



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

30 April 2019

iCandy Update for the Quarter Ended 31 March 2019

Highlights

- **Updates on Animoca Brands Portfolio**
- **Updates on eSports Investments**
- **Acquisition of 20% stake in Xcademy Ltd**
- **Global Collaboration with Emerge Gaming Ltd**
- **Subsequent events in 2Q2019**

iCandy Interactive Limited ("**iCandy**", "**ICI**" or the "**Company**") is pleased to provide an update on its activities for the quarter ended 31 March 2019.

1. Update on the Animoca Brands Portfolio

In November 2017, iCandy announced the acquisition of 318 mobile games from Animoca Brands Limited ("**AB1**") for a purchase consideration of A\$5 million through a combination of cash and shares. The acquisition was completed in mid 2018.

As clarified in iCandy's announcement dated 15 August 2018, 8 March 2019 and 11 April 2019, there are outstanding technical matters in the operational handover process of the acquired game portfolio from AB1 in which certain software source codes of some mobile games of lesser importance have not been transferred over from AB1 to iCandy. However, this does not affect iCandy's legal ownership of the acquired games portfolio nor does it have any material impact on the revenue of the acquired game portfolio. The management expects the outstanding technical matters to be resolved by September 2019.

Under the acquisition agreement, iCandy has yet to pay the following:

- (i) Remaining cash consideration of A\$450,000;
- (ii) Migration fee of A\$500,000, payable in cash or shares; and
- (iii) Maintenance fee (amount to be determined between the parties), being the reimbursement to AB1 for maintenance services rendered during the hand-over period to iCandy, payable in cash or shares.

For personal use only



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

iCandy and AB1 had agreed to an extension of the outstanding payments above to be deferred to after the completion of the technical handover.

Furthermore, under the acquisition agreement, iCandy may issue up to A\$3 million worth of iCandy shares to AB1 upon satisfaction of certain milestones. These milestones have yet to be met.

2. Updates on Investment by 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.

On 8 March 2019, iCandy announced that it has received an investment sum of A\$545,207 and issued a total of 6,815,091 ICI shares to eSports.com. In the same announcement, iCandy announced that it has agreed to extend the deadline for the receipt of the remaining investment sum ("**Remaining Tranches**"), which were originally due on 1 November 2018 and 3 December 2018 under the Investment Agreement, to May 2019.

Subsequent to the end of the quarter, on 4 April 2019, iCandy announced that it has been advised that eSports.com has been placed into provisional liquidation. iCandy is of the opinion that the receipt of the Remaining Tranche cannot be assured. However, iCandy has no reliance on the outstanding subscription for its current operational cashflow and capital requirements. In addition, iCandy has no liabilities incurred whatsoever under the Investment Agreement.

iCandy is currently seeking legal advice with respect to this matter, and will update the market when there is further development.

3. Acquisition of 20% of Xcademy Ltd

On 5 March 2019, iCandy announced that it entered into a binding term sheet to acquire a 20% strategic stake in UK based Xcademy Ltd ("**Xcademy**"), which is building and planning to alunch a mobile first online video influencer training and monetization platform.

Post acquisition, iCandy will enter into several strategic and immediate business collaboration with Xcademy providing iCandy access and exposure to a wider audience of mobile gamers. For further details of the collaborations, please refer to the announcement dated 5 March 2019.

For personal use only



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

The acquisition is currently subject to various conditions precedent, including the satisfactory due diligence outcome by iCandy on Xcademy and its founders.

The acquisition will cost up to US\$300,000 (US\$200,000 in cash consideration and US\$100,000 in digital advertising), and will be funded by iCandy's internally generated funds.

4. Global Collaboration with Emerge Gaming Ltd

On 21 March 2019, iCandy announced that it entered into a Global Collaboration and Distribution Agreement with ASX-listed Emerge Gaming Ltd ("**EM1**").

The agreement provides for the joint building and operation of mobile games focused on EM1's eSports platform, Arcade X, which has been launched in various major geographical markets in collaboration with telcos and other major consumer businesses. In addition, iCandy and EM1 will develop a new eSports tournament to be named iLeague that utilises iCandy's game content and technology based on the Arcade X Platform. For further details, please refer to the announcement dated 21 March 2019.

As of the date of this announcement, the new business associated with the collaboration and the iLeague Platform have yet to be launched.

5. Upcoming New Game Launches

In the next quarter (2Q2019) the Company's game studios are expecting a few new games to be launched. A Masterchef-branded game will be among the new launches. As announced on 1 February 2018 the Company has entered into an agreement with Animoca Brands Ltd and Nitro Interactive Ltd to co-develop and co-launch an app based on the television reality cooking show MasterChef. The Masterchef-branded game will be an important milestone for the Company as the television franchise MasterChef is a major global brand that has an established audience of over 250 million viewers in over 50 countries worldwide.

There are a few other new games in the pipeline that the Company's game studios expect to launch in the upcoming quarter, including an iOS version of Dark Dot and major feature updates to CryptantCrab and CrabWar.

For personal use only



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

6. Significant Events Subsequent to 1Q2019

The Company has successfully raised **AUD\$1.5 million** in a well bid private placement that was announced on 8 April 2019. The funds secured via the Private Placement will be used to expand iCandy's working capital, as well as to fund iCandy's active merger and acquisition strategy.

The Company has also announced on 16 April 2019 that it has executed an investment agreement with XCademy Ltd (XCademy) to acquire a 20% stake in XCademy. XCademy is building an online mobile-first platform that offers interactive tutorial and training to users who want to learn how to create video content to become video influencers in area related to mobile games and other interactive entertainment.

– 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 have been played by over 350 million mobile gamers worldwide and has won multiple awards in various coveted international events.

For more information, please contact:

MMR Corporate Services Pty Ltd
Level 2, 131 Macquarie Street
Sydney, NSW 2000 Australia

P: +61 2 9251 7177 | E: iCandy@mmrcorporate.com

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 MARCH 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	289	289
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(43)	(43)
(c) advertising and marketing	(10)	(10)
(d) leased assets	-	-
(e) staff costs	(197)	(197)
(f) administration and corporate costs	(98)	(98)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	15
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	(44)	(44)

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(4)
(b) businesses	-	-
(c) investments	-	-
(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	(7)	(7)
2.4 Dividends received	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(11)	(11)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares (Note 1)	-	-
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	-	-
4. Net increase / (decrease) in cash and cash equivalents for the period	(55)	(55)
4.1 Cash and cash equivalents at beginning of quarter/year to date	360	360
4.2 Net cash from / (used in) operating activities	(44)	(44)
4.3 Net cash from / (used in) investing activities	(11)	(11)
4.4 Net cash from / (used in) financing activities	-	-
4.5 Effect of movement in exchange rates on cash held	1	1
4.6 Cash and cash equivalents at end of quarter	306	306

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	306	360
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter	306	360

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
-
-

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

Net repayment from related entity loans	
---	--

Current quarter \$A'000
-
7

For personal use only

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.

--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and developments	-
9.2 Product manufacturing and operating costs	80
9.3 Advertising and marketing	20
9.4 Leased assets	-
9.5 Staff costs	120
9.6 Administration and corporation costs	60
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	PT Joyseed	N/A
10.2 Place of incorporation or registration	Indonesia	
10.3 Consideration for acquisition or disposal	Up to AUD 335,000	
10.4 Total net assets	(72)	
10.5 Nature of business	Mobile Game Development Studio	

Compliance statement

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



Sign here _____
Company Secretary

Date: 30 April 2019

Print Name Jiahui Lan

For personal use only