



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

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

26 February 2021

ASX Announcement

iCandy Reports First Ever Positive EBITDA - Revenue up 62%, Loss 76% lower

Highlights:

- For FY2020, iCandy reports its first ever positive EBITDA of A\$0.8 million
- Revenue increased 62% to A\$3.6 million compared to A\$2.2 million in the previous financial year
- Loss is 76% lower compared to the previous financial year
- The positive results are mainly attributed to the successful launching of iCandy's smash hit, *Masketeers* in October 2020
- iCandy's next highly anticipated game, *Claw Stars*, is expected to launch in Q2 2021

iCandy Interactive Limited (ASX: ICI) ("iCandy" or the "Company") is pleased to announce its Appendix 4E Preliminary Results for the financial year ended 31 December 2020.

For the financial year ended 31 December 2020, the Group reported its first ever positive earnings before tax, depreciation, and amortisation ("EBITDA") of **A\$0.8 million**, on the back of a **62% increase in revenue** from A\$2.2 million in the previous financial year to A\$3.6 million in the current financial year.

The Group also **narrowed its losses by 76%** from A\$2.3 million in FY2019 to A\$0.6 million in FY2020.

The improvement in iCandy's financial performance is mainly attributed to the successful launching of iCandy's smash hit, *Masketeers: Idle Has Fallen* ("**Masketeers**") in early October 2020.

Currently, iCandy is preparing to launch its other new game, *Claw Stars*, which is currently undergoing trial. During the trial, *Claw Stars* has shown extremely encouraging early results which exceeds that of *Masketeers*'. *Masketeers* is expected to be launched in Q2 2021.

iCandy is also planning to expand the distribution channels of its mobile games. Specifically, iCandy intends to market and distribute its mobile games into Mainland China, the world's largest gaming market. As a start, iCandy has entered into a partnership with China's leading game publisher Ohayoo to localize, publish and market *Masketeers* in Mainland China.



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Management Commentary

iCandy Chairman Kin W. Lau commented:

“Over the last 2 years, iCandy has been focusing on building up its fundamental capabilities and focusing on doing what we do best – developing and publishing excellent games that are highly engaging, interactive and fun to play. We are now ripping the rewards as Masketeers has proven to be a smash hit.

The management is now focusing on launching its new game Claw Stars, as well as expanding iCandy's distribution channels to China and other international market. We look forward to the exciting time ahead.”

— END —

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 video-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 info visit www.icandy.io

For further communication: ir@icandy.io

**APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**



Lodged with the ASX under Listing Rule 4.3A

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Company Details

Name of reporting entity: iCandy Interactive Limited
ABN: 87 604 871 712
Reporting period: 1 January 2020 - 31 December 2020
Prior corresponding reporting period: 1 January 2019 - 31 December 2019



Results for announcement to the market

Revenue from ordinary activities	Up	62%	from	2,237,230	to	3,630,021
Loss from ordinary activities	Down	76%	from	(2,323,035)	to	(559,729)
Net loss for the period attributable to members	Down	73%	from	(2,223,264)	to	(610,549)

No dividend was paid during the financial year. No dividend has been proposed or declared since the end of the financial year.

Revenue from ordinary activities increased by 62% to \$3,630,021 from last year's revenue of \$2,237,230.

Net loss attributable to members \$610,549 compared to last year's loss of \$2,223,264.

Loss per share of (0.16 cent) compared with last year's loss of (0.68 cents).

Diluted per share of (0.16 cent) compared with last year's loss of (0.68 cents).

Review of Operations

During the financial year ended 31 December 2020, the Group attained its highest ever sales revenue of A\$3.6 million, a 62% increase in revenue from A\$2.2 million a year ago. This has contributed to the Group recording its first ever positive EBITDA (earnings before interest, tax, depreciation and amortisation) of A\$751,445.

The Group's robust increase in revenue was attributed to the successful launching of iCandy's popular new game Masketeers: Idle Has Fallen ("Masketeers"), which recorded A\$1,000,000 in revenue in just 2 months since its release in early October 2020 till the financial year end of 2020.

To further drive revenue in FY2021, iCandy will be undertaking the following initiatives:

- (a) Release its new game, Claw Stars which has shown promising early trial results that exceed Masketeers;
- (b) Expanding the distribution channels of iCandy's mobile games, specifically into China, the world's largest gaming market through iCandy's partnership with Ohayoo; and
- (c) JV with leading global game animation and art studio, Lemon Sky Studios to create 3D games with AAA visuals and animation.

Net tangible assets

Net tangible asset backing per ordinary share at 31 December 2020 (2.49 cents), and at previous corresponding period, (0.188 cents).

Control over other entities

Name of entity: N/A
Date of control gained: N/A
Contribution to reporting entity's profit: N/A



PRELIMINARY STATEMENT OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	Group	
		2020 (unaudited) \$	2019 \$
Continuing operations			
Revenue	2	3,630,021	2,237,230
Other income	2	94,184	247,680
Cost of sales		<u>(1,287,935)</u>	<u>(1,805,479)</u>
		2,436,270	679,431
Marketing expenses		(32,017)	(17,458)
Audit fees		(47,324)	(56,680)
Provision for doubtful debts		-	(6,183)
Legal and professional fees		(269,279)	(247,390)
Share based payments		-	(111,625)
Occupancy expenses		(35,962)	(16,769)
Employee benefits expense		(673,055)	(882,080)
Depreciation and amortisation expense		(1,311,174)	(1,090,949)
Impairment expense		(381,382)	(180,000)
Interest expense		-	(6,001)
Computer expenses		(25,395)	(1,113)
Other expenses		(349,650)	(149,621)
Travel expenses		(4,228)	(48,250)
Unrealised movement in fair value of intangibles		133,467	(94,621)
Share of net profits of associates and joint ventures		-	(82,756)
Loss before income tax		<u>(559,729)</u>	<u>(2,312,065)</u>
Tax expense		-	(10,970)
Loss for the year attributable to members of the company		<u><u>(559,729)</u></u>	<u><u>(2,323,035)</u></u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		(305,508)	120,353
Total other comprehensive income for the year		<u>(305,508)</u>	<u>120,353</u>
Total comprehensive income for the year		<u><u>(865,237)</u></u>	<u><u>(2,202,682)</u></u>
Net profit attributable to:			
Owners of the parent entity		(610,549)	(2,223,264)
Non-controlling interest		50,820	(99,771)
		<u>(559,729)</u>	<u>(2,323,035)</u>
Total comprehensive income attributable to:			
Members of the parent entity		(909,965)	(2,101,410)
Non-controlling interest		44,728	(101,272)
		<u>(865,237)</u>	<u>(2,202,682)</u>
Earnings per share			
Basic earnings per share (cents)		(0.16)	(0.68)
Diluted earnings per share (cents)		(0.16)	(0.68)

The above statement should be read in conjunction with the accompanying notes.

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		Group	
		2020 (unaudited)	2019
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		11,826,228	414,229
Trade and other receivables	3	1,333,291	352,513
Other financial assets	4	1,294,539	1,415,336
Other assets		228,424	70,817
TOTAL CURRENT ASSETS		<u>14,682,482</u>	<u>2,252,895</u>
NON-CURRENT ASSETS			
Investments accounted for using the equity method		21,125	22,806
Property, plant and equipment		112,518	124,273
Intangible assets	5	1,602,017	1,747,035
Right-of-use assets		-	49,933
TOTAL NON-CURRENT ASSETS		<u>1,735,660</u>	<u>1,944,047</u>
TOTAL ASSETS		<u>16,418,142</u>	<u>4,196,942</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	954,093	1,009,471
Lease liabilities		-	53,219
Other financial liabilities	7	480,790	742,905
Current tax liabilities		-	1,539
TOTAL CURRENT LIABILITIES		<u>1,434,883</u>	<u>1,807,134</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		7,365	7,937
TOTAL NON-CURRENT LIABILITIES		<u>7,365</u>	<u>7,937</u>
TOTAL LIABILITIES		<u>1,442,248</u>	<u>1,815,071</u>
NET ASSETS		<u>14,975,894</u>	<u>2,381,871</u>
EQUITY			
Issued capital	8	43,323,708	30,306,207
Reserves		(19,106,557)	(19,226,026)
Retained earnings		(9,160,648)	(8,572,973)
Equity attributable to owners of the parent entity		<u>15,056,503</u>	<u>2,507,208</u>
Non-controlling interest		(80,609)	(125,337)
TOTAL EQUITY		<u>14,975,894</u>	<u>2,381,871</u>

The above statement should be read in conjunction with the accompanying notes.



PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Issued Capital	Accumulated Losses	Reserve		Subtotal	Non-controlling interest	Total	
			Foreign Currency Translation Reserve	Option Reserve				Other Components of Equity
	\$	\$	\$	\$	\$	\$	\$	
Consolidated Group								
Balance at 1 January 2019	29,201,668	(6,345,683)	(57,471)	457,457	(20,289,999)	2,965,972	-	2,965,972
Effect of adoption of AASB 16	-	(4,026)	-	-	-	(4,026)	-	(4,026)
Balance at 1 January 2019 (restated)	29,201,668	(6,349,709)	(57,471)	457,457	(20,289,999)	2,961,946	-	2,961,946
Comprehensive income								
Loss for the year	-	(2,223,264)	-	-	-	(2,223,264)	(99,771)	(2,323,035)
Other comprehensive income for the year	-	-	121,854	-	-	121,854	(1,501)	120,353
Total comprehensive income for the year	-	(2,223,264)	121,854	-	-	(2,101,410)	(101,272)	(2,202,682)
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year	1,711,605	-	-	-	-	1,711,605	-	1,711,605
Transaction costs	(607,066)	-	-	-	-	(607,066)	-	(607,066)
Options issued during the year	-	-	-	542,133	-	542,133	-	542,133
Recognition of non-controlling interest in PT Joyseed Berbagi Sukses	-	-	-	-	-	-	(24,065)	(24,065)
Total transactions with owners and other transfers	1,104,539	-	-	542,133	-	1,646,672	(24,065)	1,622,607
Balance at 31 December 2019	30,306,207	(8,572,973)	64,383	999,590	(20,289,999)	2,507,208	(125,337)	2,381,871
Balance at 1 January 2020	30,306,207	(8,572,973)	64,383	999,590	(20,289,999)	2,507,208	(125,337)	2,381,871
Comprehensive income								
Loss for the year	-	(610,549)	-	-	-	(610,549)	50,820	(559,729)
Other comprehensive income for the year	-	-	(299,416)	-	-	(299,416)	(6,092)	(305,508)
Total comprehensive income for the year	-	(610,549)	(299,416)	-	-	(909,965)	44,728	(865,237)
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year	14,932,254	-	-	(694,489)	-	14,237,765	-	14,237,765
Transaction costs	(1,914,753)	-	-	-	-	(1,914,753)	-	(1,914,753)
Options expired during the year	-	22,874	-	(22,874)	-	-	-	-
Options issued during the year	-	-	-	1,136,248	-	1,136,248	-	1,136,248
Total transactions with owners and other transfers	13,017,501	22,874	-	418,885	-	13,459,260	-	13,459,260
Balance at 31 December 2020	43,323,708	(9,160,648)	(235,033)	1,418,475	(20,289,999)	15,056,503	(80,609)	14,975,894

The above statement should be read in conjunction with the accompanying notes.



PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Group	
	2020 (unaudited)	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,304,026	2,249,822
Payments to suppliers and employees	(2,914,241)	(3,274,883)
Grants received	428,978	-
Net cash generated by operating activities	<u>(181,237)</u>	<u>(1,025,061)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	56,054	61,855
Purchase of property, plant and equipment	(39,790)	(31,271)
Purchase of intangible assets	(1,385,576)	(139,476)
Purchase of investments	-	(145,023)
Cash acquired from acquisition of subsidiary	-	1,686
Loan to related parties:		
- proceeds from repayments	178,487	35,679
Net cash (used in)/generated by investing activities	<u>(1,190,825)</u>	<u>(216,550)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	13,586,096	1,500,006
Payments for capital raising costs	(778,506)	(128,882)
Payments of lease liability	(54,393)	(72,291)
Net cash provided by (used in) financing activities	<u>12,753,197</u>	<u>1,298,833</u>
Net increase in cash held	11,381,135	57,222
Cash and cash equivalents at beginning of financial year	414,229	359,888
Effect of exchange rates on cash holdings in foreign currencies	30,864	(2,881)
Cash and cash equivalents at end of financial year	<u>11,826,228</u>	<u>414,229</u>

The above statement should be read in conjunction with the accompanying notes.



NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

For the year ended 31 December 2020

Note 1: Summary of Significant Accounting Policies

There have been no material changes in the Company's application of its significant accounting policies as presented in the Company's financial statements for the year ended 31 December 2019. Readers of this report should refer to Note 1: Summary of Significant Accounting Policies in the afore-mentioned financial statements for details of those accounting policies.

Note 2: Revenue and Other Income

	Group	
	2020 (unaudited)	2019
	\$	\$
Sales revenue		
- sale of in-app applications	2,007,293	1,235,559
- ads and sponsorships	506,108	568,948
- publishing income	710,231	85,694
- services	406,389	347,029
	3,630,021	2,237,230
Other revenue		
- interest received	56,054	61,855
- unrealised foreign exchange gain/(loss)	-	(21,368)
- other income	38,130	207,193
	94,184	247,680

Note 3: Trade and other receivables

	Group	
	2020 (unaudited)	2019
	\$	\$
CURRENT		
Trade receivables	1,168,358	194,154
Provision for impairment	(4,193)	(4,527)
	1,164,165	189,627
Other receivables	72,720	158,418
GST receivables	96,406	4,468
Total current trade and other receivables	1,333,291	352,513

Note 4: Other financial assets

	Group	
	2020 (unaudited)	2019
	\$	\$
CURRENT		
Amounts receivables from:		
- other related parties	1,228,613	1,317,286
- others	1,008	23,383
	1,229,621	1,340,669
Convertible notes	64,918	74,667
	1,294,539	1,415,336

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 31 December 2020

Note 5: Intangible assets

	Group	
	2020 (unaudited) \$	2019 \$
Goodwill		
Cost	283,862	283,862
Accumulated impairment losses	(283,862)	-
	<u>-</u>	<u>283,862</u>
Games Portfolio		
Cost	2,600,000	2,600,000
Accumulated amortisation and impairment losses	(2,370,000)	(1,850,000)
	<u>230,000</u>	<u>750,000</u>
Computer Software		
Cost	2,228,315	1,980,833
Accumulated amortisation and impairment losses	(1,585,003)	(1,404,483)
	<u>643,312</u>	<u>576,350</u>
Research and development		
Cost	1,140,152	258,224
Accumulated amortisation and impairment losses	(539,490)	(183,803)
	<u>600,662</u>	<u>74,421</u>
Cryptocurrency		
Cost	1,083,337	1,200,673
Accumulated amortisation and impairment losses	(955,294)	(1,138,271)
	<u>128,043</u>	<u>62,402</u>
Total intangible assets	<u>1,602,017</u>	<u>1,747,035</u>

Reconciliation

	Goodwill	Games Portfolio	Computer software	Research and development	Cryptocurrency	Total
Opening net book value	283,862	750,000	576,350	74,421	62,402	1,747,035
Additions	-	-	393,483	900,961	9,020	1,303,464
Disposals	-	-	-	-	(63,445)	(63,445)
Amortisation charge	-	(520,000)	(304,096)	(395,215)	-	(1,219,311)
Impairment losses	(283,862)	-	-	-	-	(283,862)
Movement in fair value	-	-	-	-	133,467	133,467
Movement in foreign currency	-	-	(22,425)	20,495	(13,401)	(15,331)
	<u>-</u>	<u>230,000</u>	<u>643,312</u>	<u>600,662</u>	<u>128,043</u>	<u>1,602,017</u>

Note 6: Trade and other payables

	Group	
	2020 (unaudited) \$	2019 \$
CURRENT		
Unsecured liabilities		
Trade payables	266,979	104,664
Sundry payables and accrued expenses	687,114	904,807
	<u>954,093</u>	<u>1,009,471</u>

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

For the year ended 31 December 2020

Note 7: Other financial liabilities

	Group	
	2020 (unaudited) \$	2019 \$
CURRENT		
Amounts payable to:		
- other related parties	470,387	742,905
- others	10,403	-
	480,790	742,905

Note 8: Issued Capital

(a) Share Capital

The share capital of iCandy Interactive Limited (the Company) consists of 547,313,849 fully paid ordinary shares as at 31 December 2020.

(b) Movements in ordinary share capital

Movements in the ordinary share capital of the Company during the past two years were as follows:

	No. of shares	Amount \$
Opening balance at 1 January 2019	309,007,937	29,201,668
Issued during the year	28,182,707	1,711,605
Less: transaction costs	-	(607,066)
Closing balance at 31 December 2019	337,190,644	30,306,207
Opening balance at 1 January 2020	337,190,644	30,306,207
Issued during the year	210,123,205	14,932,254
Less: transaction costs	-	(1,914,753)
Closing balance at 31 December 2020	547,313,849	43,323,708

Note 9: Earnings per share

Losses used to calculate basic and dilutive EPS (610,549) (2,223,264)

	Number	
	2020	2019
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	385,754,017	327,634,307
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	385,754,017	327,634,307
Basic loss per share (cents)	(0.16)	(0.68)
Diluted loss per share (cents)	(0.16)	(0.68)

Note 10: Segment Information

The Group operates in four geographical segments, Australia, Singapore, Malaysia and Indonesia.

Note 11: Events Subsequent to Report Date

On 5 January 2021, the Company issued 9,150,000 fully paid ordinary shares. These were issued as a result of 9,150,000 ICIOBs being exercised. A total of \$228,750 was raised.

On 22 January 2021, the Company issued 6,668,750 fully paid ordinary shares. These were issued as a result of 6,668,750 ICIOBs being exercised. A total of \$168,719 was raised.

On 12 February 2021, the Company issued 6,244,100 fully paid ordinary shares. These were issued as a result of 6,244,100 ICIOBs being exercised. A total of \$156,102 was raised.

On 15 February 2021, the Company announced it was entering into a conditional Share Sale Agreement with Swedish incorporated RightBridge Ventures AB to dispose of its 100% owned subsidiary, iCandy Digital Pte Ltd for a consideration of SEK 31,132,800 (AUD \$4,823,424) to be settled via Rightbridge Ventures AB shares. The transaction is subject to the Company calling for a General Meeting to seek shareholders approval.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

For the year ended 31 December 2020

COMPLIANCE STATEMENT

The financial information provided in Appendix 4E is based on the annual financial report which is being prepared in accordance with Australian Accounting Standards or standards acceptable to ASX.

The report and the accounts upon which the report is based use the same accounting policies.

In the Directors Opinion, this report does give a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

The financial report is not likely to be the subject of dispute or qualification.

A handwritten signature in black ink, appearing to read "Kin Wai Lau".

Signed:

Kin Wai Lau

Director

Dated: 26 February 2021