



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

31 July, 2018

ICANDY UPDATE FOR THE QUARTER ENDING JUNE 30TH, 2018

Highlights

- **iCandy entered into a legally binding Term Sheet with E-Gaming and Blockchain technology company, ESports.com Group AG and Fatfish Internet Group Limited, whereby ESports.com will invest USD\$1M into iCandy.**
- **The Company signed a binding term sheet with award winning Indonesian game development studio, PT Joyseed Berbagi Sukses, to acquire 70% of the issued capital.**
- **Following approval from shareholders, iCandy completed the full and final share issue to Animoca brands with a total of 25,000,000 Ordinary iCandy shares being issued, with the initial cash payment of \$250,000 already completed.**
- **The Company released a new mobile game, ‘Light A Way’, a fantasy themed adventure clicker game, which generated 800,000 unique installs by the 16th of April 2018 and over the weekend of 14th – 15th of April, charted a highest daily revenue of AU \$13,000 per day, the highest ICI has seen within its game portfolio.**
- **iCandy starts to develop Crypto Game Powered by Ethereum Block chain, ‘Cryptant Crab’, which is based on the Company’s award-winning game ‘Crab Wars’.**
- **The Company appointed IncubateFund founder, an existing iCandy shareholder, Masahiko Honma, to the Company Board of Directors to assist in facilitating new opportunities and growth.**
- **iCandy announced it is co-investing and co-developing new apps based on the MasterChef TV reality show.**
- **iCandy announced it is looking to offer a listed 1:2 loyalty option to its shareholders who were supportive of the Company throughout the prolonged trading halt period.**
- **It was announced that the Company was successful in obtaining the orders sought for the retrospective curing of the offers for sale, or sale, by the subscribers of the shares issued on the 9th of October, 2017. As a result, iCandy’s securities recommenced trading on the 16th of April, 2018.**
- **Marcus Ungar was appointed as a Non-Executive iCandy Director, whilst Donald Han Low resigned as a Non-Executive director of the Company.**

The Board of iCandy Interactive Limited (“iCandy” or the “Company”) (ASX:ICI) is pleased to provide an update to accompany its quarterly report ending June 30th, 2018.

iCandy Signs Term Sheet with eSports.com To Receive US\$1M of Strategic Revenue

In June of 2018, iCandy entered into a legally binding Term Sheet (“Term Sheet”) with E-Gaming and Blockchain technology company, ESports.com Group AG (“eSports.com”) and Fatfish Internet Group Limited (“Fatfish”) (ASX:FFG), whereby ESports.com will invest USD\$1M into iCandy.

eSports is competitive (video) gaming, professional (video) gaming, or pro gaming, and take the form of competition using video games. Most commonly, eSports take the form of organized, multiplayer video game competitions, particularly between professional gamers or players. Incorporated in Germany, eSports.com is an e-gaming and blockchain company and with the industry attracting a fan base across Europe, Asia, North and South America of over 360 Million¹, eSports.com is strongly positioned for growth through its partnership with iCandy.

Under the Term Sheet, eSports.com has agreed to invest USD \$1M (Approximately AUD \$1.32m) into iCandy in exchange for 16.5 million Ordinary Fully Paid ICI shares, with an issue price of AUD \$0.08 per share. This investment represents 5.18% of iCandy’s fully diluted capital structure, which also accounts for the share issue relating to the acquisition of Animoca Brands Ltd, as announced on the 15th of November 2017. The payments from ESports.com will take place over five equal tranches of USD \$200,000.

Upon completion of the transaction, eSports.com will appoint a board member to iCandy. This strategic investment by eSports.com into iCandy provides significant opportunity to enter into the high growth eSports market and will facilitate collaboration between the two companies.

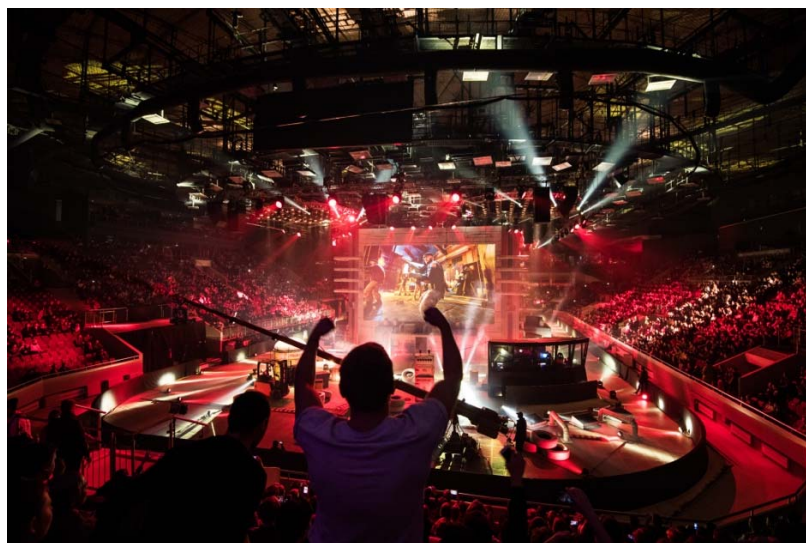
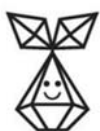


Image 1 – An eSports competition taking place in Europe



Acquisition of Joyseed

During the quarter, iCandy signed a binding term sheet (“Agreement”) with PT Joyseed Berbagi Sukses (“Joyseed”) to acquire 70% of the issued capital in Joyseed and its gaming development studio.

Joyseed is an award winning mobile game development studio surging amidst the expanding Southeast Asia's mobile game market. Based in Jakarta, Indonesia, Joyseed’s team is made up of the skilled artists and developers from the region dedicated to developing world leading mobile games.

¹ https://www.esports.com/docs/ESPORTS.COM_Whitepaper.pdf

Joyseed's latest award-winning development is 'Hollywhoot', a Hollywood Parody game which is due for release in July 2018. Before its release, the game won Best Game of The Year and Best Visuals at Compfest9 and also received a nomination for the 2nd International Mobile Gaming Awards. Hollywhoot is the first of a series of games planned by Hollywhoot and Joyseed will leverage off iCandy's network of 350 million gamers, which are the combination of existing iCandy gamers and those acquired through Animoca brands.

Under the agreement, iCandy paid a total consideration AU\$250,000 with a conditional AU\$100,000 performance sum payable upon milestones. Games will still be developed under Joyseed, however marketing will be managed by iCandy. The Company will also provide resources relating to finance, human resources, game design consultation and server side technology.



Image 2 – Screenshots from Joyseed's recently developed Hollywhoot Mobile game



Co-Development of MasterChef Apps

As announced in February 2018, the Company has entered into a binding term sheet with Animoca Brands Ltd (ASX:AB1) and Nitro Interactive Ltd to co-develop and co-invest in a global iOS and Android mobile application based on the *MasterChef* franchise, one of the world's top-rated competitive cooking reality television programs. *MasterChef* is a series of world-renowned television programs based on competitive cooking. The franchise has an established audience of over 250 million viewers. It is produced in over 50 countries worldwide and broadcast in over 200 territories.



Image 3 – Screenshots from MasterChef TV series



Animoca Brands' Game Portfolio Acquisition

As announced to market on the 15th of November 2017, the Company entered into a binding term sheet (the "Acquisition Agreement") to acquire Animoca Brands Corporation Limited's ("Animoca") (ASX:AB1), game portfolio of 318 mobile games and apps, and its audience of 325 million gamers, which will add to the existing audience of 25 million existing ICI gamers, positioning iCandy with a total of 350 gamers now in its immediate global network.

Based in Hong Kong and Finland, Animoca Brands publishes and develops a broad portfolio of mobile games and subscription products.

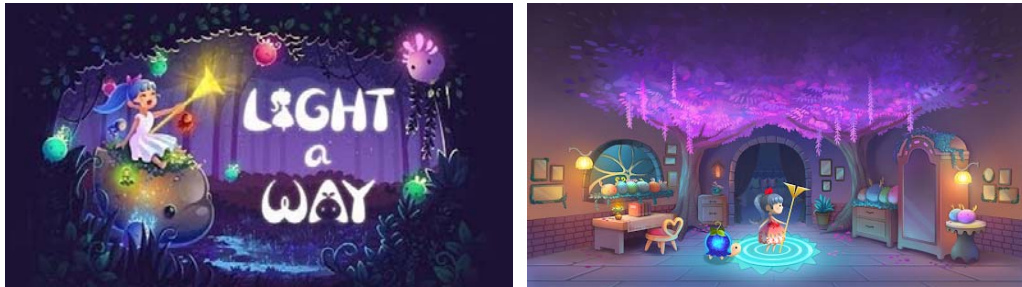
Under the original Acquisition Agreement, iCandy was to pay Animoca a AU\$250,000 upfront payment with a further AU\$750,000 payable upon completion. The Company was also to issue Animoca AU\$4M of ICI Ordinary shares at a price of \$0.16 per share, a premium to the current ICI share price. However, during June of 2018, following shareholder approval, the cash payments under the Acquisition Agreement were amended to be paid in monthly installments of \$150,000 commencing in July 2018. As a further amendment to the Acquisition Agreement, ICI shareholders approved to pay a further \$0.75 million of cash consideration and iCandy will now pay the Animoca an additional maintenance and migration fee of approximately AU\$500,000 payable in cash or shares upon the completion of the sale.

During the quarter, based on shareholder approval, in June 2018 iCandy completed the full and final share issue to Animoca brands with a total of 25,000,000 iCandy Ordinary shares being issued, with the cash payment of \$250,000 already completed.

New Game Releases

Fantasy Themed Game 'Light Away'

During the quarter, iCandy released new mobile game, Light A Way, a fantasy themed adventure clicker game, a unique genre which is relatively new and innovative to the international gamer community. Developed by the Company's award winning in house gaming studio, Appxplore, the game generated 800,000 unique installs by the 16th of April 2018 and over the weekend of 14th – 15th of April, the game charted a highest daily revenue of AU \$13,000 per day, the highest ICI has experienced.



Images 4 and 5 – Game play shots from iCandy’s newly release ‘Light A Way’ Mobile Game

Crypto Game Powered by Ethereum Blockchain ‘Cryptant Crab’

In late April of 2018, it was announced to the market that the Company would launch crypto game, Cryptant Crab, based on the Company’s award-winning game Crab Wars. Powered by the Ethereum blockchain network compliant to the ARC217 standard, the design of the game allows it to remain a web based game which clears cryptocurrency regulations in most jurisdictions.

Each virtual crab is represented by an ERC721 token, the temper proof nature of the blockchain technology will ensure gamers cannot cheat without adhering to game rules. The blockchain network would also allow tokens transmitted securely between the Company and gamers, as well as between gamers. Based on a ‘Freemium’ business model, the game is free to play, however there are in game purchases and other premium features ranging from US\$5 – US\$200, which are sold online.



Images 6 – ‘Cryptant Crabs’ from the soon to be release “Cryptant Crabs’ mobile game which is based on the Ethereum Blockchain

Corporate

iCandy Appoints Masahiko Honma to Board of Directors

During the quarter, iCandy appointed Masahiko Honma to the Company Board of Directors. As founder of IncubateFund, an existing iCandy shareholder, Mr Masahiko graduated from Keio University in Business and Commerce before overseeing information technology investments in Silicon Valley at JAFCO’s overseas investment arm. He has also held roles in Accenture’s venture capital arm and in 2007 founded Core People Partners, a fund specializing in incubation of internet businesses. Mr Honma’s experience will make a valuable contribution to the iCandy board in facilitating new opportunities and growth.

Loyalty Option

During the quarter, iCandy offered a listed loyalty option to its shareholders who were supportive of the Company throughout the prolonged trading halt period that was experienced. The loyalty option was offered at a nominal subscription price to existing shareholders in the Company and was on the basis of 1 option for every 2 ordinary ICI shares held. As announced, the subscription price, exercise price and

expiry will be determined by the Board in due course. The company has also proposed the listing of its \$0.10 options on the ASX.

Court Outcome and Reinstatement to the ASX

On the 16th of April 2018, it was announced to the market that iCandy was successful in obtaining the orders sought for the retrospective curing of the offers for sale, or sale, by the subscribers of the shares issued on the 9th of October 2017 (“Placement Shares”). In summary, it was declared that any sales or offers of sale of the Placement Shares during the period after their issue on the 9th October 2018 to 11th January 2018, are not invalid by reason of the sellers’ failure to comply with the applicable cleansing provisions of the Corporation Act.

Based on this outcome, the Company’s requests for voluntary suspension dated 15th of November 2017 and its subsequent requests for extension of voluntary suspension, confirms that it is in compliance with ASX Listing Rule 3.1 and the Company’s securities recommenced trading on the 16th of April 2018.

Donald Han Resigns as Non-Executive Director

Following his resignation as a Director of the Company on the 28th of March, it was announced on the 1st of April 2018 that Mr Donald Han Low had an indirect interest of 192,500,001 in iCandy Interactive Limited via Fatfish Internet Group Limited, of which iCandy is a subsidiary.

Appointment of Marcus Ungar as Non-Executive Director

On the 1st of April 2018, it was announced that Marcus Ungar was appointed to the iCandy Board of Directors as a Non-Executive Director. Mr Ungar is a founding member of CGAM Pty Ltd which is a private equity firm based in Sydney. CGAM invests in innovative, high quality technology companies seek growth stage investments. He is currently CEO of Investorlend Pty Ltd, an investment platform that enables its investors to participate in commercial loans and equity linked investments. Marcus has also continued his association with Compass Global Markets which specialises in foreign exchange and international payments. Marcus holds a Bachelor of Business (UTS) 2011. As per his initial director’s interest notice dated 1st of April, 2018, Mr Ungar did not hold any shares in the iCandy.

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.
- Cryptocurrency-related businesses have several 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.
 - 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 comply with relevant local in-country regulatory requirement.

- Ends -

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Melbourne, VIC 3000

Australia

About iCandy Interactive Limited

iCandy Interactive Limited ("iCandy Interactive") is an Australia incorporated public company that has its core business in the development and publishing of mobile games and entertainment for a global audience. iCandy Interactive is listed on the Australian Securities Exchange (ASX) under the symbol ICI.

iCandy Interactive runs multiple award-winning subsidiary games studios in Malaysia, Singapore and Indonesia, including Appxplore and Inzen Studio. It is one of the leading mobile entertainment group in Southeast Asia. Almost all of iCandy Interactive's games titles have been recommended and featured on Apple's App Store (iOS) or the Google Play Store. Studios of iCandy Interactive have won awards in the coveted International Mobile Game Awards (IMGA) in 2016 and 2017.

For further information, contact:

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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 JUNE 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	593	891
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(76)	(84)
(d) leased assets	-	-
(e) staff costs	(165)	(280)
(f) administration and corporate costs	(311)	(419)
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	41	108

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(8)	(9)
(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	(25)	(24)
2.4 Dividends received	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(33)	(33)
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	8	75
4.1 Cash and cash equivalents at beginning of quarter/year to date	213	142
4.2 Net cash from / (used in) operating activities	41	108
4.3 Net cash from / (used in) investing activities	(33)	(33)
4.4 Net cash from / (used in) financing activities	-	-
4.5 Effect of movement in exchange rates on cash held	2	6
4.6 Cash and cash equivalents at end of quarter	223	223

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	223	213
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter	223	213

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
6
-

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
-
25

Net payment from related entity loans

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	80
9.4 Leased assets	-
9.5 Staff costs	130
9.6 Administration and corporation costs	180
9.7 Other	-
9.8 Total estimated cash outflows	390

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 July 2018

Print Name Jiahui Lan