



iCandy Interactive Limited
(ACN 604 871712)
Level 4, 91 William Street
Melbourne, VIC 3000
Australia

30 October 2018

ICANDY UPDATE FOR THE QUARTER ENDED 30 SEPTEMBER 2018

Highlights

- **iCandy signed a definitive Investment Agreement with eSports.com Group AG, whereby eSports.com will invest AU\$1.32 million into iCandy**
- **Despite the enormous size of the game portfolio, the process of taking over of Animoca's game portfolio and integrating it into iCandy's existing platform was progressing smoothly and well**
- **The Company announced the release of 'Thor: War of Tapnarok', the first new release acquired through the Animoca Brands portfolio**
- **Mr Nilwafa Pradata, an experienced art and creative executive, joined the iCandy team as Art Director**

iCandy Interactive Limited ("**iCandy**", "**ICI**" or the "**Company**") is pleased to provide an update regarding its activities for the quarter ended 30 September 2018.

Operations Update

iCandy signs Investment Agreement with eSports.com

On 31 July 2018, iCandy announced that it has entered into a definitive agreement ("**Investment Agreement**") with eSports.com Group AG ("**eSports.com**"). The Investment Agreement includes the following material terms:

- (i) eSports.com shall subscribe for 16,500,000 new ICI shares ("**Subscription Shares**") for a total consideration of AU\$1,320,000 at a premium price of AU\$0.08 per share ("**Subscription Price**");
- (ii) the Subscription Price shall be payable by eSports.com in 5 equal tranches with the first tranche payable by 3 August 2018, and the remaining 4 tranches to be paid over 4 equal payments commencing from 3 September 2018;
- (iii) the Subscription Shares are to be issued to eSports.com in 5 equal tranches within 5 business days of receipt of each tranche payment; and
- (iv) upon issuance of the first tranche of Subscription Shares, eSports.com has the right to elect a director to iCandy's Board of Directors.



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Simultaneously, eSports.com has entered into a share exchange agreement with Fatfish Internet Group Ltd ("**Fatfish**") (ASX:FFG, OTCQB: FFTF), whereby Fatfish will exchange AU\$4.56 million worth of its shareholdings in ICI, in the form of 45,656,105 ordinary ICI shares, valued at AU\$0.10 per share, for 3% of the issued capital in eSports.com.

After these transactions are complete, eSports.com will own approximately 19.5% of iCandy.

Update on the Animoca Brands Portfolio

On 15 August 2018, the Company announced that despite the enormous size of the game portfolio (consisting of 318 mobile games serving 325 million gamers), the process of taking over of Animoca Brands Limited's ("**Animoca**") game portfolio and integrating it into iCandy's existing platform ("**Animoca Acquisition**") was progressing smoothly and well. The take over and integration process is on schedule to be completed by the end of 2018 and will give rise to a combined portfolio of more than 340 mobile games serving 350 million gamers, firmly providing a key value proposition to the Company as a global player in the digital entertainment arena.

On 27 September 2018, the Company announced the release of 'Thor: War of Tapnarok', the first release acquired through the Animoca Brands' game portfolio. The game involves simple tap gameplay as the player defends land from a series of invaders.

To recap, on 15 November 2017, iCandy announced the Animoca Acquisition, which had the following salient terms:

- (i) purchase consideration is AU\$5 million (AU\$1 million in cash and AU\$4 million in shares);
- (ii) a performance payment of up to AU\$3 million (payable in shares) may be payable subject the acquired game portfolio meeting the performance milestones over the first 2 years after closing;

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- (iii) Animoca may receive a profit share in cash if the net profits of the game portfolio exceed AU\$1 million per annum; and
- (iv) there will be a hand-over period of 3 months⁽¹⁾ where Animoca will continue to publish, operate and maintain the game portfolio, before ICI will take over these roles.

The Animoca Acquisition was completed on 28 June 2018, pursuant to the issuance of 25,000,000 ICI shares to Animoca.

Corporate Update

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Nilwafa Pradata joins iCandy as Art Director

As announced on 24 July 2018, Mr Nilwafa Pradata, an experienced art and creative executive, joined iCandy as Art Director. Previously employed as the Art Director of Touchten, the leading game studio in Indonesia, he has been involved in the development and production of various award-winning mobile games that have been named as the top games on the Google Play Appstore in 2015 and 2016. Mr Pradata will be based in iCandy's studio in Kuala Lumpur, joining its ever-growing team of game producers.

iCandy Chairman Kin Wai Lau commented: "Although the September quarter has been a quieter period for iCandy, the Company has been developing a detailed strategy in relation to monetisation of the 350 million gamers in its network. We look forward to updating the market further in regard to this, as we look to capitalize on this highly extensive network, which is the most valuable asset within iCandy".

- END -

Cautionary Statement - Cryptocurrency Related Business Activities

The Company notes the following in relation to its cryptocurrency-related business activities:

- investment into cryptocurrencies is high risk in nature as cryptocurrencies are currently highly speculative; and
- cryptocurrency-related businesses have several other risks factors, including but not limited to the following:

¹ iCandy and Animoca subsequently agreed to extend the handover period to 6 months, as announced by the Company on 25 June 2018.

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- (i) the development of new regulatory framework involving cryptocurrencies;
- (ii) cryptocurrencies, cryptocurrency exchanges and its related topics of Initial Coin Offerings (“**ICO**”) have raised regulatory issues across multiple jurisdictions. A number of regulators have issued guidance on the relevance of their existing securities and financial services laws with regards to ICOs that have underlying cryptographic tokens that are securities or investment in nature; and
- (iii) in many countries' cryptocurrencies are subject to anti-money laundering and counter-terrorism funding legislations.

For its cryptocurrency-related business activities, the Company will always endeavour to the best of its ability to ensure that the Company and its subsidiaries comply with the relevant local regulatory requirement.

– End –

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 runs a portfolio of mobile games that are being played by over 350 million gamers worldwide and has won multiple awards in various coveted international events. For more information visit www.icandy.io

For further question on this release, please contact Investor Relations Manager
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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ICANDY INTERACTIVE LIMITED

ABN

87 604 871 712

Quarter ended ("current quarter")

30 SEPTEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	422	1,313
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(114)	(198)
(d) leased assets	-	-
(e) staff costs	(214)	(494)
(f) administration and corporate costs	(30)	(449)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	64	172

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(18)	(27)
(b) businesses	-	-
(c) investments	(150)	(150)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(9)	(33)
2.4 Dividends received	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(177)	(210)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares (Note 1)	264	264
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayments of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Shares issued 9 October 2017)	-	-
3.10 Net cash from / (used in) financing activities	264	264
4. Net increase / (decrease) in cash and cash equivalents for the period	151	226
4.1 Cash and cash equivalents at beginning of quarter/year to date	223	142
4.2 Net cash from / (used in) operating activities	64	172
4.3 Net cash from / (used in) investing activities	(177)	(210)
4.4 Net cash from / (used in) financing activities	264	264
4.5 Effect of movement in exchange rates on cash held	4	10
4.6 Cash and cash equivalents at end of quarter	378	378

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	378	223
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter	378	223

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
-
-

Directors Fees & arms length reimbursement

7. Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
9

Net payment from related entity loans

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Appendix 4C**Quarterly report for entities subject to Listing Rule 4.7B****8. Financing facilities available**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and developments	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	40
9.4 Leased assets	-
9.5 Staff costs	120
9.6 Administration and corporation costs	120
9.7 Other	-
9.8 Total estimated cash outflows	280

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



Sign here _____
Company Secretary

Date: 30 October 2018

Print Name Jiahui Lan

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