Agreement;
- (ii) all relevant approvals and consents by the Board of Directors of iCandy and Xcademy having being obtained; and
- (iii) satisfactory due diligence outcome by iCandy on Xcademy and the founders of Xcademy, Joel Samuel Morris and Oliver Henry Bell (collectively referred to as "**Founders**").

3. iCandy's Rights

- (i) iCandy shall have the right to appoint a representative to the Board of Directors and/or the management of the Company (the "**Representative**"); and
- (ii) The Representative shall be appointed as compulsory signatory for all bank accounts of the Company for the initial 18 months of operation of the Company;

4. Founder's Rights

- (i) The Founders shall have the option to purchase half of iCandy's outstanding shareholding in Xcademy in the following manner:

Option Period	Buy-back price
Within 6 months of the Completion Date	5x the Investor's cost of investment
Within 9 months of the Completion Date	10x the Investor's cost of investment
Within 12 months of the Completion Date	15x the Investor's cost of investment

- (ii) The Founders will each be granted 2 million unlisted share option of iCandy, exercisable at A\$0.05 and expiring 12 months from their respective issue date. The options share be granted in 8 tranches in the following manner:
 - (a) For the 1st tranche, iCandy will issue 250,000 unlisted options to each of the Founders on the Completion Date; and
 - (b) For the 2nd to 8th tranche, iCandy will issue 250,000 unlisted options to each of the Founders on a quarterly basis, with the 2nd tranche being issued 3 months after the Completion Date, and each subsequent tranche being issued 3 months after the preceding tranche, subject always to both Founders' continued employment with the Xcademy at all times up to the relevant issue date. For the avoidance of doubt, if either of the Founders resign from the Company or cease to hold less than 10% interest in the Xcademy, then all tranche payments subsequent to such date will be forfeited.

Any shares in the Investor issued to the Founders pursuant to the exercise of the unlisted options shall be listed on the Australian Securities Exchange ("**ASX**"), and will be subject to any requirements imposed by the regulators and/or the ASX, if any.

5. Shareholder's Agreement

iCandy and the Founders will enter into a shareholders' agreement to regulate their relationship as shareholders of Xcademy ("**Shareholders' Agreement**"). The terms of the Shareholders' Agreement include, among others, the following:

- (i) Board Composition

The Board shall consist of 3 directors of whom 1 director shall be nominated by iCandy, and 2 Directors shall be nominated by the Founders
- (ii) Pre-emption Rights

Any shareholder of Xcademy wishing to sell its shares in Xcademy must first offer the sale to the existing shareholders of Xcademy.
- (iii) Drag-along Rights

All shareholders of Xcademy holding more than 5% voting power shall vote in favor of a deemed liquidation event or transaction in which 50% or more of the voting power of Xcademy is transferred and which is approved by the Board of Directors of Xcademy.

(iv) Tag-along Rights

If any shareholder of Xcademy holding greater than 1% of the voting power proposes to sell any of its shares, iCandy have the right to request that the buyer of such shares acquire iCandy's shares on the same terms.

(v) Restriction on Founders

The Founders cannot sell their shares in Xcademy without the approval of iCandy.