

29 October 2021

## **Strong Q3, 2021 - Positive Cash Flow from Operations of A\$242,000, compared to Deficit of A\$331,000 in previous Quarter**

iCandy Interactive Ltd ("iCandy" or the "Company") is pleased to provide a summary of its activities for the quarter ended 30 September 2021 ("Quarter").

In addition to the summary below, the Company has continued its close focus on the assessment of business growth opportunities, both organic and inorganic.

With a strong cash balance, the Company is well placed to continue with its in-house development pipeline whilst at the same time aggressively seeking value-adding acquisitions or partnerships.

### **1. Claw Stars records A\$299,570 in Revenues within first 14 days**

In July 2021, iCandy announced that its game, Claw Stars, recorded A\$299,570 in revenues within the first two weeks of its global launch. Engagement rate, measured by Day-3 Retention Rate, stood at 25%.

Claw Stars is the first iCandy game to focus on player-to-player interactivity, with multiplayer features. Claw Stars boasted both higher revenues and retention rate during its initial 14 days as compared to iCandy's previous hit game, Masketeers.

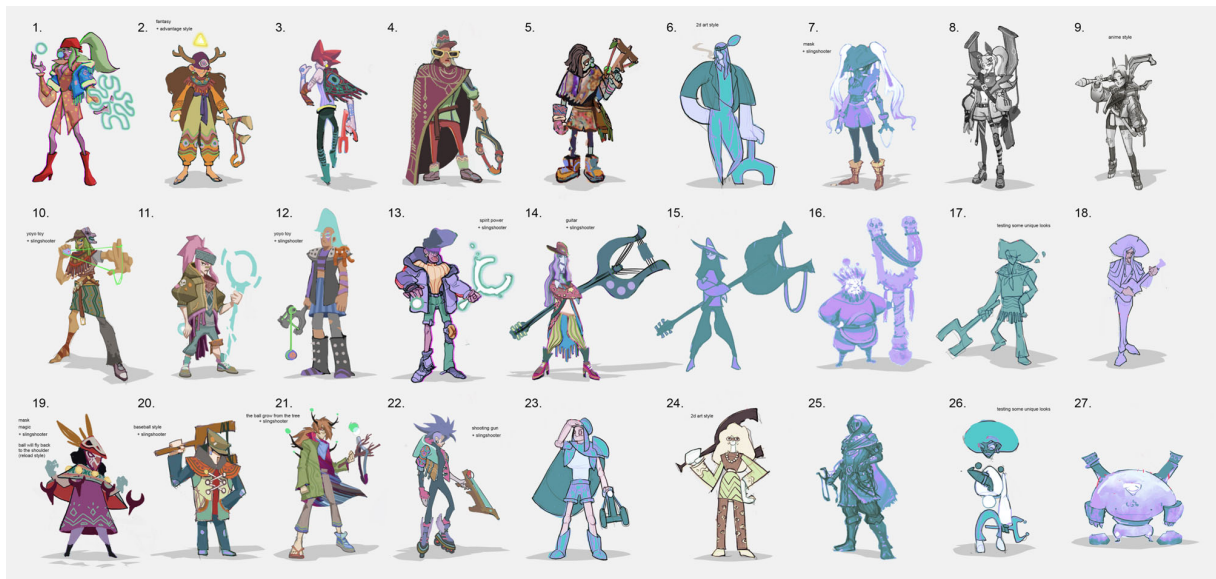
### **2. iCandy and Lemon Sky Studios joint venture game studio - Sky Candy**

In September 2021, iCandy had hosted an investor conference call to provide updates on Sky Candy. Sky Candy is a joint venture game studio with world leading game art and animation studio, Lemon Sky Studios.

Lemon Sky Studios has an impressive portfolio of projects, including StarCraft: Remastered, Command & Conquer Remastered, Marvel's Avengers, Marvel's Spider-man, Warcraft 3: Reforged, amongst many others.

The company expects near AAA quality art and animation game style. Sky Candy had so far developed an extensive and appealing library of environment, character (pictured below), character attributes and animation models. iCandy looks forward to a playable alpha version soon.

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Picture: Sky Candy Character Design

### 3. Socially integrative hyper-casual games - Nextgamer

In September 2021, iCandy had hosted an investor conference call to provide updates on Nextgamer. The company announced the deal to acquire Nextgamer in March 2021 and the deal was completed in the same month. Nextgamer is a platform for hyper-casual games.

Hyper-casual games feature a rapidly growing gaming trend which offers a shallow learning curve and hence games which are "instant play". Nextgamer will add an additional business segment and hence revenue stream for iCandy going forward.

### 4. Acquisition of a significant shareholding in ASX-listed Mighty Kingdom (ASX: MKL)

In September 2021, iCandy had announced the acquisition of 11,781,362 shares, or 7.78% of the ordinary share capital in ASX-listed game development company Mighty Kingdom Ltd. ("MKL").

The acquisition was completed at A\$0.135 per MKL ordinary share, costing a total of A\$1.59 million and was funded internally by iCandy's cash reserves.

The company viewed the acquisition of a significant stake in MKL as a compelling value opportunity to shareholders based on the attractive valuations of ASX-listed gaming companies vis-à-vis regional peers.

Further, iCandy is of the opinion that potential business synergies can be explored with MKL going forward.

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## 5. iCandy undertakes an on market share buy-back

In September 2021, iCandy had announced an on market share buy-back where the Company had stated its intention to buy back up to 36,000,000 ordinary fully paid shares of iCandy.

Between 6 October 2021 and 27 October 2021, the Company had successfully bought back 1,151,301 ordinary fully paid shares of iCandy at an average price per share of A\$0.09278.

The rationale for the share buy-back centres on the Board's view that the Company's share price does not accurately reflect the underlying value of the Company's assets and growth prospects, amidst a global gaming market that has experienced enormous expansion.

The mobile gaming sector globally continues to experience high growth. As the world continues to digitise, the opportunities to develop and distribute high quality gaming experiences is expected to increase, and the Board of Directors of iCandy believe the Company is well positioned to participate further in this expansion.

### **Listing Rule 4.7C.1**

In accordance with Listing Rule 4.7C.1, a summary of the net cash operating outflows for the quarter ended 30 September 2021 are as follows:

Receipts from customers	\$735,000
Interest received	\$13,000
Payments for:	
Product manufacturing and operating costs	\$49,000
Advertising and marketing	\$255,000
Staff cost	\$156,000
Administration and corporate costs	\$44,000
Income taxes paid	\$2,000

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### **Listing Rule 4.7C.3**

In accordance with Listing Rule 4.7C.3 under Item 6 of the Company's Appendix 4C of the cash flow report for the quarter, it has been reported that payments to Related Parties are approximately \$58,000. This was payment of Directors' fees.

The Company's Appendix 4C statement is herein attached at the back of this announcement.

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

— 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 details, please contact:**

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

**Name of Entity**

ICANDY INTERACTIVE LIMITED

**ABN**

87 604 871 712

**Quarter ended ("current quarter")**

30 SEPTEMBER 2021

<b>Consolidated Statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	735	1,523
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(49)	(172)
(c) advertising and marketing	(255)	(551)
(d) leased assets	-	-
(e) staff costs	(156)	(634)
(f) administration and corporate costs	(44)	(998)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	39
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(2)	(16)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from/(used in) operating activities</b>	<b>242</b>	<b>(809)</b>

**Appendix 4C**

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	(900)	(900)
(b) businesses	-	-
(c) property, plant and equipment	(3)	(24)
(d) investments	(1,597)	(1,597)
(e) intellectual property	(65)	(791)
(f) other non-current assets	(206)	(522)
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	373	(181)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from/(used in) investing activities</b>	<b>(2,398)</b>	<b>(4,015)</b>

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	78	903
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
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 (provide details if material)	-	-
<b>3.10 Net cash from/(used in) financing activities</b>	<b>78</b>	<b>903</b>

**Appendix 4C**

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>4. Net increase/(decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	9,983	11,826
4.2 Net cash from /(used in) operating activities (item 1.9 above)	242	(809)
4.3 Net cash from /(used in) investing activities (item 2.6 above)	(2,398)	(4,015)
4.4 Net cash from /(used in) financing activities (item 3.10 above)	78	903
4.5 Effect of movement in exchange rates on cash held	10	10
<b>4.6 Cash and cash equivalents at end of period</b>	<b>7,915</b>	<b>7,915</b>

	Current quarter \$A'000	Previous quarter \$A'000
<b>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.</b>		
5.1 Bank balances	7,915	9,983
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,915</b>	<b>9,983</b>

**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
58
-

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**Appendix 4C**

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

7. <b>Financing Facilities</b> <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>	<b>Total facility amount at quarter end</b>  <b>\$A'000</b>	<b>Amount drawn at quarter end</b>  <b>\$A'000</b>
7.1 Loan facilities	-	
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-

**7.5 Unused financing facilities available at quarter end** -

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.

N/A

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from/(used in) operating activities (item 1.9)	242
8.2 Cash and cash equivalents at quarter end (item 4.6)	7,915
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	7,915
<b>8.5 Estimated quarters of funding available (Item 8.4 dividend by Item 8.1)</b>	<b>33</b>

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

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## Appendix 4C

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

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#### 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 October 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.