



**TANGELO**  
GAMES

## **NEWSRELEASE**

### **TANGELO REPORTS 2016 SECOND QUARTER FINANCIAL RESULTS WITH STRONG MOBILE REVENUE GROWTH**

**FOR IMMEDIATE RELEASE**

**Toronto, Ontario – August 29, 2016** – Tangelo Games Corp. ("**Tangelo**" or the "**Company**") (**TSX-VENTURE: GEL**) reports its financial results for the second quarter of 2016 (the three and six-month period ended June 30, 2016).

#### **Q2 HIGHLIGHTS**

*All figures CAD*

#### **Strong Business Fundamentals**

Revenue from the Company's mobile games continued to grow at a rate that significantly outpaces the industry average, with 13% growth in Q2 2016 from Q1 2016, while performing in-line with industry averages for Facebook / Web. According to Eilers research, mobile revenue for the entire social casino space grew 3.4% quarter-over-quarter. Tangelo's mobile games growth was, in particular, driven by strong performance from its Old Vegas game, which offers players a classic-style slot machine experience.

The Company is continuing to press forward on accelerating its mobile growth by leveraging its broad game library, creating a multi-game environment for its Spanish-language leading game title "Mundijuegos" and creating a common infrastructure that will allow Tangelo to develop new games faster. Additionally, Tangelo has begun integrating Akamon game content into the Best Casino App.

#### **Operational Consolidation**

In Q2 2016, the Company decisively moved forward to integrate its businesses into one consolidated operating unit. As previously announced, the Company reached an agreement with the founders of Diwip that included their resignation from their full time roles as managers of the Diwip business and, subsequent to the quarter-end, a settlement of all outstanding amounts owed under the acquisition agreement. Subsequent to the quarter end, the Company moved forward with an initiative to right-size its organization and realize operating efficiencies, reducing its workforce by 25%.



# TANGELO GAMES

## NEWSRELEASE

In connection with its operational consolidation, subsequent to the end of the quarter, the Company appointed Dvir Ackerman as head of New Product of Tangelo based in Tel Aviv. Mr. Ackerman will specify market requirements for current and future products, analyze and execute potential partner relationships for the Company and synchronize all product areas to deliver on the Company's planned product pipeline. Mr. Ackerman is a seasoned technology executive with more than ten years of expertise in the gaming industry and specifically in social casinos.

To better reflect the consolidation of its operations and management structure, in the quarter the Company received shareholder approval to rebrand itself and change its name to Tangelo. The name change was effective June 28, 2016.

### Financial Highlights

Tangelo generated revenue of \$10.05 million and \$20.91 million for the three and six months ended June 30, 2016 compared to revenue of \$5.89 million and \$9.81 million for the three and six months ended June 30, 2015. Adjusted EBITDA of \$2.76 million and \$5.76 million was realized for the three and six months ended June 30, 2016 compared to \$0.16 and \$0.77 for the three and six months ended June 30 2015 (see Non-IFRS measures).

#### Second Quarter Financial Summary

in \$000,000 Canadian Dollars except for shares and per share amounts

	<i>For the Three Months Ended June 30,</i>		<i>For the Six Months Ended June 30,</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
<b>REVENUE</b>	10.05	5.89	20.91	9.81
<b>Adjusted EBITDA*</b>	2.76	0.16	5.76	0.77
<b>Due diligence and transaction costs, Severance and restructure costs, Depreciation of equipment, Amortization of intangibles and Stock-based compensation</b>	3.61	3.38	7.09	3.90
<b>OPERATING (LOSS)</b>	(0.85)	(3.23)	(1.33)	(3.13)
Interest and accretion, Changes in value of long-term debt, Foreign exchange	3.57	3.06	1.53	5.07
<b>LOSS, CONTINUING OPERATIONS, BEFORE INCOME TAX</b>	(4.42)	(6.28)	(2.86)	(8.21)
<b>NET LOSS, CONTINUING OPERATIONS</b>	(4.28)	(6.14)	(2.46)	(8.44)
<b>NET INCOME/(LOSS), DISCONTINUED OPERATIONS</b>	0.02	(1.27)	0.01	(1.83)
<b>TOTAL NET LOSS FOR THE PERIOD</b>	(4.26)	(7.42)	(2.45)	(10.27)
Basic and diluted loss per share, continuing operations	\$ (0.02)	\$ (0.05)	\$ (0.01)	\$ (0.06)
Basic and diluted income/(loss) per share, discontinued operations	\$ 0.00	\$ (0.01)	\$ 0.00	\$ (0.01)
Weighted average number of shares: basic and diluted	176,950,436	160,879,299	173,510,775	144,361,416



**TANGELO**  
GAMES

## **NEWSRELEASE**

**James Lanthier, Chief Executive Officer of Tangelo, commented:** "Our rapid mobile growth in Q2 demonstrates that Tangelo is on the right track. While desktop still makes up the majority of our revenue, our business is geared towards the future and growing faster than the industry rate."

In the quarter and subsequent to its end we moved forward to realize synergies from integrating our operating businesses. While we have now achieved significant cost savings, we expect further benefits by applying best practices, particularly in the areas of data, marketing, and predictive analytics.

Observers of the games and gaming markets will note that there continues to be robust M&A activity. Management evaluates M&A opportunities in this regard with a particular focus on opportunities that would allow the Company to improve its capital structure."

**Vicenc Marti, President of Tangelo, commented:** "Q2 has been one more decisive step towards the integration of our Tel Aviv and Barcelona teams, our commitment to a mobile first social casino company and the continuation of our leadership of the industry as the most geographically diversified company. Tangelo in a unique position to leverage the faster than industry average growth of mobile social casino in emerging markets."

Tangelo Q2 results can be found on its website ([www.tangelogames.com](http://www.tangelogames.com)) or SEDAR.

### **Financial Results and Non-IFRS Measures**

The Company has included certain Non-IFRS performance measures, namely EBITDA and adjusted EBITDA and working capital, within this document. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. These Non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

EBITDA is defined as "Earnings Before Interest, Tax, Depreciation and Amortization". Adjusted EBITDA takes into consideration unusual expenses that do not reflect operations. EBITDA does not include the discontinued operations of Vast and Tech Channel. The following tables provide a reconciliation to Operating Loss/Income on the Statements of Consolidated Income and Comprehensive Loss for the six months ended June 30, 2016 as reported in our condensed interim consolidated financial statements.



# TANGELO GAMES

## NEWSRELEASE

### Adjusted EBITDA - Consolidated

	<i>For the Three Months Ended</i>		<i>For the Six Months Ended</i>	
	<i>June 30, 2016</i>	<i>June 30, 2015</i>	<i>June 30, 2016</i>	<i>June 30, 2015</i>
Operating loss, in 000,000's	\$ (0.85)	\$ (3.23)	\$ (1.33)	\$ (3.13)
Add back:				
Due diligence and transaction costs	0.15	0.94	0.27	1.34
Restructure and severance	0.57	-	0.72	0.08
Depreciation of equipment	0.03	0.02	0.06	0.04
Amortization of intangibles	2.79	-	5.76	-
Stock-based compensation	0.07	2.43	0.28	2.44
Adjusted EBITDA	\$ 2.76	\$ 0.16	\$ 5.76	\$ 0.77

### Credit Agreement Amendment and Waiver

The Company has also reached an agreement with its lenders to amend certain terms of its outstanding credit agreement. Tangelo previously completed a secured debt financing pursuant to an amended and restated credit agreement dated November 16, 2015, which amended the terms of a prior credit agreement dated January 30, 2015, as amended (the “**Credit Agreement**”) among the Company, as borrower, the subsidiaries of Tangelo, as credit parties, a syndicate of lenders (the “**Lenders**”), and the Lenders’ administrative agent, Third Eye Capital Corporation (“**TEC**”).

The Company and its subsidiaries have entered into a waiver and amendment (the “**Amendment**”) to the Credit Agreement with TEC, on behalf of the Lenders, waiving breaches by the Company of certain covenants and amending the covenant thresholds for future periods. As consideration for these amendments, among other things, the Company agreed to pay to the Lenders a fee.

### About Tangelo

Tangelo Gaming Corp., is a developer of social and mobile gaming for PC, Mac, iOS and Android platforms. Formally Imperus Technology Corporation, Tangelo Games Corp. was formed through the acquisition of Diwip and Akamon Entertainment. Tangelo’s rebranding of a single business entity reflects the inclusive philosophy of this global firm as it consolidates itself in the marketplace. Tangelo has successfully built a team of highly qualified gaming experts, who possess proven track records of excellence in their respective fields, and are committed to leveraging their combined skills and experience to deliver cutting edge, future ready, scalable gaming assets to the marketplace. This translates into a collection of fun, casual, casino themed games that are free to play and generate revenue primarily through the in-game/in-app sale of virtual coins.



**TANGELO**  
GAMES

## **NEWSRELEASE**

### **Further Information**

Spyros P. Karellas  
President & CEO  
Pinnacle Capital Markets LTD.  
Mobile/Office:416-433-5696  
[www.pinnaclecapitalmarkets.ca](http://www.pinnaclecapitalmarkets.ca)  
[spyros@pinnaclecapitalmarkets.ca](mailto:spyros@pinnaclecapitalmarkets.ca)  
Skype: spyros.karellas

### ***Caution Regarding Forward-Looking Information:***

*Certain statements in this press release may constitute “forward looking statements” which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this press release, such statements may use such words as “may”, “will”, “expect”, “believe”, “plan” and other similar terminology. These statements include, but are not limited to, statements with respect to the future business and operations of the Company; the financial results of the Company and its subsidiaries; agreements entered into with the Company’s major lender; the appointment and resignation of employees and officers of the Company. These statements reflect management’s current expectations regarding future events and operating performance and speak only as of the date of this press release. The forward looking statements involve a number of risks and uncertainties. These risks and uncertainties include, but are not limited to, general economic, market or business conditions and future developments in the sectors of the economy in which the business of Tangelo operates. The foregoing list of factors is not exhaustive. Please see the Company’s short form prospectus dated March 27, 2015, the Company’s Annual Information Form dated November 11, 2015 and other documents available under the Company’s profile on [www.sedar.com](http://www.sedar.com), for a more detailed description of the risk factors. The Company undertakes no obligation to update publicly or revise any forward looking statements, whether a result of new information, future results or otherwise, except as required by law.*

**NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.**