



29 April 2022

ASX And Media Announcement

iCandy Charts Record Q1 2022 - Highest Cash Intake Ever, Up by 1150%, and Sits on AUD42.3m Cash

iCandy Interactive Ltd (ASX:ICI) ("*iCandy Group*" or the "*Company*") is pleased to provide the quarterly summary of its activities for the quarter ended 31 March 2022 ("*Quarter*"):

Record Q1 2022 Receipts and Cash Balance

iCandy Group kickstarted the year 2022 with a good momentum, delivering record high quarterly receipts from customers amounting to AUD4.5 million, up by 11.5x or 1150% compared to AUD0.4 million in the previous quarter.

As at 31 March 2022, *iCandy Group* has a record cash balance standing at AUD42.3 million.

Strategic Acquisitions for Q1 2022

The first quarter of the year saw *iCandy Group* completing its notable acquisitions of *Lemon Sky Studios*, Digital Games International Pte Ltd (trading under the brand name "*Storms*") and Gameconomy Sdn Bhd ("*Gameconomy*"). These acquisitions add value to the Company as a whole with a combined strength in talent pool and expertise to propel the segment future-forward in line with its mission of becoming a global AAA metaverse gaming powerhouse with broad-range development capabilities.

1. Acquisition of Lemon Sky Studios

iCandy Group announced the completion of its acquisition of Lemon Sky Studios on 11 February 2022, with a **100%** stake in the gaming and animation studio best known for its AAA game titles development, namely Call For Duty Infinite Warfare, Spider-Man and Marvel's Avengers. The total consideration value for the transaction was AUD44.5 million, which was satisfied in part cash and in part new shares in *iCandy Group*.

The strong global portfolio and partnership network of *Lemon Sky Studios* have brought them to the forefront of the industry with household digital entertainment names like Activision, Blizzard Entertainment, Disney, EA Entertainment, Microsoft Studios and Nickelodeon. *Lemon Sky Studios* brings immense value to *iCandy Group* with its best-in-class team of 450+ highly-skilled talents in game concept design and development, art and animation, motion capture and monetisation design.

2. Acquisition of Storms

iCandy Group announced the completion of its acquisition of Storms on 28 February 2022, with a **51%** stake in the Southeast Asia-based game development and publishing company. The total consideration value for the transaction was AUD8 million.

Storms is a mobile game publisher with expansive distribution network via leading telecommunications partners and owners: Singapore Telecommunications or Singtel (Singapore), Advanced Info Service or AIS (Thailand) and SK Telecom (South Korea), which cumulatively make up the remaining 49% shareholders of Storms. The acquisition of *Storms* marked *iCandy Group's*

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strategic positioning to build a leading integrated metaverse gaming platform and Web 3.0.

3. Acquisition of Gameconomy

iCandy Group announced the completion of its 60% acquisition of gaming and backend technology provider, **Gameconomy** on 21 March 2022. The total consideration value for the transaction was AUD0.5 million, which was satisfied in part cash and in part new shares in **iCandy Group**. **Gameconomy** is a complementary addition to the Company with its track record in developing metaverse-related backend technologies such as smart contracts.

Strategic Partnerships

iCandy Group, in its continuous efforts in creating values for its stakeholders, regularly recognises strategic partners and affiliations that build on to the Company's capabilities in the areas of Web 3.0, gaming and the metaverse. The Company announced its partnership with Froyo Venture Lab Ltd ("**Froyo Lab**") on 23 March 2022 that will strategically look into developing multiple metaverse games and Non-Fungible Tokens (NFT) series.

Froyo Lab is backed by global institutional investors like Animoca Brands, BTC12 Capital, GBV. Mirana and Spartan Group, and in this partnership, both **iCandy Group** and **Froyo Lab** will collaborate in the development and commercialisation of Web 3.0 metaverse games and NFT series with a guarantee of A\$ 4 million in gross revenue by **Froyo Lab** in its commercial launch of its first collaborative project, 'The Misfit' NFT series.

Listing Rule 4.7C.1

In accordance with Listing Rule 4.7C.1, a summary of the net cash operating cash outflows for the quarter ended 31 March 2022 are as follows:

Receipts from customers	\$4,496,000
Interest received	\$17,000
Payments for:	
Product manufacturing and operating costs	\$644,000
Advertising and marketing	\$270,000
Staff costs	\$3,090,000
Administration and corporate costs	\$3,166,000

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 \$72,000. 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 Group**.

— END —



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About iCandy Interactive Limited

iCandy Interactive Limited (ASX:ICI) ("**iCandy Group**" or the "**Company**") is an award-winning Australian videogame company publicly traded on the ASX since 2016.

iCandy Group is currently the largest independent game developer in Australia, New Zealand and Southeast Asia with operating bases in Australia, Indonesia, Malaysia, Singapore, and Thailand. The Company employs more than 600 full-time talents and has strengths in the development and publishing of traditional games (mobile, console and PC) and Web 3.0 games.

iCandy Group is backed by strategic shareholders that include Animoca Brands, Fatfish Group, Baidu, Singtel, SK Square, AIS, as well as numerous Australian and international funds.

For more information, please contact: ir@icandy.io or visit www.icandy.io

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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")

31 MARCH 2022

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	4,496	4,496
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(644)	(644)
(c) advertising and marketing	(270)	(270)
(d) leased assets	-	-
(e) staff costs	(3,090)	(3,090)
(f) administration and corporate costs	(3,166)	(3,166)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	17
1.5 Interest and other costs of finance paid	(38)	(38)
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	(2,695)	(2,695)

Appendix 4C

Quarterly cash flow 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 or for:		
(a) entities	(6,904)	(6,904)
(b) businesses	-	-
(c) property, plant and equipment	(381)	(381)
(d) investments	(277)	(277)
(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	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (cash acquired from acquisition of subsidiaries)	13,342	13,342
2.6 Net cash from/(used in) investing activities	5,780	5,780

	Current quarter \$A'000	Year to date (3 months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	23,232	23,232
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	43	43
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	154	154
3.6 Repayment of borrowings	(100)	(100)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (share buy-back payments)	(2,039)	(2,039)
3.10 Net cash from/(used in) financing activities	21,290	21,290

Appendix 4C

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

	Current quarter \$A'000	Year to date (3 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	18,307	18,307
4.2 Net cash from /(used in) operating activities (item 1.9 above)	(2,695)	(2,695)
4.3 Net cash from /(used in) investing activities (item 2.6 above)	5,780	5,780
4.4 Net cash from /(used in) financing activities (item 3.10 above)	21,290	21,290
4.5 Effect of movement in exchange rates on cash held	(354)	(354)
4.6 Cash and cash equivalents at end of period	42,328	42,328

	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	42,328	18,307
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)	42,328	18,307

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
72
-

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Appendix 4C

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	154	154
7.3 Other (please specify)	-	-
7.4 Total financing facilities	154	154

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from/(used in) operating activities (item 1.9)	(2,695)
8.2 Cash and cash equivalents at quarter end (item 4.6)	42,328
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	42,328
8.5 Estimated quarters of funding available (Item 8.4 dividend by Item 8.1)	16

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

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 April 2022

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.