



30 October 2024

**ASX and Media Announcement**

## Summary for the Quarter Ended 30 September 2024 - Net Cash From Operations Up 52% Q-on-Q

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

Reaping the benefits of its strategic cost optimisation plan, iCandy recorded strong financial performance, with an **increase in net cash from operations of 52% for the quarter** compared to previous quarter. iCandy had also recorded a return to **net cash positive position** for the first 9 months of its financial year compared to prior year.

|   | Quarter on Quarter |                 |               | 9-months period ending |                 |               |
|---|--------------------|-----------------|---------------|------------------------|-----------------|---------------|
|   | 30 Sept<br>2024    | 30 June<br>2024 | % chg.        | 30 Sept<br>2024        | 30 Sept<br>2023 | % chg.        |
|   | \$A'000            | \$A'000         |               | \$A'000                | \$A'000         |               |
| Receipt from customers  | 7,453              | 7,784           | -4.25%        | 22,433                 | 17,599          | 27.47%        |
| Others  | 81                 | 190             | -57.37%       | 382                    | 164             | 132.93%       |
| <b>Total receipts</b>   | <b>7,534</b>       | <b>7,974</b>    | <b>-5.52%</b> | <b>22,815</b>          | <b>17,763</b>   | <b>28.44%</b> |
| Total payments  | (6,793)            | (7,485)         | -9.25%        | (21,954)               | (26,211)        | -16.24%       |
| <b>Net cash from /<br/>(used in) operating<br/>activities</b> | <b>741</b>         | <b>489</b>      | <b>51.53%</b> | <b>861</b>             | <b>(8,448)</b>  | <b>*</b>      |

**Note:**

\* Net cash positive

Several operational matters have taken place during the Quarter.

### 1. Lemon Sky Studios

During the Quarter, our AAA game art and animation studio, Lemon Sky Studios, announced the departure of its CEO and COO. The Board of Directors of Lemon Sky Studios has implemented a transition of leadership involving existing key studio executives and talents.

Lemon Sky Studios continues to secure a healthy pipeline of new animation contracts as well as game development contracts in the AAA space. We are proud to share our involvement in some of the following titles which were released during the Quarter:

- (i) **Stormgate**, a free-to-play real-time strategy game set in a sci-fi universe where three warring factions battle for control of Earth. Stormgate is developed by Frost Giant Studios, an independent studio founded by ex-StarCraft and ex-Warcraft developers.
- (ii) **Playdate with Winnie the Pooh – Season 2**, an animated preschool series produced by Oddbot Inc. based on the fictional character, *Winnie the Pooh*, by A.A. Milne. The series takes place in Hundred Acre Wood, where Winnie the Pooh and his friends go on playful adventures.

## 2. **Mobile and Web3 Games Segment**

The Company's mobile games development studio, Appxplore, is pleased to announce several mobile games releases during the Quarter, namely, **Snaky Cat** and **CryptantCrab Prime**.

**Snaky Cat** is a battle royale game that blends with classic snake mechanics, inviting players to navigate and compete with each other through vibrant environments while collecting items to grow their feline character. Currently out on early access, Snaky Cat offers a delightful gaming experience that appeals to both casual and seasoned players with its engaging graphics, intuitive controls, and a variety of challenges.

**CryptantCrab Prime** was a sequel to the original CryptantCrab game, a Web3.0 project that was among the top 10 Web3.0 games in 2019. Now launched on the Arbitrum network, this launch aims to enhance player engagement and foster a more mature player trading economy within the game's ecosystem.

## 3. **zkCandy Layer 2 Chain**

During the Quarter, zkCandy, the Layer 2 Ethereum scaling blockchain network for gaming had successfully launched a public testnet trial. Upon completion of the said testnet trial, the zkCandy team will work towards launching a mainnet currently slated for Fourth Quarter of 2024.

## 4. **Flying Sheep Studios**

During the quarter, management teams of both iCandy and Flying Sheep Studios made the difficult decision to shut down Flying Sheep in an orderly fashion by the end of 2024. iCandy's management anticipates this move will moderately benefit the Group's income statement as iCandy will no longer need to consolidate the losses of Flying Sheep Studios.

### **Subsequent events:**

We are pleased to share that our AAA game art and animation studio, Lemon Sky Studios, crossed another significant milestone in early October 2024 with the signing of a Memorandum of Understanding with JP Games Inc., a game development studio based in Tokyo, Japan, to explore collaboration opportunities in game development as well as other digital content services.

JP Games Inc. is led by its CEO, Hajime Tabata, who is best recognized for his work at Square Enix, where he directed and produced the iconic game-title the *Final Fantasy* IV.

### **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                   | \$7,453,000 |
| Interest received                         | \$27,000    |
| Government grants and tax incentives      | \$54,000    |
| Payments for:                             |             |
| Product manufacturing and operating costs | \$677,000   |
| Advertising and marketing                 | \$13,000    |
| Leased assets                             | \$174,000   |
| Staff costs                               | \$4,920,000 |
| Administration and corporate costs        | \$271,000   |
| Interest and other costs of finance paid  | \$21,000    |
| Income taxes paid                         | \$717,000   |

### **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 —



FINANCIAL REVIEW  
**FAST 100 2020**  
*iCandy – Proudly Ranked 25<sup>th</sup>  
of Australia's Fastest Growing*

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

## **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](mailto: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 SEPTEMBER 2024

| Consolidated Statement of cash flows                    | Current quarter<br>\$A'000 | Year to date (9 mths)<br>\$A'000 |
|---|----------------------------|----------------------------------|
| <b>1. Cash flows from operating activities</b>          |                            |                                  |
| 1.1 Receipts from customers                             | 7,453                      | 22,433                           |
| 1.2 Payments for  |                            |                                  |
| (a) research and development                            | -                          | -                                |
| (b) product manufacturing and operating costs           | (677)                      | (2,851)                          |
| (c) advertising and marketing                           | (13)                       | (263)                            |
| (d) leased assets                                       | (174)                      | (520)                            |
| (e) staff costs   | (4,920)                    | (14,211)                         |
| (f) administration and corporate costs                  | (271)                      | (2,794)                          |
| 1.3 Dividends received (see note 3)                     | -                          | -                                |
| 1.4 Interest received                                   | 27                         | 123                              |
| 1.5 Interest and other costs of finance paid            | (21)                       | (80)                             |
| 1.6 Income taxes paid                                   | (717)                      | (1,235)                          |
| 1.7 Government grants and tax incentives                | 54                         | 259                              |
| 1.8 Other (provide details if material)                 | -                          | -                                |
| <b>1.9 Net cash from/(used in) operating activities</b> | <b>741</b>                 | <b>861</b>                       |

## Appendix 4C

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

|   | Current quarter<br>\$A'000 | Year to date (9 mths)<br>\$A'000 |
|---|----------------------------|----------------------------------|
| <b>2. Cash flows from investing activities</b>          |                            |                                  |
| 2.1 Payments to acquire:                                |                            |                                  |
| (a) entities  | -                          | -                                |
| (b) businesses  | -                          | -                                |
| (c) property, plant and equipment                       | (55)                       | (1,073)                          |
| (d) investments   | 453                        | 481                              |
| (e) intellectual property                               | (2)                        | (170)                            |
| (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)                 | -                          | -                                |
| <b>2.6 Net cash from/(used in) investing activities</b> | <b>396</b>                 | <b>(762)</b>                     |

|   | Current quarter<br>\$A'000 | Year to date (9 mths)<br>\$A'000 |
|---|----------------------------|----------------------------------|
| <b>3. Cash flows from financing activities</b>  |                            |                                  |
| 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  | 14                         | 977                              |
| 3.6 Repayment of borrowings   | (1,671)                    | (3,814)                          |
| 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>(1,657)</b>             | <b>(2,837)</b>                   |

## Appendix 4C

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

|   | Current quarter<br>\$A'000 | Year to date (9 mths)<br>\$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                                    | 4,145                      | 6,384                            |
| 4.2 Net cash from /(used in) operating activities (item 1.9 above)                      | 741                        | 861                              |
| 4.3 Net cash from /(used in) investing activities (item 2.6 above)                      | 396                        | (762)                            |
| 4.4 Net cash from /(used in) financing activities (item 3.10 above)                     | (1,657)                    | (2,837)                          |
| 4.5 Effect of movement in exchange rates on cash held                                   | (197)                      | (218)                            |
| 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>3,428</b>               | <b>3,428</b>                     |

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$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  | 3,428                      | 4,145                       |
| 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>3,428</b>               | <b>4,145</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<br>\$A'000 |
|----------------------------|
| 29                         |
| -                          |

## Appendix 4C

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

| 7. <b>Financing Facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity</i><br><br><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)   | -                                    | -                           |
| <b>7.4 Total financing facilities</b>  | <b>5,029</b>                         | <b>4,168</b>                |

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. <b>Estimated cash available for future operating activities</b>                 | \$A'000     |
|--|-------------|
| 8.1 Net cash from/(used in) operating activities (item 1.9)                        | 741         |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)                            | 3,428       |
| 8.3 Unused finance facilities available at quarter end (Item 7.5)                  | 861         |
| 8.4 Total available funding (Item 8.2 + Item 8.3)                                  | 4,289       |
| <b>8.5 Estimated quarters of funding available (Item 8.4 dividend by Item 8.1)</b> | <b>5.79</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 October 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.