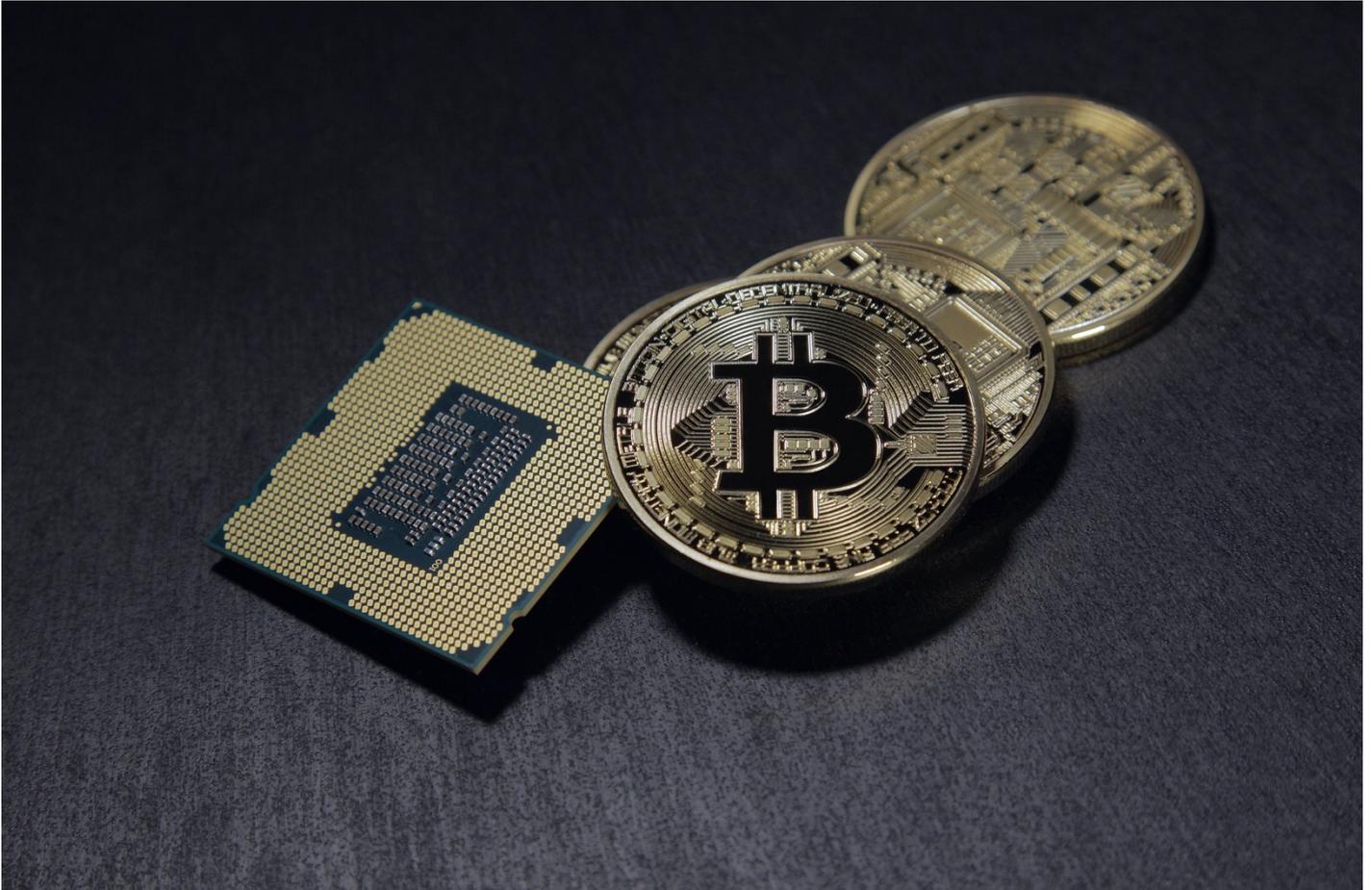


Fatfish Internet Group

(ASX:FFG)



Massive Upside Potential From New Cryptocurrency Initiatives

Coverage Initiation | December 2017

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Company Overview

Key Portfolio Holdings

Fintech Vertical

- Smartfunding
- Rajapremi
- Dragon Commerce Ventures

E-commerce Vertical

- Invade
- Megafash
- Dressabelle
- Blackbean Ideas
- Beam Storage
- iSecrets

SaaS Vertical

- Clouaron Group

IM&E Vertical

- iCandy Interactive
- Lunch Actually
- VDancer
- News Deeply

Executive Summary – Rapidly Growing Internet Ecosystem With Over 350m Users

Fatfish Internet Group (FFG:ASE) is a rapidly growing internet venture builder and accelerator with four primary verticals - Internet, Media, and Entertainment (IM&E), Fintech & Cryptocurrency, E-Commerce, and SaaS. The company's largest vertical is IM&E, which boasts more than 350m users across its games and media businesses.

Strategically expanding into Fintech and Cryptocurrency

The Company is ambitiously growing its Fintech & Cryptocurrency business with planned investments into Kryptos-X (a cryptocurrency exchange startup) and Altairian Holdings (a cryptocurrency investment holding firm). FFG is also rapidly developing its blockchain-enabled video game platform, Nitro, through the issuance of the cryptocurrency 'NOX'.

FFG is riding the structural mega trends of digital disruption in Media & Finance, as well as the nascent mega trend of Cryptocurrency whereby the company has only just begun leveraging cryptocurrency capital raising, investing, and gaming opportunities using its massive user base and digital assets.

With the Group's recent appointment of experienced banker, Phillip Lord, as Director of Crypto Financial Markets, the Group is quickly becoming one of the clearest cryptocurrency plays in the region.

Trading at discount to fair value based on existing portfolio... and Cryptocurrency presents potential for 'multi-bagger' stock.

Based on our analysis, FFG has a fair value of US\$26.6million (~A\$34.8million) based on an SOTP methodology of its current business portfolio which represents a 58% upside from the company's current market price. The breakdown of value across FFG's verticals is IM&E (70%), Fintech & Cryptocurrency (9%), E-Commerce (14%), and SAAS & Other (7%).

However, we believe that the company's strategic investments into Fintech and Cryptocurrency businesses could present massive potential for additional value creation above our calculated fair value as the Group leverages its huge 350m user base to rapidly expand new Fintech services and fund the Group's growth via ICOs.

For example, if the company could raise just 10 cents via an ICO from each of its 350m users, in theory the Group could easily tap \$35m of non-dilutive funding for acquisitions, which is more than the Group's entire current market value. Such a capital inflow via ICO would be highly accretive to shareholder value. Hence, we believe that expansion of its Fintech services and the success of Nitro present the potential for value creation in multiples of the company's current fair value.

Fair Value of Existing Portfolio – Trading at 37% Discount

Fatfish Internet Group – Sum of The Parts Valuation

| Portfolio Company | Valuation Method | Valuation (USD) | Fatfish Stake | Stake Value | % of Total Assets |
|--|------------------|-----------------|---------------|-------------------|-------------------|
| IM&E | | | | | |
| iCandy Interactive | Market Value | 34,402,500 | 73.0% | 25,127,586 | 66.4% |
| Lunch Actually | PORI + 30% | 16,499,618 | 2.9% | 471,889 | 1.2% |
| NewsDeeply | PORI | 20,000,000 | Convertible | 50,000 | 0.1% |
| V Dancer | PORI | 792,167 | 95.0% | 752,559 | 2.0% |
| Fintech & Cryptocurrency | | | | | |
| Smartfunding | PORI + 30% | 1,537,718 | 32.3% | 497,298 | 1.3% |
| PT Mega Value Prosperindo | PORI + 30% | 4,218,102 | 13.5% | 568,600 | 1.5% |
| Dragon Commerce Ventures | PORI | 11,596,415 | 20.7% | 2,400,458 | 6.3% |
| E-Commerce | | | | | |
| iFashion Group | PORI | 25,550,309 | 17.1% | 4,361,438 | 11.5% |
| Beam Storage | PORI | 1,630,838 | 3.6% | 59,363 | 0.2% |
| iSecrets AB | PORI | 1,888,315 | 51.0% | 963,041 | 2.5% |
| SaaS | | | | | |
| Cloudaron Group | Market Value | 39,220,800 | 5.7% | 2,227,741 | 5.9% |
| Others | | | | | |
| Total | PORI, Multiples | - | - | 350,000 | 0.9% |
| Total | | | | 37,829,973 | 100.0% |
| Net Debt | | | | (2,657,231) | |
| Equity Value | | | | 35,172,742 | |
| Conglomerate Discount (20%) | | | | (7,034,548) | |
| Fatfish Global Ventures (FGV) Valuation | | | | 28,138,193 | |
| FFG Ownership of FGV | | | | 94.53% | |
| Fatfish Group (FFG) Valuation - USD | | | | 26,599,034 | |
| Fatfish Group (FFG) Valuation - AUD | | | | 34,844,735 | |
| Current Market Valuation | | | | 22,024,000 | |
| % Upside | | | | 58% | |

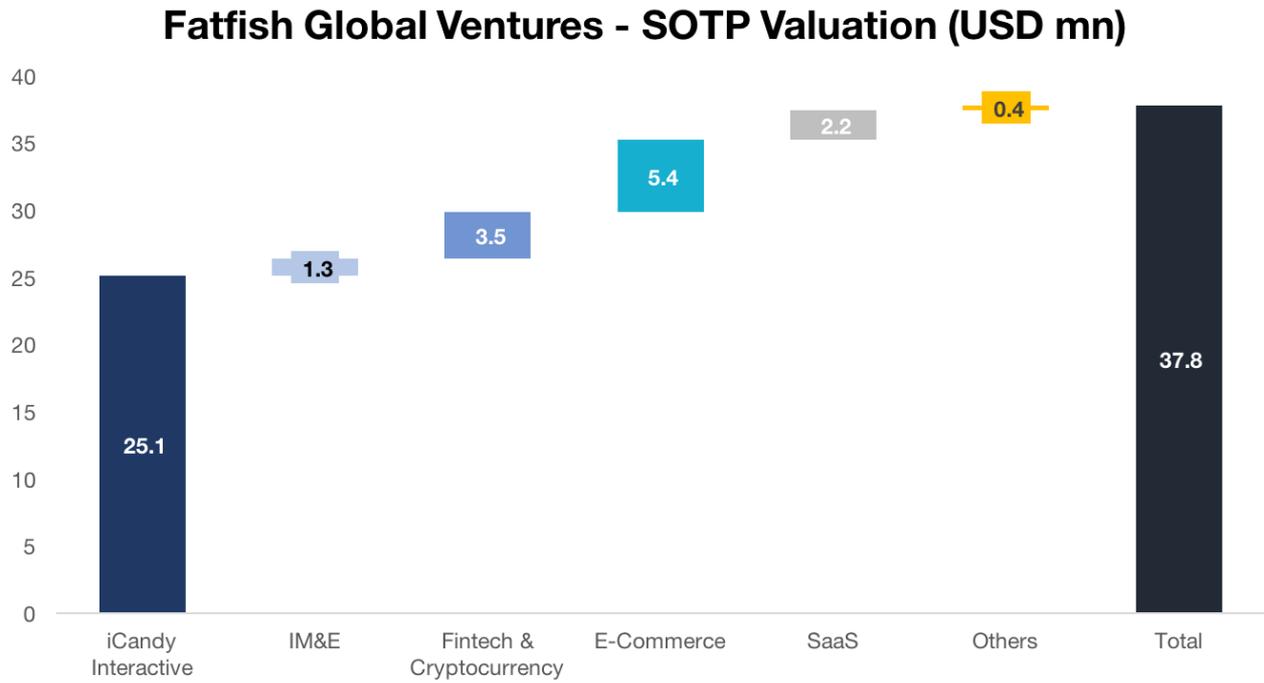
Source: Company Filings, Insyte

We valued the Group's individual holdings using a mix of price-of-recent-investments (PORI), and market values. Note that for fair value calculations using PORI whereby the last benchmark valuation is more than one year old, we applied a 30% premium to PORI to reflect the fact that the business has developed significantly since the investment date.

Using this methodology, we arrived at a fair value of US\$37.8m for Fatfish Global Ventures (Swedish entity). From this, we factored in the Company's net debt, applied a 20% conglomerate discount, and adjusted the value for FFG's stake in its Swedish entity to arrive at a fair value of US\$26.6m (~AUD34.8m) for Fatfish Internet Group (FFG).

Based on this analysis, FFG is currently trading at a ~37% discount to its current portfolio's fair value, which represents a 58% upside from today's prices. Note that this does not yet include the potential for further upside realized from the success of the Group's Fintech and Cryptocurrency expansion.

Fatfish Global Ventures (Swedish Entity) Current Portfolio Fair Value of US\$37.8m



Source: Company Filings, Insyte

Key Drivers – Fintech & Cryptocurrency Present Massive Potential Above Fair Value

The Group's Fintech and Cryptocurrency strategy presents massive potential for the company to create value worth multiples of its current market cap, catalyzing an upwards revision to its portfolio's fair value.

One of the largest value creation opportunities comes from Nitro. Launched in December 2017, Nitro is a global blockchain-based platform for the US\$100billion+ video game economy. Nitro is the first cryptocurrency in the world backed by a publicly listed company (iCandy Interactive) that connects gamers, studios, and financiers into a single marketplace. Importantly, this initiative opens the door to future initial coin offerings (ICOs) that would enable iCandy to consistently raise capital and acquire companies/ game titles in a value-accretive manner.

FFG has also recently signed term sheets to invest in two separate cryptocurrency startups – Kryptos-X (a cryptocurrency exchange startup) and Altairian Holdings (a cryptocurrency investment holding/ asset management firm).

Due to FFG's large established online audience (approximately 350million users), we believe the group will have the ability to realize significant upside on Cryptocurrency business investments. This is because the group will be able to rapidly increase the potential audience for cryptocurrency related services and offers. FFG will be able to buy stakes in businesses at an initial valuation and then rapidly increase their target's business valuation by increasing its potential audience.

We discuss each of FFG's cryptocurrency initiatives in more detail below:

Cryptocurrency Initiative #1: Nitro

Nitro is a global blockchain-based platform that empowers everyone from game studios, publishers, gamers, and financiers to become involved in the US\$100billion+ video games economy. By bringing together the entire ecosystem of stakeholders, iCandy hopes to democratize and revolutionize the video game industry through the creation of a new cryptocurrency called NOX, and an integrated online marketplace called Nitro Marketplace. iCandy is backing Nitro as its main corporate partner to market and publish NITRO-funded games.

In the graphic below, we highlight the roles different stakeholders have in the Nitro platform:

Nitro Connects Multiple Video Game Stakeholders



Source: Company Filings, Insyte

The process starts with gamers voting for games they would like to be developed on the platform, with the successful game-titles being funded via NOX (cryptocurrency). From there, game studios, financiers, and publishers get involved to develop and bring-to-market the chosen game with gamers providing feedback and interacting with the platform as it is developed.

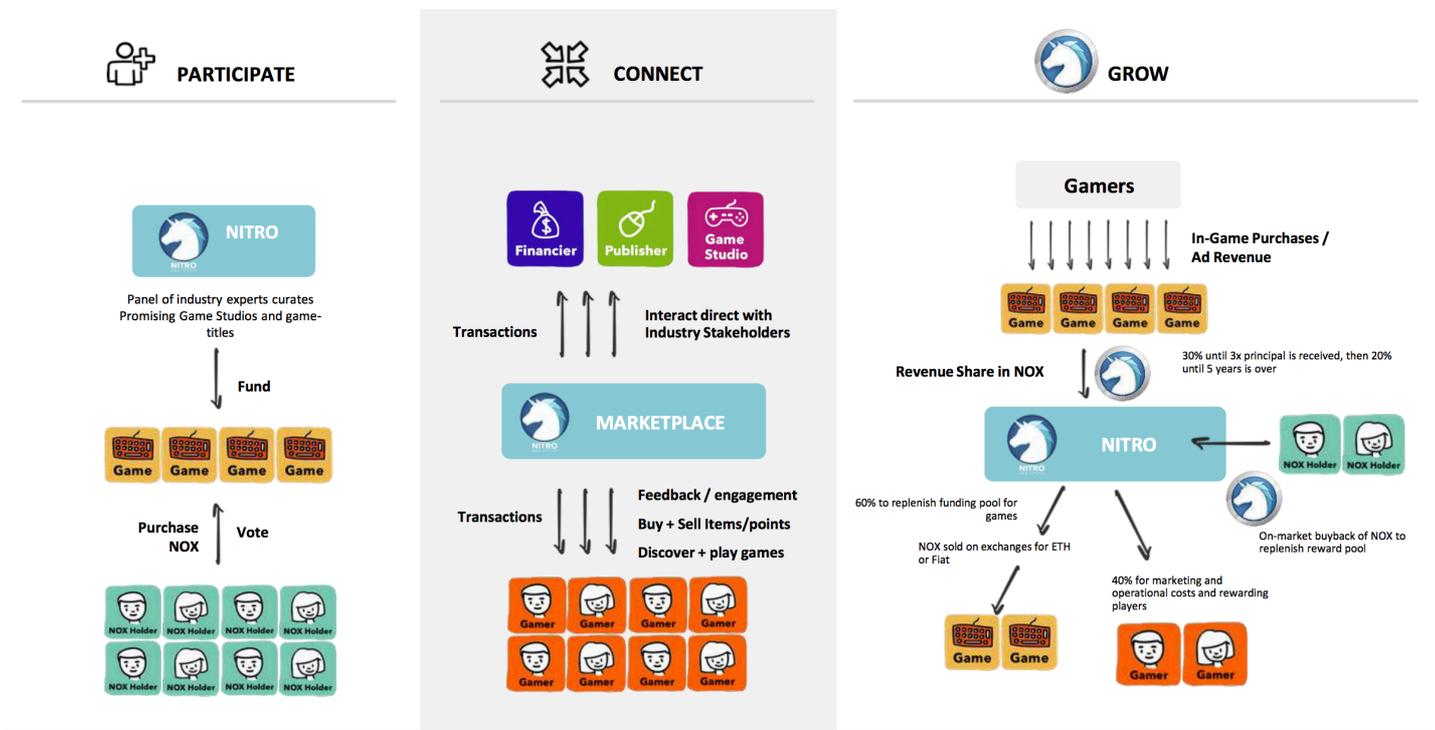
Importantly, iCandy Nitro receives revenue from Nitro in the form of 3,000,000 NOX per year, which allows it to fund new games, and offset its marketing & other operational costs.

Another benefit to the platform is that it opens the doors for Nitro to launch multiple initial coin offerings (ICOs) to consistently fund new game developments and acquire high potential companies without diluting existing equity holders.

Below, we show how the Nitro platform works in three steps:

1. Gamers purchasing NOX (cryptocurrency) and funding their choice of game titles
2. Connecting the funded games to other stakeholders in the ecosystem
3. Growing the Nitro Economy via revenue share schemes and rewards

Nitro Economy in Steps



Source: Company Filings, Insyte

Cryptocurrency Initiative #2: Kryptos-X

Fatfish Internet Group has signed a term sheet to invest US\$1million in the cryptocurrency exchange startup, Kryptos-X.

Kryptos-X is being established as a marketplace for high-volume and high-frequency trading of bitcoin and other major virtual currencies online. Operations will initially be based in Singapore with planned expansions to other jurisdictions where regulatory frameworks permit the trading of cryptocurrencies online.

Singapore was chosen as the place of establishment for Kryptos-X given the country's well-regulated environment, and the establishment of two existing cryptoexchanges — Coinhako and FYB-SG.

Cryptocurrency Initiative #3: Altairian Holdings

Fatfish Internet Group has signed a term sheet to invest US\$250k in the cryptocurrency investment holding/ asset management startup, Altairian Holdings.

Altairian Holdings' business model involves investing in regulated Financial Services companies dedicated to the Cryptocurrencies space. To start off, the Company will launch a UK Financial Conduct Authority (FCA) regulated Asset Manager focused on Cryptocurrencies, and subsequently look to add further exposure in the space via Robo-advisors and Prime Brokerage entities.

Its Asset Management company will initially offer its services in the UK targeting professional investors seeking to invest in the cryptocurrency space, offering a range of passive, index-linked and active funds. In particular, FFG will invest US\$500,000 into the AM's flagship fund, the "Global Currencies Fund"

Other Catalysts to Boost FFG Value

On top of Fatfish Group's swift inroads in the cryptocurrency space, we have identified two more catalysts that could drive upwards value realization for the Group. In particular, the 2018 planned IPOs of the iFashion Group and Lunch Actually.

iFashion Group

The iFashion Group, at 11.5% of FFG's total fair value, is the second largest source of value for the Company. With brands such as Invade, Megafash, Dressabelle, and BlackBean Ideas, the iFashion Group is currently worth US\$4.4m to FFG.

iFashion's upcoming IPO in 2018 can serve as a catalyst for upwards value revision given that the Company will likely list at a higher public market valuation versus its current value.

Lunch Actually

Lunch Actually is another holding that is planning an IPO in 2018. Currently worth US\$472,000 to FFG, its IPO can serve to catalyze upwards value revision as Lunch Actually rapidly executes on its expansion plans to Japan and Australia.

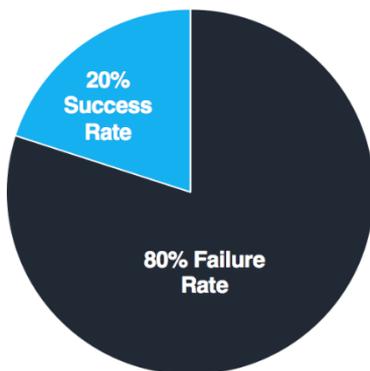
Importantly, the capital raised from their upcoming IPO will also aid the Company to further solidify its foothold in online dating in Southeast Asia, while tackling the US\$1.3billion global online dating industry.

Company Overview

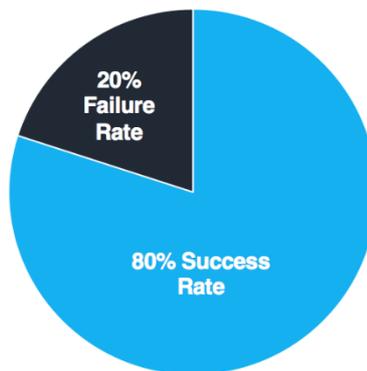
Fatfish Internet Group (FFG) is a Southeast Asian regional internet ventures builder & accelerator. Dual-headquartered in Melbourne & Singapore, the Company enhances value through capital infusions and network resources, and takes a 'seed to exit' approach to grooming its portfolio companies.

Notably, Fatfish employs an inversed 80:20 investment model. Compared to traditional venture capital firms that aim to have a 20% success rate (which require them to invest in high risk 'moon-shot' type investments), Fatfish's venture builder is geared towards consistency by aiming for an 80% success rate. In doing so, the Company aims to build successful companies with sustainable and stable business models.

Traditional VC Model



Fatfish Investment Model



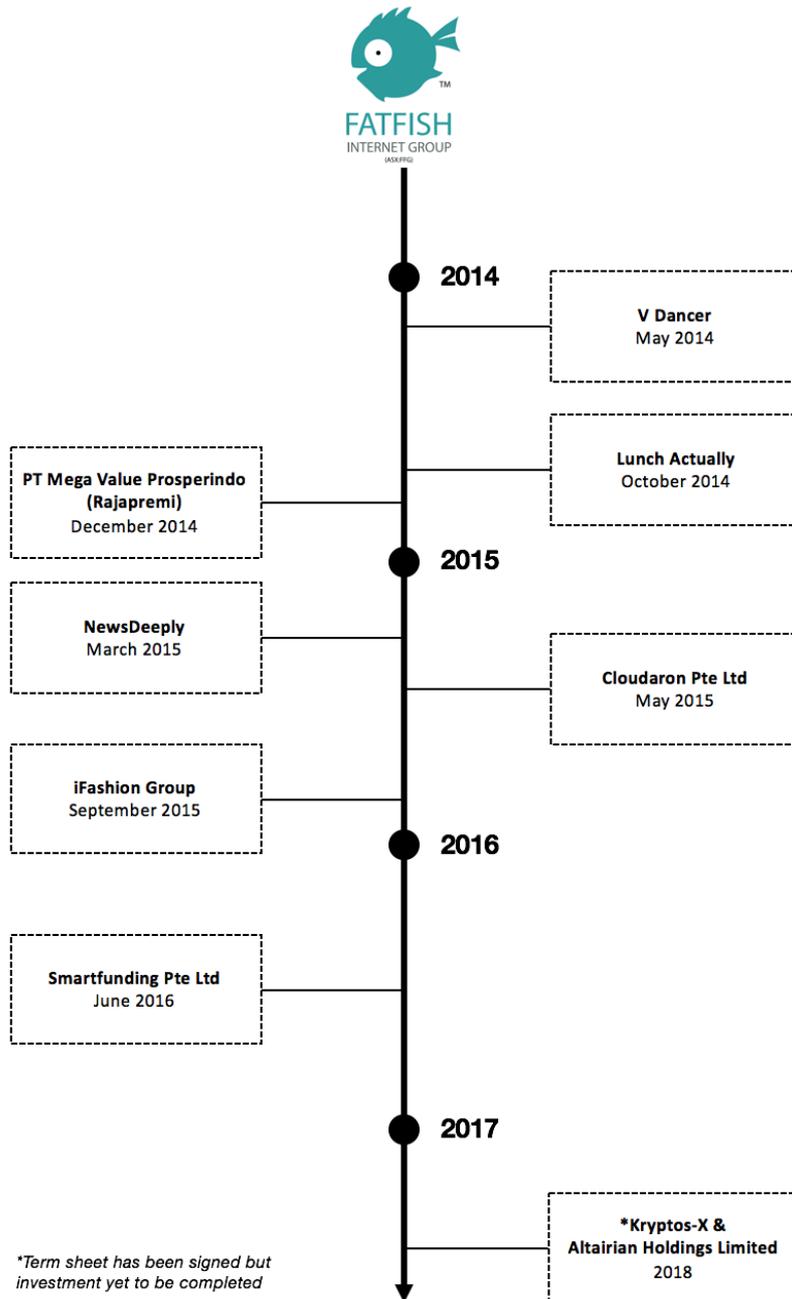
Some of Fatfish's notable investments include iCandy Interactive (ICI:ASE) which generated a 1900% ROI over a 2-year investment period, Nvoi which saw a 700% ROI in one year, and Cloudaron which garnered a 700% ROI in two years.

As of Dec 2017, Fatfish Internet Group has over 15 companies in its portfolio, and is making swift progress in expanding its international footprint via its Swedish entity Fatfish Global Ventures AB. The Company has also partnered with several governments in the Southeast Asian region such as the Singaporean government (via the MDA government-appointed incubator), and Malaysian government (via a co-investment agreement with Cradle and the Ministry of Finance).

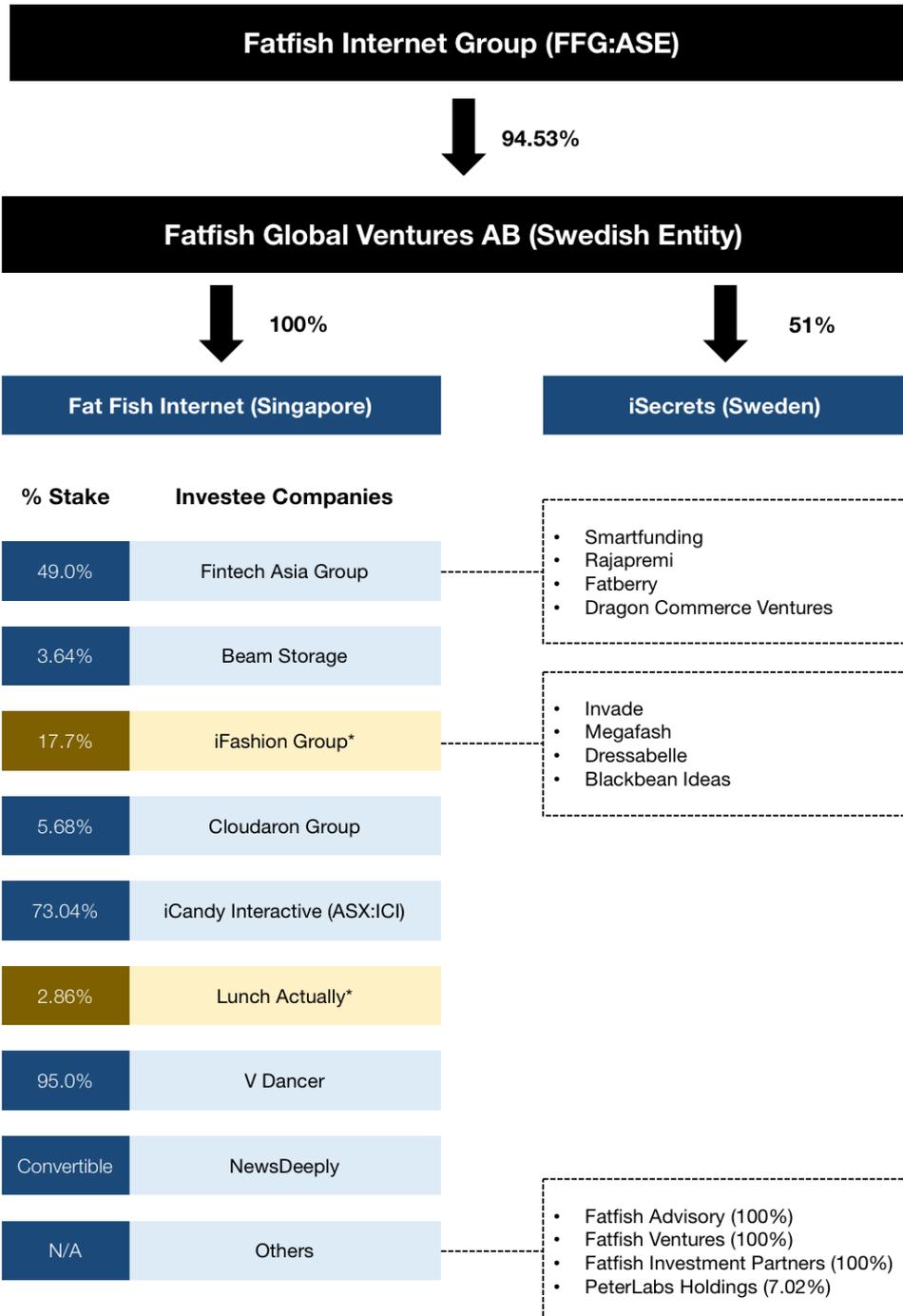
In the graphics below, we have outlined Fatfish Internet Group's notable investments & portfolio companies, as well as the timeline of their investments since 2014 to present:

Fatfish Internet Group Timeline

Fatfish Internet Group Investment Timeline



Fatfish Internet Group Corporate Structure



 *Targeting IPO in 2018

Individual Holding Profiles

SmartFunding Pte. Ltd.

Business Description

SmartFunding is a Singapore-based P2B (peer-to-business) financing platform that enables SMEs to gain access to working capital. Smartfunding bridges the SME funding gap by allowing SMEs to sell their yet-to-be-paid invoices to investors who want to purchase future cash flows. According to the Company, investors who purchase invoices from the SMEs earn on average 20-30% return per year.



SMARTFUNDING.SG

Revenue Model

SmartFunding generates revenue via a 2.5% to 5% processing fee from the borrower, and a 20% commission from the interest earned by the investors.

Development Stage

The Company has received a Capital Market Services (CMS) license from the Monetary Authority of Singapore, which allows SmartFunding to offer various financial services & products beyond P2P loans. Notably, the firm has also secured strategic partnerships with Collyer Law, DP Information Group, dun&bradstreet, Vistra, and Investorlend.

US\$497k

Stake Valuation

Fatfish Ownership

Fatfish owns an effective stake of 32.3% in Smartfunding, via its subsidiary Fintech Asia Group Ltd.

32.3%

Effective Stake

Key Management

Chief Executive Officer – Damian Lally
Chief Technology Officer – Jason Giambona

Market Opportunity

SmartFunding has estimated the SME loans market size in Singapore and Malaysia to be USD58b and USD57b respectively.

Today, SMEs are increasingly shifting their focus from traditional banking options to alternative financing due to the difficulty in gaining access to credit due to tight regulations and policies. This is further compounded by banks preferring to focus more on large corporations than SMEs.

Valuation

On June 30 2016, Investorlend purchased 30% of the enlarged capital in SmartFunding at a post-money valuation of US\$1,182,860.

We have added a 30% premium to this valuation in light of business developments since.

Basis for Valuation Methodology

Price of Recent Investment (June 30, 2016) + 30% Premium
Investorlend

PT Mega Value Prosperindo

Business Description PT Mega Value Prosperindo is the holding company that operates Rajapremi. Rajapremi is an Indonesia-based online insurance marketplace. The firm is partnered with over 27 insurers to offer various insurance products spanning auto, health, life, travel, and property. According to management, the firm is rapidly gaining traction, and growing 20-25% per month.

Revenue Model Rajapremi generates sales in three ways:

- 10% 15% of premium as commission for direct policy sales
- 5% to 10% of premium as commission for existing policy extensions
- 2% to 5% of premium as commission for corporate clients

Development Stage Since completion of the beta testing phase, RajaPremi.com has proved particularly successful in selling auto insurance. The website is ranked as one of the top 30 websites in Indonesia as per Google’s rankings. Also, it gets 50,000 unique visitors and 70,000 insurance quote requests per month of which eventually around 2-3% go on to purchase an insurance policy.

Fatfish Ownership Fatfish owns an effective stake of 13.5% in PT Mega Value Prosperindo via their subsidiary Fintech Asia Group.

Key Management Founder/CEO – Ong Chang Jeh
Chief Technology Officer – Keith Chee

Market Opportunity A major catalyst for the firm is the 60-million strong auto vehicles insurance market as auto insurance has not yet been made compulsory. According to PTMV, the Indonesian insurance market is gradually edging towards lower cost distribution channels. However, it lags behind countries such as Brunei, Singapore and Malaysia within Southeast Asia in terms of maturity. RajaPremi.com hopes to bridge this divide by being the first online insurance marketplace in Indonesia.

Valuation In 2016, PT Mega Value Prosperindo raised a small bridge round of US\$245,000 from strategic investors at a post-money valuation of US\$3,244,694. We have added a 30% premium to this valuation in light of business developments since.

Basis for Valuation Methodology Price of Recent Investment (mid-2016) + 30% Premium



US\$569k

Stake Valuation

13.5%

Effective Stake

Dragon Commerce Ventures

Business Description

Dragon Commerce Ventures is the Indonesian venture capital arm of Fatfish Internet. The firm focuses on investing in fintech and e-commerce technology in Indonesia & the region. Dragon Commerce Ventures owns the company Dragon Commerce Indonesia, which developed Kredito, an online platform for business and consumer lending.



Revenue Model

Kredito is an online hybrid loan marketplace platform, which allows the users to aggregate, choose, and apply for banking financial products online. The platform also provides a P2P lending to its customers. Kredito takes successful referral fee for loans commissioned from its portal (for both originating loans to financial institutions and P2P lending).

US\$2.4m

Development Stage

The Kredito website is under construction at <http://kredito.id/>.

Stake Valuation

Fatfish Ownership

Fatfish owns a total effective stake of 20.7% in Dragon Commerce Ventures. 6.5% is owned via Smartfunding, while 14.2% is held via Fintech Asia Group.

20.7%

Valuation

Dragon Commerce Ventures' post-money valuation from PT Ytechlab Indonesia's investment amounted to A\$15,168,627.

Effective Stake

Basis for Valuation Methodology

Price of Recent Investment

iFashion Group

Business Description

iFashion Group is one of Southeast Asia's fastest growing fashion & lifestyle online retailers. The Group has multiple brands in its ecosystem including Invade, Megafash, Dressabelle, and BlackBean Ideas.

In the following pages, we provide a closer look at each of these brands under iFashion.



Revenue Model

iFashion Group acquires high potential fashion & lifestyle brands and grows them in its ecosystem.

US\$4.4m

Stake Valuation

Development Stage

The Group is rapidly growing and expanding its brands across Southeast Asia. iFashion is currently targeting an IPO in 2018.

Fatfish Ownership

Fatfish owns 17.07% of the entity.

17.1%

Effective Stake

Key Management

Founder / Director – Kin-Wai, Lau
Founder / Director – Douglas Gan
CEO, iFashion Group – Jeremy Khoo

Market Opportunity

Southeast Asia is the world's fastest growing internet market (with a projected ~480m internet users by 2020). With rising disposable incomes across Southeast Asia, iFashion group is positioned to take advantage of the regional e-commerce boom.

In Singapore alone, the clothing market is estimated to be worth US\$3.4 billion with online sales taking larger and larger chunks of the overall market.

Valuation

In February 2017, the iFashion Group acquired Megafash for US\$2.5m via a mix of cash & shares. The transaction implied a US\$4.4m value on the Fatfish Group's stake in iFashion.

Basis for Valuation Methodology

Price of Recent Investment (February 2017)

iFashion Group – Invade

Business Description

Invade is Singapore's first real-time online booking system. The platform connects businesses owners and landlords for both short & long term leases and events. Some of Invade's brands include Artbox, Fleawhere, and Mox. Invade is partnered with several firms including Capitaland, Clarke Quay, Suntec City, Changi, etc.



INVADIE
CREATIVE SPACES, IMMERSIVE PLACES

Revenue Model

Invade is like an Airbnb for retail spaces. The portal allows businesses to browse through available spaces needs from short-term pop-up stores, to long-term retail spaces. The Company also organizes major flea market events via its online systems.

17.1%

Effective Stake

Development Stage

Currently, Invade generates annual revenues of approximately S\$3million. The Company has been growing at 60-80% growth over the past few years.

Fatfish Ownership

Fatfish owns 17.07% of Invade via its subsidiary iFashion.

Key Management

CEO – Kent Teo
Head, Administration – Jasmine Seow
Head, Brands – Nick Chan
Head, Strategy – Lee Haoming

iFashion Group – Megafash

Business Description

Megafash is a curated multi-label store for local creative goods & independent craft makers. Since launching in 2014, Megafash has evolved to become a niche retailer with 7 brick & mortar outlets spread across Singapore. The Company also boasts more than 600 brands on its platform as it continues to expand its creative community.



Revenue Model

Megafash specializes in showcasing smaller, independent brands through a combination of online retail sales and traditional brick & mortar.

17.1%

Effective Stake

Development Stage

Revenue is approximately S\$4million per annum. On average, Megafash has grown 20-35% per year.

Fatfish Ownership

Fatfish owns 17.07% of the firm through the iFashion Group.

Key Management

CEO – Ngeow Jiawen
Country Manager – Dellanea Karina

iFashion Group – Dressabelle

Business Description

Dressabelle is a leading women's fashion platform operating across Southeast Asia. The Company has a presence in Singapore, Malaysia, and Indonesia.

DRESSABELLE

Revenue Model

Dressabelle charges customers for items across their platform including delivery fees, etc.

17.1%

Effective Stake

Development Stage

Since it was established in 2008, the Company has become one of the largest fashion companies in Singapore designed for the everyday working woman. Notably, Dressabelle has the capability to offer customers in Singapore the option of a 2-hours same day delivery.

Fatfish Ownership

Fatfish owns 17.07% of the firm through the iFashion Group.

iFashion Group – BlackBean Ideas

Business Description

BlackBean Ideas is a Singapore-based online corporate gifts provider. The Company offers gifts across multiple categories such as bags, gadgets, notebooks, and other lifestyle goods, and differentiates itself by offering creative & custom-made merchandise.



Revenue Model

BlackBean's revenue model involves designing lifestyle-oriented merchandise, and distributing it to its corporate customers via its online portal.

17.1%

Effective Stake

Development Stage

BlackBean generates approximately S\$5million per year, with annual growth of approximately 10-15%.

Fatfish Ownership

Fatfish owns 17.07% of the firm through the iFashion Group.

Beam Storage

Business Description

Beam Storage is a storage concierge offering warehousing, logistics, and delivery services through an online mobile application. The firm currently operates in Singapore and Malaysia, and offers transparent & flexible pricing on storage solutions for both corporate & retail customers. A clear beneficiary of rising e-commerce volumes, the Company relies on economies of scale to serve multiple e-commerce providers when their stock gets sold.



Revenue Model

Beam generates revenue through a pay-as-you-use model and through delivery fees. Pricing is as follows:

- \$4/ month for small boxes
- \$8/ month for large boxes
- \$12/month for odd sized items (e.g. bicycles, guitars, etc.)
- Free pickup, but \$16 delivery per trip

US\$59k

Stake Valuation

Development Stage

Beam Storage is currently in its growth/ expansion stage. From its operations in Singapore, the Company has recently expanded to Malaysia in August 2017.

3.64%

Fatfish Ownership

Fatfish effectively owns 3.64% of Beam Storage.

Effective Stake

Key Management

CEO/ Co-founder – Kash Patel
Co-founder – Anna Chew
Co-founder – Jason Giambona

Market Opportunity

Apartment sizes are getting smaller while it is getting more expensive to live in cities, i.e. Tokyo, Hong Kong, Bangkok and Singapore. In addition, self-storage availability per household in Asia is well below many developed markets. Current solutions of self-storage in the market is neither cost-efficient nor convenient.

In Singapore, demand continues to outstrip supply with utilization of current facilities above 80%. Within Singapore, self-storage has grown from a single facility in 2003 to 47 currently.

Valuation

Beam Storage's latest financing round garnered the firm a post-money valuation of S\$2.2million.

Basis for Valuation Methodology

Price of Recent Investment

iSecrets AB

Business Description Acquired in Nov 2017 by the Fatfish Group, iSecrets AB is a fast growing, diversified online retailer that targets young consumers. iSecrets AB is headquartered in Sweden, and is one of Fatfish's biggest pushes to expand beyond the Southeast Asian region.



Revenue Model The firm's products range from mobile accessories, to gadgets, clothes, posters, and other trendy items. The Company positions itself as an affordable everyday brand for young hip customers, and offers free shipping.

Development Stage For its financial year ending 30 April 2017 iSecrets AB recorded a total revenue of SEK 11,930,588 (US\$1.41million), a growth of 32% from its previous financial year. The company is expecting to achieve even faster growth in its coming years.

Fatfish Ownership 51.0%

Market Opportunity The online retail market in Sweden is worth approximately EUR5.5 billion a year.

Valuation Fatfish acquired a 51% stake in iSecrets AB giving the firm an implied valuation of AUD 2.47m (US\$1.89m).

Basis for Valuation Methodology Price of Recent Investment (Nov 2017)

US\$963k

Stake Valuation

51%

Effective Stake

Clouaron Group (CLOUD:MK)

Business Description

Clouaron Group is a publicly listed enterprise cloud solutions company. Headquartered in Singapore, Clouaron owns proprietary IPs in Virtual Desktop Infrastructure (VDI), and provides end-to-end cloud solution design and implementation. The Group's goal is to enable clients to migrate from legacy or traditional computing to a cloud-computing environment.



Revenue Model

Clouaron provides software solutions that are sold on one-off project basis on an annual licensing model. They are usually paired with 3-5 year maintenance contracts that translate into strong recurring revenue. The Group also actively works with major network hardware vendors to bundle network hardware for client implementations.

US\$2.2m

Stake Valuation

Development Stage

Since its establishment, Clouaron has gained over 150 clients across Singapore and Malaysia. The Group is listed on the Bursa Malaysia exchange.

Fatfish Ownership

The Fatfish Group owns 5.68% of Clouaron.

5.7%

Effective Stake

Key Management

Chairman – Dato' Larry Gan Nyap Liou
CEO – Ong Chang Jeh

Market Opportunity

International Data Corporation ("IDC") predicts cloud spending to reach US\$141b by 2019 with Asia seeing growth of 24.1%. The group is seeking a move to enhance revenue growth by aggressively seeking to supply to the three main components industry demand: software, hardware, and services.

Valuation

The Clouaron Group has a market capitalization of MYR160m (~US\$39.2m). Based on this, Fatfish's stake valuation amounts to US\$2.2m.

Basis for Valuation Methodology

Market Value

iCandy Interactive (ICI:ASE)

iCandy Interactive is a publicly-listed mobile games development holding company. The Company, through its award-winning subsidiaries Appxplore & Inzen Studio, boasts roughly 350million mobile gamers in its ecosystem.

Business Description

Notably, the firm has received Google's Top Developer award with some of its most popular titles being "Crab War" and "Dark Dot". iCandy also has a notable roster of investors, which include Baidu Games, IncubateFund, and GMGC.

iCandy Interactive is listed on the Australian Securities Exchange under the ticker 'ICI:ASE'.



US\$25m

Stake Valuation

Revenue Model

iCandy generates revenue via a 'freemium' mobile gaming model. Revenue is broken down into three categories namely:

- 40% through freemium in-game micro purchases
- 40% through mobile advertising
- and 20% through publishing via arrangements with 3rd party studios

For iCandy's freemium games, approximately 2-5% of gamers pay with ARPUs ranging from US\$2-25 per gamer.

In FY2016, the Company generated revenue of A\$1.1 million while garnering an installed base of 20million downloads. This represents a 630% increase from the previous year.

73.0%

Effective Stake

The Company is currently in a high growth stage as it seeks to expand its already sizable user base.

Development Stage

In November 2017, iCandy acquired a portfolio of games from Animoca Brands (ASX:AB1), which added 325million gamers into their ecosystem. To date, the firm has operations in Australia, Singapore, and Malaysia with a global installed base of ~350 million mobile users.

Fatfish Ownership

The Fatfish Group owns 73.04% of iCandy Interactive, making it the Group's largest entity and source of value.

**Key
Management**

Chairman/Non-Executive Director – Kln-Wai Lau
Non-Executive Director – Donald Han Low
Non-Executive Director – Robert Kolodziej
Strategic Advisor – Masahiko Honma

The gaming industry generates north of US\$100 billion per year with iCandy Interactive specifically targeting the 18 to 35 year old male demographic.

**Market
Opportunity**

Notably, the Fatfish Group is currently exploring ways to leverage iCandy's 350 million strong user base with other entities in its ecosystem to boost monetization. One clear example of this is the Group's push into cryptocurrencies, which if successful, will allow them to cross-sell products across multiple verticals to the iCandy gamers.

Valuation

iCandy Interactive (ICI:ASE) has a market capitalization of AUD45m (~US\$34.4m). Based on Fatfish's stake in the Company, their effective stake valuation amounts to US\$25.1m.

**Basis for
Valuation
Methodology**

Market Value

Lunch Actually

Business Description

Lunch Actually is an online hybrid dating service provider with operations in Singapore, Malaysia, Thailand, Indonesia, and Hong Kong. The firm is Asia's first lunch dating platform that is specifically targeted for the hectic lifestyles of busy professionals and executives.



Revenue Model

Lunch Actually offers multiple levels of service with varying price points. They are as follows:

- Lunch Actually – dating consultants arranging a date for their client after a one-to-one consultation
- eSynchrony – an online matchmaking platform which matches singles based on 16 areas of compatibility, extracted from a comprehensive personality questionnaire
- LunchClick – additional 'premium' services such as in-app love assistant, restaurant bookings and romance goods (e.g. gifts & flowers) purchased via LunchClick
- Lunch Actually Academy (date and image coaching) – Lunch Actually Academy charges one time membership fees for members renewable every 3 months

US\$472k

Stake Valuation

Development Stage

As of 2017, Lunch Actually has generated 40-50% growth per annum with the Company generating over USD5.5mn in the last fiscal year. The firm is planning an IPO in 2018.

2.9%

Effective Stake

Fatfish Ownership

Fatfish owns a total 2.86% stake in the firm (1.18% Ordinary; 1.68% Series A).

Key Management

Founder CEO – Violet Lim
Founder CFO – Jamie Lee

Market Opportunity

The global online dating market is worth approximately US\$1.3 billion per annum with a significant chunk of this market coming from Asia Pacific. Beyond growing in existing markets, the company is also planning to expand to Japan and Australia.

Valuation

Based on Lunch Actually's latest financing round with Mixi Inc, we valued Fatfish Group's stake in the firm (both Series A & ordinary shares) at US\$472,000. This includes a 30% premium to account for steady business developments in the firm since its last capital raise.

Basis for Valuation Methodology

Price of Recent Investment (July 2016) + 30% Premium
Option pricing model (ordinary shares)

V Dancer

Business Description V Dancer is a Singapore-based developer creating a new genre of 3D avatar-based mobile dance games. V Dancer is built from software technology licensed through Exploit Technologies (the technology transfer arm of A*STAR).



Revenue Model VDancer operates under a "freemium" revenue model on both iOS and Android devices. In the "freemium" business model, gamers can install and play the game free of charge but micro-payment is charged for virtual items or premium features of the game to be turned on.

US\$753k

Stake Valuation

Development Stage As of the writing of this report, V Dancer is still in the development stage and is targeting to launch the game end-2018.

Fatfish Ownership 95%

95%

Key Management Director – Lau Kin Wai
CEO – Gerald Tock
COO – Desmond Lee

Effective Stake

Market Opportunity The mobile gaming industry is growing rapidly as it replaces the traditional video game platform. VDancer hopes to tap into the "freemium" model by catering to the tastes of dancing enthusiasts. Additionally, the barriers of entry are high as incumbents tend to protect their products by filing patents, which is something VDancer has achieved via patents filed by A*STAR.

Valuation The value of Fatfish' 95% investment in the firm amounts to USD752,559.

Basis for Valuation Methodology Price of Recent Investment (August 8, 2016)

News Deeply

Business Description

News Deeply is a technology-enabled media company focused on publishing content through its several single theme platforms. The firm employs journalists and technologists with the goal covering important yet underreported stories. Notably, the News Deeply platform differentiates itself by combining its investigative journalism with expert & community engagement.

News Deeply

Revenue Model

News Deeply is monetizing via several revenue sources: namely sponsored content placement, ancillary paid content, sponsored content creation, and full platform sponsorship. The Company is also now actively experimenting with community-based forms of monetization such as organizing live events, expert calls, webinars, as well as virtual platforms.

US\$50k

Stake Valuation

Development Stage

Readership of NewsDeeply has grown to over 500,000 users in the first half of 2017. 9 months revenue (from Jan to Sept 2017) is at US\$1.6 million.

Convertible

Effective Stake

Fatfish Ownership

6% Convertible for US\$50k

Key Management

Chief Executive Officer – Lara Setrakian
Chief Content Officer – Daniel Beaulieu
Chief Business Officer – Samir Sheth
Chief Revenue Officer – Dave Poritzky
Chief Product Officer – Matt Unger

Market Opportunity

Impact publishing is a combination of high-quality content and proactive community management that is lacking in today's world. News Deeply is filling up this gap. News Deeply has become a group of community hubs where the users generate content and interacting with each other actively.

Valuation

US\$50,000

Basis for Valuation Methodology

Price of Recent Investment

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