



iCandy – Proudly Ranked 25th
of Australia's Fastest Growing

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

31 January 2022

Historic Q4, 2021 – Acquisition of Lemon Sky Studios and A\$40 million Private Placement to Augment iCandy's 2022 Growth

iCandy Interactive Ltd ("iCandy" or the "Company") is pleased to provide a summary of its activities for the quarter ended 31 December 2021 ("Quarter").

1. Landmark acquisition of Lemon Sky Studios

In November 2021, iCandy announced the 100% acquisition of Lemon Sky Animation Sdn. Bhd. ("**Lemon Sky Studios**"), a game and animation studio with an impressive portfolio developing AAA game titles, for a consideration of MYR135 million (A\$44.5 million).

Lemon Sky Studios has an existing portfolio of clients and partners including EA Entertainment, Microsoft Studios, Disney, Nickelodeon, Blizzard Entertainment, Naughty Dog, 2K Games, Square-Enix, Bandai Namco, among many others.

Post-acquisition, iCandy and Lemon Sky Studios will have more than 450 full-time employees.

On 13 January 2022, the acquisition of Lemon Sky Studios had been **approved** by iCandy shareholders at an Extraordinary General Meeting.

Lemon Sky Studios reported unaudited FY2021 results to iCandy with stronger than expected **revenue of A\$15.5 million** and **profit after tax of A\$2.7 million**. Lemon Sky Studios also has a **cash balance of A\$6.1 million**, to provide a strong financial position to start the year 2022.

The Company expects to complete the acquisition of Lemon Sky Studios soon, pending completion of documentation processes.

The 4C Cashflow Statement of Q1, 2021 does not include cashflow of Lemon Sky Studios.

2. Oversubscribed A\$40 million funding round

In November 2021, iCandy had announced that it intended to raise A\$40 million



through a two-tranche placement ("**Placement**"), with **Animoca Brands** cornering the Placement, and several other high-quality institutional investors that are expected to join the Company's share register. Animoca Brands had invested A\$10 million in iCandy through the Placement.

The funds from iCandy's Placement are expected to be utilised towards:

- the acquisition of Lemon Sky Studios;
- increasing the Company's headcount and its production ability;
- promotion and marketing of its new and existing games;
- acquisition of additional infrastructure to improve production capabilities; and
- as general working capital.

The Placement was approved by iCandy shareholders on 13 January 2022 via an Extraordinary General Meeting.

3. Completion of Share exchange with IPO-seeking RightBridge Ventures AB

In December 2021, iCandy had announced the completion of its transaction with iCandy Digital Pte. Ltd. ("**IDPL**") which holds a small library of 26 mobile games and a 17% stake in esports venture, eSports Players League ("**ESPL**"), for shares in Sweden-based RightBridge Ventures AB ("**RightBridge**").

The share exchange of iCandy's stake in IDPL has seen iCandy receiving 17,296,000 shares in RightBridge worth A\$4.8 million, and the option to purchase an additional 2,178,682 shares in RightBridge at nominal value. iCandy's shareholding and options in RightBridge give it a stake of approximately 25% in RightBridge prior to its IPO.

RightBridge invests in esports companies and is seeking an IPO on a Swedish Stock Exchange and had announced in September 2021 that its shares had been registered on the Swedish Security Depository, or EUROCLEAR Sweden, as a prerequisite to its IPO.

As a major shareholder of RightBridge, iCandy will gain strategic access to the Nordic and global esports market and retain the benefits of the growth journey of ESPL.

4. Completion of Divestment of iCandy Digital Pte Ltd

In December 2021, iCandy completed the divestment of iCandy Digital Pte Ltd ("**IDPL**") to Rightbridge Ventures Ltd ("**RightBridge**"). IDPL owns 26 mobile games developed on iOS and Android platforms, as well as a 17% stake in Esports Players League ("**ESPL**"). ESPL is a global grassroots esports tournament network and technology platform that has a presence in 17 countries across Asia, Europe, and South America.

Following the completion of the divestment, iCandy now holds 17,296,000 shares in RightBridge worth A\$4.8 million. iCandy also has the option to purchase an additional



2,178,682 RightBridge shares at nominal value.

5. iCandy’s Investee RightBridge Ventures raises SEK 5 million (A\$770,000)

In December 2021, RightBridge raised SEK 5 million (A\$770,000) through a private placement (“**Placement**”) of 3.2% RightBridge shares to Blue Horizon Investment ApS (“**Blue Horizon**”), valuing RightBridge at approximately SEK 150 million (A\$23.1 million), a significant upward valuation from its inception.

The proceeds from the Placement will be utilised by RightBridge in closing several transactions, as well as towards the finalisation of its IPO on a major Swedish Stock Exchange.

Blue Horizon is a Danish investment company among the pioneers of casual mobile gaming, with an impressive portfolio of leading clients such as Sony Ericsson and Nokia.

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 31 December 2021 are as follows:

Receipts from customers	\$358,000
Interest received	\$14,000
Payments for:	
Product manufacturing and operating costs	\$35,000
Advertising and marketing	\$4,000
Staff cost	\$152,000
Administration and corporate costs	\$132,000

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 \$64,000. 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.



FINANCIAL REVIEW
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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:

ir@icandy.io or visit www.icandy.io

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 2021

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	358	1,881
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(35)	(207)
(c) advertising and marketing	(4)	(555)
(d) leased assets	-	-
(e) staff costs	(152)	(786)
(f) administration and corporate costs	(132)	(1,130)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	53
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(16)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from/(used in) operating activities	49	(760)

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 or for:		
(a) entities	(1,039)	(1,939)
(b) businesses	-	-
(c) property, plant and equipment	(10)	(34)
(d) investments	(1,165)	(2,762)
(e) intellectual property	-	(791)
(f) other non-current assets	(4)	(526)
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	(195)	(376)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from/(used in) investing activities	(2,413)	(6,428)

	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)	16,768	16,768
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	401	1,304
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(3,315)	(3,315)
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 (share buy-back payments)	(1,110)	(1,110)
3.10 Net cash from/(used in) financing activities	12,744	13,647

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	7,905	11,826
4.2 Net cash from /(used in) operating activities (item 1.9 above)	49	(760)
4.3 Net cash from /(used in) investing activities (item 2.6 above)	(2,413)	(6,428)
4.4 Net cash from /(used in) financing activities (item 3.10 above)	12,744	13,647
4.5 Effect of movement in exchange rates on cash held	12	12
4.6 Cash and cash equivalents at end of period	18,297	18,297

	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	18,297	7,905
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)	18,297	7,905

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
64
-

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)	49
8.2 Cash and cash equivalents at quarter end (item 4.6)	18,297
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	18,297
8.5 Estimated quarters of funding available (Item 8.4 dividend by Item 8.1)	373

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

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 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.