



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

31 January 2020

Update for the Quarter Ended 31 December 2019

iCandy Interactive Limited (ASX: ICI) ("iCandy" or the "Company") is pleased to provide an update to its activities for the quarter ended 31st December 2019 (the **"Quarter"**).

1. ESPL Signs Regional TV Partnership and First Country Franchise Partner

In November 2019, iCandy's 42% investee company ESPL signed a media partnership agreement with eGG Network ("**eGG**"), the largest regional esports TV channel with an estimated reach of over 100 million viewers. Under the media partnership agreement, ESPL will provide content to eGG to broadcast in its channel.

Simultaneously, ESPL also signed a country franchise agreement with Axis Esports Sdn Bhd ("**Axis**"), where ESPL granted Axis the exclusive rights to operate esports tournaments in Malaysia under the ESPL brand in return for royalty terms.

2. iCandy Signs Publishing Agreement with South Korean Studio

In line with iCandy's strategy to monetize its network of over 350 million mobile gamers by marketing and publishing mobile game titles developed by third party game developers, iCandy announced on 14 November 2019 that it has entered into a Game Development & Publishing Agreement with a leading South Korean based game studio, Nanali Inc ("**Nanali**"). Under the agreement, iCandy was granted an exclusive 3-year license to publish and market the global version of Hellopet House, a mobile game to be developed by Nanali.

Hellopet House is based on the popular virtual pet simulator, Hellopet, which has over 8 million users across the world. iCandy expects to publish Hellopet House in 8 international languages in 1Q2020.

On the same date, iCandy announced that it has signed a Game Development & Publishing Agreement with MoviGame Co. Ltd. However, due to technical constraint, MoviGame was unable to make adaptation to its game to achieve the requirements of iCandy as its global publisher. Hence, iCandy and MoviGame have mutually agreed to terminate the agreement on 29 January 2020.



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3. Cash Flow

The Quarter saw significant cash outflow due to major operational and corporate undertakings.

On the operation side, due to the final development leg of the 4 new major game titles, iCandy has increased its work force as well as its advertising and marketing budget.

Meanwhile on the corporate side, iCandy has been actively working on a dual listing on the TSX Venture Exchange ("**TSXV**") in Canada. iCandy submitted an initial submission in October 2019 and will update the market on further development regarding the proposed dual listing in due course.

For more information, please contact:

ir@icandy.io

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.

iCandy is also a founding shareholder of ESPL, an esports organization that is developing a 16-country global tournament network and platform with focus on amateur players and digital interactivity.

For more info visit www.icandy.io

ASX release approved by the Board of iCandy Interactive Limited

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 DECEMBER 2019

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	483	1,763
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(368)	(501)
(c) advertising and marketing	(289)	(660)
(d) leased assets	-	-
(e) staff costs	(316)	(859)
(f) administration and corporate costs	(66)	(745)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	62
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	(540)	(940)

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	(20)	(31)
(d) investments	(106)	(368)
(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	(36)	21
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	2
2.6 Net cash from/(used in) investing activities	(162)	(376)

	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)	-	1,500
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	-	(127)
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)	-	-
3.10 Net cash from/(used in) financing activities	-	1,373

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	1,115	360
4.2 Net cash from /(used in) operating activities (item 1.9 above)	(540)	(940)
4.3 Net cash from /(used in) investing activities (item 2.6 above)	(162)	(376)
4.4 Net cash from /(used in) financing activities (item 3.10 above)	-	1,373
4.5 Effect of movement in exchange rates on cash held	1	(3)
4.6 Cash and cash equivalents at end of period	414	414

	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	414	1,115
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)	414	1,115

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
6
(36)

Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

- 6.1 - Payment of Director fees
- 6.2 - Net loans to related entity

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

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)	(540)
8.2 Cash and cash equivalents at quarter end (item 4.6)	414
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	414
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	(0.77)

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

- 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?

No. The level of net operating cash flows is dependent on the projects that the Company is undertaking during the quarter. Cashflow forecasts have been prepared which indicates the improvement of net operating cash flows in the current financial year.

- 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?

The Company has yet to take any steps to raise further cash. However, should it be required, given the Company's history of raising capital to date, the Directors are confident of its success.

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

Yes, the Company expects to be able to continue its operations and meet its business objectives based on the current cashflow forecast prepared for internal purposes.

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: 31 January 2020

Authorised by:

By the Board

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.