



31 January 2025

ASX and Media Announcement

Summary for the Quarter Ended 31 December 2024

- **105% increase in Net Cash Flow Compared to Prior Year**
- **Expenses down 22.39% For The Year**

iCandy Interactive Ltd (ASX: ICI) ("**iCandy**" or the "**Company**") is pleased to provide the quarterly summary of its activities for the quarter ended 31 December 2024 ("**Quarter**").

Concluding 2024, iCandy achieved a positive net cash position, reflecting a 105% increase compared to 2023. This underscores its dedication to enhancing shareholder value in driving sustainable growth as the management anticipates a promising year ahead in 2025.

The quarter ended with cash receipts of A\$5.87million decreasing by approximately 22%. Despite this, iCandy maintains a healthy operating expenditure of A\$ 6.23million, a 8.2% reduction from the previous quarter.

	Quarter on Quarter			12-months period ending		
	31 Dec 2024	30 Sept 2024	% chg.	31 Dec 2024	31 Dec 2023	% chg.
	\$A'000	\$A'000		\$A'000	\$A'000	
Receipt from customers	5,866	7,453	-21.29%	28,299	24,266	16.62%
Others	22	81	-72.84%	404	2,393	-83.12
Total receipts	5,888	7,534	-21.85%	28,703	26,659	7.67%
Total payments	(6,236)	(6,793)	-8.20%	(28,190)	(36,321)	-22.39
Net cash from / (used in) operating activities	(348)	741	-146.96%	513	(9,662)	105.31%

Several operational matters have taken place during the Quarter.

1. **Lemon Sky Studios Added North American Presence**

During the 4th Quarter, our subsidiary, Lemon Sky Studios, appointed Mark Meyers to be its Strategic Advisor based out of Los Angeles, United States. Mark is a senior gaming executive operating in the gaming studio space in North American for more than 25 years. He was formerly Head of Disney Gaming Studio. He was also a senior executive at Sony Computer Entertainment where he was a studio general manager at 989 Sports unit. Mark started his career at Midway Games, the creator of Mortal Kombat, NBA Jam and many other top hits in video games.

Mark will be working with Lemon Sky Studios to expand its North American business and to facilitate strategic acquisition of IP rights for co-development of video games, a new business area the Lemon Sky Studios is entering into.

2. **Mobile and Web3 Games Segment**

The Company's mobile games development studio, Appxplore, saw continued success this Quarter, with a particularly strong market response to **Snaky Cat**.

Snaky Cat, a battle royale game with classic snake mechanics, will be officially released globally on the App Store and Google Play on 5 February 2025. With over 1.5 million pre-registrations, the result demonstrates significant player interest in the online multiplayer sector.

CryptantCrab Prime, a Web3.0 game that traces back its root to 2018 has been successfully launched and has maintained its position as one of the top 10 games on Arbitrum during the quarter.

3. **zkCandy Layer 2 Chain**

During the Quarter, **zkCandy**, the Layer 2 Ethereum scaling blockchain network for gaming, successfully achieved over 2.4 million wallets created within two weeks during its open-testnet phase. This milestone highlights zkCandy's growing traction and played a key role in securing funding to expand its network and partnerships, further detailed in subsequent events.

4. **Lemon Sky Studios Takes Legal Actions Against Former Executives**

During the 4th quarter, Lemon Sky Studios initiated legal proceedings against its former CEO, Mr. Cheng Fei Wong (Fei), and former COO, Mr. Ka King Foong (Ken Foong). This action follows an internal investigation and audit revealing breaches of fiduciary duties, breaches of trust, and other unlawful actions during their tenure, which ended in the 3rd Quarter of 2024.

It was found that Fei and Ken Foong, through their privately held company, Momodica Sdn. Bhd. redirected sub-contracting work from Lemon Sky Studios to Momodica. A lawsuit in the High Court of Malaya in Kuala Lumpur, Malaysia was filed in November of 2024.

Further issues have been identified involving Fei, Ken Foong, and Spiky Things Sdn. Bhd. (operating as Spiky Things Studio), a newly established studio founded by the two individuals. Lemon Sky Studios has filed an additional legal action against Fei, Ken Foong and Spiky Things Studio in the High Court of Malaya in Shah Alam, Malaysia, against the parties for conspiring to unlawfully harm the business of Lemon Sky Studios as well as other unlawful actions.

The Board of iCandy considers these breaches to be a matter of deep concern and have taken necessary steps to protect the interest of iCandy and Lemon Sky Studios.

A new leadership structure has been put in place at Lemon Sky Studios. The studio continues to secure a robust pipeline of AAA animation and game development contracts, reaffirming its business model of upholding the highest standards of service excellence to its global clientele.

Subsequent events:

We are pleased to share that ZKCandy, iCandy's Web3 Layer 2 network joint venture, has successfully secured US\$4 million in seed funding, demonstrating strong market interest.

The funds raised will be used to further develop ZKCandy's technology and expand its network of partners. With more than 25 game titles in the pipeline, ZKCandy is preparing for its mainnet launch in the first half of 2025.

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 31 December 2024 are as follows:

Receipts from customers	\$5,866,000
Interest received	\$18,000
Government grants and tax incentives	\$4,000
<i>Payments for:</i>	
Product manufacturing and operating costs	\$418,000
Advertising and marketing	\$15,000
Leased assets	\$191,000
Staff costs	\$3,952,000
Administration and corporate costs	\$980,000
Interest and other costs of finance paid	\$4,000
Income taxes paid	\$676,000



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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

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, Fattfish 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")

31 DECEMBER 2024

Consolidated Statement of cash flows	Current quarter \$A'000	Year to date (12 mths) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,866	28,299
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(418)	(3,269)
(c) advertising and marketing	(15)	(278)
(d) leased assets	(191)	(711)
(e) staff costs	(3,952)	(18,163)
(f) administration and corporate costs	(980)	(3,774)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	141
1.5 Interest and other costs of finance paid	(4)	(84)
1.6 Income taxes paid	(676)	(1,911)
1.7 Government grants and tax incentives	4	263
1.8 Other (provide details if material)	-	-
1.9 Net cash from/(used in) operating activities	(348)	513

Appendix 4C

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

	Current quarter \$A'000	Year to date (12 mths) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(23)	(1,096)
(d) investments	-	481
(e) intellectual property	(131)	(301)
(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	(154)	(916)

	Current quarter \$A'000	Year to date (12 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	979	1,956
3.6 Repayment of borrowings	(1,040)	(4,854)
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	(61)	(2,898)

Appendix 4C

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

	Current quarter \$A'000	Year to date (12 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	3,428	6,384
4.2 Net cash from /(used in) operating activities (item 1.9 above)	(348)	513
4.3 Net cash from /(used in) investing activities (item 2.6 above)	(154)	(916)
4.4 Net cash from /(used in) financing activities (item 3.10 above)	(61)	(2,898)
4.5 Effect of movement in exchange rates on cash held	(114)	(332)
4.6 Effect on deconsolidation of subsidiaries that have been deemed investment entities	-	-
4.7 Cash and cash equivalents at end of period	2,751	2,751

	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	2,751	3,428
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)	2,751	3,428

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 <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	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)	(348)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,751
8.3 Unused finance facilities available at quarter end (Item 7.5)	861
8.4 Total available funding (Item 8.2 + Item 8.3)	3,612
8.5 Estimated quarters of funding available (Item 8.4 dividend by Item 8.1)	10.38

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 2025

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.