

31 July 2024

ASX and Media Announcement

**Summary for Quarter Ended 30 June 2024
- Stronger Quarter, With Growth Trend**

iCandy Interactive Ltd (ASX: ICI) ("iCandy" or the "Company") is pleased to provide the quarterly summary of its activities for the quarter ended 30 June 2024 ("Quarter").

On the back of stronger billings and collections as well as a generally improving Web3.0 market, iCandy recorded strong financial performance, with an **increase in total cash receipts of 9% for the quarter** compared to previous quarter and **53%, increase for the first half** of its financial year compared to prior year.

	Quarter on Quarter			6-months period ending		
	30 June 2024	31 Mar 2024	% chg.	30 June 2024	30 June 2023	% chg.
	\$A'000	\$A'000		\$A'000	\$A'000	
Receipt from customers	7,784	7,213	9%	14,980	9,853	52%
Others	190	111	71%	301	130	>100%
Total receipts	7,974	7,324	9%	15,281	9,983	53%
Total payments	(7,485)	(7,689)	-3%	(15,161)	(18,651)	-19%
Net cash from / (used in) operating activities	489	(365)	*	120	(8,668)	*

Note:

* Net cash positive.

Meanwhile, the Company continues to yield positive results in its on-going strategic optimisation of costs initiatives as the Company recorded **19% lower operating costs for the first half of the financial year** (compared to prior year).

Management remains committed towards driving its on-going strategic optimisation of costs to improve profitability. Furthermore, we are pleased to share the following updates during the Quarter.

1. Lemon Sky Studios

Our team at Lemon Sky Studios has been actively working on a myriad of work-for-hire projects with renowned brand names in the animations and AAA games sector. We are proud to share our involvement in the following select titles which were released during the Quarter:

- (i) 'What If?', a virtual reality simulation and narrative-driven game project by Marvel Studios and ILM (a Lucasfilms Ltd's award-winning storytelling studio) launched on Apple's Apple Vision Pro virtual reality platform;
- (ii) 'Big City Greens the Movie: Spacecation' an animated movie project by Disney TVA. The creators of the movie had also mentioned Lemon Sky Studios in their interview with trade publication 'Animation Magazine'.

Further, **Not Quite Narwhal**, an animation title, the production of which Lemon Sky Studios were heavily involved in, received several nominations at the **LEO Awards 2024**.

Monopoly GO!, a popular mobile game that Lemon Sky Studios had a major role in, was also recognised with several nominations at the **Pocket Gamer Awards 2024** including Game of The Year.

2. zkCandy Layer 2 Chain

We are pleased to announce that our zkCandy project has progressed with the launch of its testnet with 4 games currently available on the network. We look forward to launching the mainnet in the coming months.

zkCandy is a strategic joint venture with US-based Matter Labs, a blockchain technology company that specializes in developing Layer 2 scaling solutions for Ethereum network. This initiative aims to pioneer the development of a gaming-focused Layer2 blockchain based on the Zero Knowledge roll-up technology. ZKcandy is poised to incorporate tailored gaming and AI-specific tools, decentralized gaming infrastructure, comprehensive developer resources, and a robust game development ecosystem.

Subsequent events

(i) Appxplore

In early July, mobile games development studio, Appxplore, had released news that its award-winning casual game, **Claw Stars**, will be collaborating with a popular emoji mascot character, **Usagyyuun**.

Usagyyuun is one of many famous mobile IPs that has recently gained popularity based on its appearance as a digital sticker on Japanese messaging

app, 'Line'. The Usagyuuun digital sticker has been downloaded more than 1 billion times

Claw Stars, meanwhile, features a race of space-faring hamsters piloting UFOs equipped with an underslung claw. The hyper casual game combines elements of classic arcade claw machines with a unique space-themed twist. Players control spaceships that resemble claw machines, navigating through an ever-expanding galaxy to rescue trapped creatures within mysterious orbs.

The aforesaid collaboration will see a fresh perspective to collaboration with well known IP, and is expected to bring positive impact to the mobile games business of the Company.

Listing Rule 4.7C.1

In accordance with Listing Rule 4.7C.1, a summary of the net operating cash flows for the quarter ended 30 June 2024 are as follows:

Receipts from customers	\$7,784,000
Interest received	\$27,000
Government grants and tax incentives	\$163,000
Payments for:	
Product manufacturing and operating costs	\$1,005,000
Advertising and marketing	\$80,000
Leased assets	\$178,000
Staff costs	\$4,056,000
Administration and corporate costs	\$1,883,000
Interest and other costs of finance paid	\$35,000
Income taxes paid	\$248,000

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 \$29,000.

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



FINANCIAL REVIEW
FAST100 2020
*iCandy – Proudly Ranked 25th
of Australia's Fastest Growing*

iCandy Interactive Limited
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Level 4, 91 William Street
Melbourne,
VIC 3000 Australia

iCandy Interactive Limited (ASX:ICI) is an award-winning, publicly traded video games company that has been listed on the Australian Securities Exchange since 2016.

With headquarters in Melbourne, Australia, and offices across Malaysia, Singapore, Indonesia, and Germany, we are one of the largest independent game developers in the region. Our team of more than 650 full-time game developers, artists, and engineers has delivered more than 350 mobile, console, PC, and Web 3.0 titles. The Company has worked with some of the biggest names in the business on some of the most widely known titles and iconic franchises in video games history. For more information, please visit our website at <https://icandy.io/>.

iCandy Group is supported by a strong network of strategic shareholders, including Animoca Brands, Fatfish Group, Baidu, Singtel, SK Square, AIS, IncubateFund, as well as several Australian and international funds.

For more details, please contact: ir@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")

30 JUNE 2024

Consolidated Statement of cash flows	Current quarter \$A'000	Year to date (6 mths) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,784	14,980
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,005)	(2,174)
(c) advertising and marketing	(80)	(250)
(d) leased assets	(178)	(346)
(e) staff costs	(4,056)	(9,291)
(f) administration and corporate costs	(1,883)	(2,523)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	27	96
1.5 Interest and other costs of finance paid	(35)	(59)
1.6 Income taxes paid	(248)	(518)
1.7 Government grants and tax incentives	163	205
1.8 Other (provide details if material)	-	-
1.9 Net cash from/(used in) operating activities	489	120

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

	Current quarter \$A'000	Year to date (6 mths) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(336)	(1,018)
(d) investments	268	28
(e) intellectual property	(82)	(168)
(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 (provide details if material)	-	-
2.6 Net cash from/(used in) investing activities	(150)	(1,158)

	Current quarter \$A'000	Year to date (6 mths) \$A'000
3. Cash flows from financing activities		
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	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	963
3.6 Repayment of borrowings	(980)	(2,143)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other - payments for share buyback	-	-
3.10 Net cash from/(used in) financing activities	(980)	(1,180)

Appendix 4C

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

	Current quarter \$A'000	Year to date (6 mths) \$A'000
4. Net increase/(decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,784	6,384
4.2 Net cash from /(used in) operating activities (item 1.9 above)	489	120
4.3 Net cash from /(used in) investing activities (item 2.6 above)	(150)	(1,158)
4.4 Net cash from /(used in) financing activities (item 3.10 above)	(980)	(1,180)
4.5 Effect of movement in exchange rates on cash held	2	(21)
4.6 Effect on deconsolidation of subsidiaries that have been deemed investment entities	-	-
4.7 Cash and cash equivalents at end of period	4,145	4,145

	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	4,145	4,784
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)	4,145	4,784

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
29
-

Appendix 4C

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

7. Financing Facilities		Total facility amount at quarter end	Amount drawn at quarter end
<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>			
		\$A'000	\$A'000
7.1	Loan facilities	5,029	4,168
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,029	4,168

7.5 **Unused financing facilities available at quarter end** 861

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.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from/(used in) operating activities (item 1.9)	489
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,145
8.3 Unused finance facilities available at quarter end (Item 7.5)	861
8.4 Total available funding (Item 8.2 + Item 8.3)	5,006
8.5 Estimated quarters of funding available (Item 8.4 dividend by Item 8.1)	10.24

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 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.