

30 July 2024

**ASX and Media Announcement**

## ***Summary Update for the Quarter Ended 30 June 2024***

Fatfish Group Ltd ("**Fatfish**" or the "**Company**") is pleased to provide a summary of its activities for the quarter ended 30 June 2024 ("**Quarter**").

During the Quarter, Fatfish recorded total cash receipts of A\$0.58 million, compared to A\$1.128 million in the preceding quarter. This was driven by the management's focus on refining revenue streams to achieve higher quality revenue for its AI business to move a stage closer to profitability.

This is reflected in the Company's efficiency with operating expenditure being 67% of cash receipts in the Quarter opposed to 81% in the last quarter. This speaks to the Company's ability to build future shareholder value at a greater rate.

### **Launching Social Gaming**

During the Quarter, the Company launched its first social gaming project, 'hibur.io' (**Hibur**, pronounced *he-boor*). Hibur is a unified social gaming platform complete with user management, game management, an in-game currency system and third-party integration functions. Initially, Hibur supports games from third party developers.

Hibur.io offers competitive casual social gaming like many other mainstream casual gaming platforms. Hibur.io does not engage in real-money casino gaming. The Company has proactively sought external legal advice on the operation of the Hibur.io platform, ensuring that it is compliant with the legal framework of the South-East Asian jurisdictions in which the platform is live.

Hibur.io hosted a soft launch event called the 'Gem Rush' during the Quarter, with the main aim of gathering gamers' feedback. More than 5,000 gamers played "Gem Rush" and the Company received useful feedback from gamers. This feedback will be critical in future launches of first party games on the Hibur.io platform and on the expansion of the platform itself.

At the end of the last quarter Hibur.io has started generating first revenues from gamers. Moving forward, Fatfish will continue to scale up marketing for Hibur.io and launch new features for gamers and future third party app developers on the platform.

### **Entering AI Gaming via AIGC Acquisition**

During the Quarter, Fatfish entered into an agreement pursuant to which it would acquire up to 51% of an Artificial Intelligence-enabled game developer, AI Gaming Co. Pte Ltd (**AIGC**).

By applying AI techniques and technologies, AIGC is able to both materially reduce game development times - potentially reducing workflows from several months to several weeks - whilst also enhancing the in-game experience with AI-enhanced narratives and gameplay.

AIGC is focused on developing its Game Development Kit ("**GDK**") which can utilise its AI enhanced capabilities in combination with existing game development workflows in a complimentary manner to significantly reduce production input requirements. In addition AIGC is producing first-party development games to demonstrate the capabilities of its GDK and produce secondary immediate revenue.

AIGC's pilot game, Tatarot, launched earlier this year and has since generated over 200,000 users. Tatarot is an AI-powered tarot card reading app that merges traditional tarot practices with AI-personalised art, providing users with a gamified experience. The unique artworks are also mintable by the user. Tatarot was mainly developed to showcase AIGC's production capabilities, but also produced approximately SGD 250,000 in revenue.

AIGC has three other games in development including 'The Waifu Maker' an online immersive virtual girlfriend experience utilising generative-AI and neo-Tokyo art, Bumppies, a free-to-play real-time multiplayer strategy game, and Globalands, an AI enhanced endless runner game. Fatfish expects to provide further updates on the development of AIGC's first party games as they progress. The speed at which AIGC can develop games enables AIGC to take a quantity approach to its development - with the view that not every game will be a 'winner' and result in massive uptake but some will.

### Summary of Operating Expenditure

For the purposes of Listing Rule 4.7C, a summary of the net cash operating cash outflows for the quarter ended 30 June 2024 are as follows:

Receipts from customers	\$580,000
Interest received	\$2,000
Payments for:	
Product manufacturing and operating costs	\$391,000
Advertising and marketing	\$25,000
Staff costs	\$153,000
Administration and corporate costs	\$140,000
Interest and other costs of finance paid	\$23,000

### Related Party Transactions

For the purposes of Listing Rule 4.7C, Item 6 of the Company's Appendix 4C reports payments to Related Parties of approximately \$9,000, representing payments of Directors' fees.

The Company's Appendix 4C is herein attached to this announcement.



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

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**For further information, please contact:**

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**About FatFish Group Limited : (fatfish.co)**

Fatfish Group Limited (ASX:FFG) ("**Fatfish**" or the "**Company**") is an ASX listed tech venture firm incubating future leaders in digital entertainment, fintech and ecommerce as well as the application of Generative AI technologies in these sectors. Fatfish investee companies, ranging from incubation through to listed entities, include ASEAN Fintech Group, Abelco Investment Group (NGM:ABIG) and iCandy Interactive (ASX:ICI). Our strategy is to give investors indirect exposure to our investee companies as well as incubate new businesses leveraging our significant expertise and experience in developing and launching innovative technology companies.

## 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")

30 JUNE 2024

Consolidated Statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	580	1,708
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(391)	(1,309)
(c) advertising and marketing	(25)	(32)
(d) leased assets	-	-
(e) staff costs	(153)	(476)
(f) administration and corporate costs	(349)	(729)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	(23)	(46)
1.6 Income taxes paid	-	-
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>(359)</b>	<b>(879)</b>

## Appendix 4C

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(2)
(d) investments	(100)	(100)
(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 flow loans to unconsolidated subsidiaries)	(49)	(584)
<b>2.6 Net cash from/(used in) investing activities</b>	<b>(149)</b>	<b>(686)</b>

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	200	1,778
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	(7)	(209)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(1,350)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other - payments for share buyback	-	-
<b>3.10 Net cash from/(used in) financing activities</b>	<b>193</b>	<b>219</b>

## Appendix 4C

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

	Current quarter \$A'000	Year to date (6 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	1,227	2,275
4.2 Net cash from /(used in) operating activities (item 1.9 above)	(359)	(879)
4.3 Net cash from /(used in) investing activities (item 2.6 above)	(149)	(686)
4.4 Net cash from /(used in) financing activities (item 3.10 above)	193	219
4.5 Effect of movement in exchange rates on cash held	13	(4)
4.6 Effect on deconsolidation of subsidiaries that have been deemed investment entities	-	-
<b>4.7 Cash and cash equivalents at end of period</b>	<b>925</b>	<b>925</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	925	1,227
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>925</b>	<b>1,227</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
9
-

## 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>	Total facility amount at quarter end	Amount drawn at quarter end
	\$A'000	\$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	4,960	4,960
<b>7.4 Total financing facilities</b>	<b>4,960</b>	<b>4,960</b>

#### 7.5 Unused financing facilities available at quarter end

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- 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 \$8 million convertible notes. Salient terms of the Notes are as follows:

(i) To be drawn 1 tranche;

(ii) Investor may elect to convert the Notes at any time up to the Maturity Date, at a conversion price of \$0.07 per Note.

(iii) Maturity date is 27 August 2024, which shall be extendable upon mutual agreement of the parties, after which the Company shall redeem the relevant Notes in cash, provided that they have not been converted into shares by the Investor; and

(iv) Coupon rate of 1.0% per annum.

8. <b>Estimated cash available for future operating activities</b>	\$A'000
8.1 Net cash from/(used in) operating activities (item 1.9)	(359)
8.2 Cash and cash equivalents at quarter end (item 4.6)	925
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	925
<b>8.5 Estimated quarters of funding available (Item 8.4 dividend by Item 8.1)</b>	<b>2.58</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

## 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: 30 July 2024

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.