



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

31 January 2019

iCandy Update for the Quarter Ended 31 December 2018

Highlights

- **iCandy received investment from eSports.com**
- **iCandy acquires 67% in Indonesian-based award winning mobile game developer, PT Joyseed Berbagi Sukses**
- **iCandy launches CryptantCrab, its first blockchain game**
- **Updates on Animoca Brands Portfolio**
- **Partnership with Malaysia Digital Economy Corporation**

iCandy Interactive Limited ("**iCandy**", "**ICI**" or the "**Company**") is pleased to provide an update on its activities for the quarter ended 31 December 2018.

1. Update on the Animoca Brands Portfolio

In June 2018, iCandy announced the completion of the acquisition of the Animoca Brands portfolio (318 games serving more than 325 million mobile gamers).

The takeover and integration process of the Animoca Brands game portfolio is ongoing and progressing well. In addition, iCandy has started working closely with Animoca Brands as a strategic partner via collaboration in various synergistic areas.

2. CryptantCrab

iCandy commenced pre-sale of its first blockchain game, CryptantCrab on 25 October. CryptantCrab was a spin-off from iCandy's popular mobile game, Crab War. In CryptantCrab, unlike its predecessors, players are able to create unique, one-of-a-kind virtual crabs, each of which are tagged with a digital token powered by the Ethereum blockchain.

CryptantCrab was recently updated with two key gameplay mechanics, allowing players to further customise their virtual crabs (via mutation and xenograft), as well as trading of virtual crabs and parts via a player-to-player online marketplace. Moving forward, iCandy will introduce a battlemode for players to pitch their virtual crabs against each other.

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3. eSports.com

In July 2018, iCandy entered into a definitive agreement ("**Investment Agreement**") with eSports.com Group AG ("**eSports.com**"), in which eSports.com shall subscribe for 16,500,000 new ICI shares over 5 tranches, for a total consideration of A\$1,320,000 at an issue price of A\$0.08 per share.

In addition, upon the completion of the Investment Agreement, iCandy's parent company, Fattfish Blockchain Limited ("**FFG**") will exchange A\$4.56 million worth of its shareholdings in ICI (in the form of 45,656,105 ICI shares valued at A\$0.10 per share) for 3% of the issued capital in eSports.com.

Upon completion of the 2 transactions, eSports.com will own approximately 19.5% of iCandy.

As at the end of the quarter, iCandy has received an investment sum of A\$545,207 and issued a total of 6,815,091 ICI shares to eSports.com.

4. Malaysia Digital Economy Corporation

On 1 November 2018, iCandy announced that it has signed a memorandum of understanding ("**MOU**") with Malaysia Digital Economy Corporation ("**MDEC**"), a Malaysian government-owned agency,

Under the MOU, iCandy will provide funding and knowledge sharing as part of its effort to nurture Malaysian game developers that are developing blockchain powered games. The amount of funding is to be determined solely by iCandy on a case-by-case basis, and is not expected to be material.

In return, MDEC will speak about its partnership with iCandy in game events that it holds, thereby assisting iCandy to recruit game studios which are keen to venture into this niche space. This will feed into iCandy's strategy to monetise the mobile gamers it has in its network.

5. PT Joyseed Berbagi Sukses

On 4 October 2018, iCandy announced that it has entered into a definitive agreement to acquire a 70% stake in PT Joyseed Berbagi Sukses ("**Joyseed**"), an award winning Indonesian mobile game development studio from Bernadus Boy Dozan Poerniawan and Joseph Putra Wibawa (collectively referred to as "**Joyseed Vendors**").

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iCandy subsequently announced on 3 January 2019 that due to foreign ownership rules in Indonesia, iCandy and the Joyseed Vendors entered into a supplemental agreement to reduce the acquisition from 70% to 67%. The revised terms of the acquisition are as follows:

Consideration	A\$335,000, to be settled in 9 tranches: Tranche 1-8 = A\$29,375 every 3 months, settled via the issuance of new ICI shares at an issue price of A\$0.09 each, subject to both Joyseed Vendor's continued employment with iCandy. Tranche 9 = A\$100,000 subject to Joyseed hitting revenue milestone of A\$350,000 by 2 January 2021, settled via the issuance of new ICI shares at an issue price of A\$0.09 each.
Board of Directors	Maximum of 3 directors, whereby iCandy is entitled to appoint 2
Board of Commissioners	Maximum of 2 commissioner, whereby iCandy is entitled to appoint 1
ICI Shares Moratorium	iCandy shares issued to Joyseed Vendors will be subject to 2 years moratorium from date of issuance.
Joyseed Shares Moratorium	Joyseed shares held by iCandy and Joyseed Vendors will be subject to a 2 years moratorium from the unconditional date (i.e., 3 January 2019).
Marketing Services	Games will be published under the "Joyseed" brand. However, marketing operations shall be provided and managed by AppXplore (iCandy) Ltd. In return, AppXplore (iCandy) Ltd will be entitled to 30% of net profit (after channel and advertising cost).

The acquisition was completed on 4 January 2019, with the issuance of Tranche 1 to the Joyseed Vendors.

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Cautionary Statement - Cryptocurrency Related Business Activities

iCandy 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;
- cryptocurrency prices are currently volatile; and
- cryptocurrency-related businesses have a number of other risks factors, including but not limited to the following:
 - (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.

– 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 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, please contact:

ir@icandy.io

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")

31 DECEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	285	1,598
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(145)	(343)
(d) leased assets	-	-
(e) staff costs	(132)	(626)
(f) administration and corporate costs	(185)	(634)
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	(177)	(5)

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(28)
(b) businesses	-	-
(c) investments	(150)	(300)
(d) intellectual property	-	-
(e) other non-current assets	(62)	(62)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	61	61
2.3 Cash flows from loans to other entities	29	(4)
2.4 Dividends received	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(123)	(333)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares (Note 1)	281	545
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	281	545
4. Net increase / (decrease) in cash and cash equivalents for the period	(19)	207
4.1 Cash and cash equivalents at beginning of quarter/year to date	378	142
4.2 Net cash from / (used in) operating activities	(177)	(5)
4.3 Net cash from / (used in) investing activities	(123)	(333)
4.4 Net cash from / (used in) financing activities	281	545
4.5 Effect of movement in exchange rates on cash held	2	12
4.6 Cash and cash equivalents at end of quarter	361	361

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	361	378
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter	361	378

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
5
-

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
-
(29)

Net repayment 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	60
9.4 Leased assets	-
9.5 Staff costs	120
9.6 Administration and corporation costs	150
9.7 Other	-
9.8 Total estimated cash outflows	330

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: 31 January 2019

Print Name Jiahui Lan

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