

29 January 2021

Fatfish Turned Cashflow Positive In Operations For Quarter Ended 31 December 2020

Fatfish Group Limited (“**FFG**” or the “**Company**”) is pleased to provide an update on its activities for the quarter ended 31 December 2020 (“**Quarter**”).

1. Cashflow Positive From Operations

FFG recorded net cash inflow of A\$43,000 from operations for the quarter. This is the first time FFG has recorded a positive quarterly cashflow from operations since its listing on the ASX.

2. Capital Raise

During the Quarter, FFG successfully completed an A\$1.5 million capital raising (before costs) via a placement of 100,000,000 new ordinary shares to sophisticated investors (the “**Placement**”). The Placement received strong supports with more than A\$7.0 millions in bids.

3. Launching of Buy-Now-Pay-Later (BNPL) in Southeast Asia

During the Quarter, FFG acquired an additional direct 19.9% shareholding in Smartfunding, a Singapore incorporated company that is licensed by the central bank of Singapore, Monetary Authority of Singapore (“**MAS**”). Prior to the acquisition, Fatfish already had 58.8% stake in Smartfunding through its Swedish subsidiary, Abelco Investment Group AB.

Smartfunding operates a peer-to-peer online lending platform, providing short to mid-term working capital loans to small and medium businesses in Singapore and the Southeast Asia region.

The strategic acquisition of additional stake in Smartfunding is to facilitate the launching of a BNPL business via Smartfunding in Southeast Asia, where the BNPL business model is still in its infancy. Fatfish and Smartfunding intends to first roll out its BNPL business in Singapore.

4. iCandy New Game Launchings

During the Quarter, Fatfish's mobile gaming investee company, iCandy Interactive Limited (“**iCandy**”) enjoyed phenomenal growth due to the success of its new game, *Masketeers: Idle Has Fallen* (“**Masketeers**”),

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recording more than A\$1,000,000 in revenue in just over 2 months after its global release.

Building on its success, iCandy had been embarking on several other initiatives to improve its growth momentum. Among others, iCandy had launched Masketeers on Samsung Galaxy Store (in addition to its traditional Apple App Store and Google Play Store) and partnered with Chinese leading game publisher, Ohayoo, to penetrate the lucrative Chinese game market.

In order to build its product pipeline, iCandy also entered into a JV with Lemon Sky Studios – a leading global game animation and art studio – with the objective to develop 3D games with AAA visuals and animation.

Listing Rule 4.7C.3

In Item 6 of the Company's Appendix 4C of the cash flow report for the quarter, it has been reported that there were payments to Related Parties of approximately \$144,000. This was payment for directors' fees.

This announcement has been authorised by the Board of Directors of Fatfish.

– End –

About Fatfish Group Limited

Fatfish Group Limited (**ASX: FFG**) is a publicly traded tech venture firm with presence in the Australia, Asia and the Nordic European region. FFG partners with entrepreneurs to build tech businesses via a co-entrepreneurship model. FFG focuses on emerging global technology trends, specifically FFG has been investing strategically across various sectors of **video-games, esports, fintech and consumer internet** technologies.

FFG owns a majority stake in Abelco Investment Group AB (**NGM: ABIG**), which is traded which is publicly traded in Sweden.

For more details, please contact:

ir@fatfish.co or visit www.fatfish.co

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

Name of Entity

FATFISH GROUP LIMITED

ABN

88 004 080 460

Quarter ended ("current quarter")

31 DECEMBER 2020

| 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 | 297 | 705 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (6) | (211) |
| (c) advertising and marketing | (5) | (18) |
| (d) leased assets | - | - |
| (e) staff costs | (146) | (189) |
| (f) administration and corporate costs | (97) | (429) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | 1 |
| 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 | 43 | (141) |

Appendix 4C

Quarterly cash flow 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) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (154) | (258) |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | - | - |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | (463) | (463) |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (provide details if material) | - | - |
| 2.6 Net cash from/(used in) investing activities | (617) | (721) |

| | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|-------------------------------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | 1,525 | 1,525 |
| 3.2 Proceeds from issue of convertible debt securities | - | - |
| 3.3 Proceeds from exercise of options | - | - |
| 3.4 Transaction costs related to issues of equity securities or convertible debt securities | (92) | (92) |
| 3.5 Proceeds from borrowings | - | - |
| 3.6 Repayment of borrowings | - | - |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other - payments for share buyback | - | (151) |
| 3.10 Net cash from/(used in) financing activities | 1,433 | 1,282 |

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

| | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|-------------------------------------|
| 4. Net increase/(decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 194 | 596 |
| 4.2 Net cash from /(used in) operating activities (item 1.9 above) | 43 | (141) |
| 4.3 Net cash from /(used in) investing activities (item 2.6 above) | (617) | (721) |
| 4.4 Net cash from /(used in) financing activities (item 3.10 above) | 1,433 | 1,282 |
| 4.5 Effect of movement in exchange rates on cash held | (1) | (1) |
| 4.6 Effect on deconsolidation of subsidiaries that have been deemed investment entities | - | 37 |
| 4.7 Cash and cash equivalents at end of period | 1,052 | 1,052 |

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 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. | | |
| 5.1 Bank balances | 1,052 | 194 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1,052 | 194 |

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

| Current quarter \$A'000 |
|----------------------------|
| 144 |
| - |

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Quarterly cash flow report for entities subject to Listing Rule 4.7B

| 7. Financing Facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|--|---|
| 7.1 Loan facilities | - | |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | 10,000 | 2,000 |
| 7.4 Total financing facilities | 10,000 | 2,000 |

7.5 Unused financing facilities available at quarter end 8,000

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

The Company entered into a definitive legally binding agreement with US based Arena Investors, LP for the issuance of up to \$10 million convertible notes. Salient terms of the Notes are as follows:

(i) To be drawn over 10 tranches;

(ii) Investor may elect to convert the Notes at any time up to the Maturity Date, at the lower of 125% of the average of the closing prices of Fatfish's shares for the 25 trading days immediately prior to the issue date of the Notes which is being converted and 90% of the average of the closing price of Fatfish's shares for any 5 consecutive trading days (specified by the Investor) during the period of 25 trading days immediately preceding the last trading day before the conversion date, provided always that in any event, the conversion price shall not be lower than A\$0.013);

(iii) Maturity date is 12 months from date of issue of each tranche, after which the Company shall redeem the relevant Notes in cash, provided that they have not been converted into shares by the Investor;

(iv) Coupon rate of 1.0% per annum; and

(v) A Termination Payment of A\$500,000 less an amount equivalent of the number of tranches drawn down (up to a maximum of 5 tranches) multiplied by A\$100,000 at the relevant time the Termination Payment Obligation arises. The Termination Payment obligation arises if:

(a) the Company does not satisfy the conditions precedent for the follow on tranches prior to the proposed date of issue of the relevant follow on tranche;

(b) the Company terminates the Subscription Agreement prior to the 3 year anniversary of the issuance of the first tranche or before all of the follow on tranches have been drawn;

(c) the Company has not issued follow on tranches, that the Investor has consented to subscribe for, by the date 12 months from the date of the Subscription Agreement having an aggregate face value not less than A\$5,000,000, unless the Company's failure to do so is solely due to the Investor not having agreed to subscribe for a follow on tranche; or

(d) an event of default or early redemption event occurs.

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|------------|
| 8.1 Net cash from/(used in) operating activities (item 1.9) | 43 |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 1,052 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | 8,000 |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 9,052 |
| 8.5 Estimated quarters of funding available (Item 8.4 dividend by Item 8.1) | 211 |

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

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not ?

N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis ?

N/A

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.

Date: 29 January 2021

Authorised by: By the Board of Directors

Notes:

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the {name of board committee - eg *Audit and Risk Committee*}". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system risk management and internal control which is operating effectively.