



1. Details of the reporting period and the prior corresponding period

Current period:	1 January 2022 - 30 June 2022
Prior corresponding period:	1 January 2021 - 30 June 2021

2. Results for announcement to the market

	Half-year ended 30 June 2022	Half-year ended 30 June 2021 (Restated)	Up/ Down	Change (%)
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Revenue from ordinary activities	15,692,072	925,785	Up	1595%
Profit/(Loss) from ordinary activities before tax attributable to members of the parent	898,478	(1,181,587)	Down	176%
Total comprehensive income for the period attributable to members of the parent	(1,990,535)	(1,045,096)	Up	-90%

*Refer to Note 1(i) for details of prior period restatement.

3. Dividend Information

	Amount per share (share)	Franked amount per share (cents)
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Interim Dividend	-	-
Previous corresponding period	-	-
Record date for determining entitlements to the dividend	N/A	N/A

4. Net Tangible Assets

	Half-year ended 30 June 2022 (cents)	Half-year ended 30 June 2021 (cents)
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Net tangible assets per security (with the comparative figures for the previous corresponding period)	3.12	2.02
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5. Details of entities over which control has been gained

Name of entity:	Lemon Sky Studios Sdn Bhd
Date of control:	31 January 2022
Name of entity:	Digital Games International Pte Ltd
Date of control:	24 February 2022
Name of entity:	Gameconomy Sdn Bhd
Date of control:	24 March 2022
Name of entity:	Flying Sheep Studios GmbH
Date of control:	14 June 2022



ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

**Financial Report For The Half-Year Ended
30 June 2022**

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**ICANDY INTERACTIVE LIMITED
AND CONTROLLED ENTITIES**



ABN: 87 604 871 712

**Financial Report For The Half-Year Ended
30 June 2022**

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Your directors of iCandy Interactive Limited ("the Company") present their report on the consolidated entity ("Group"), consisting of iCandy Interactive Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2022.

General Information

Directors

The following persons were directors of iCandy Interactive Limited during or since the end of the half-year up to the date of this report:

Mr Kin Wai Lau
Mr Robert Kolodziej
Mr Marcus Ungar
Mr Christopher Whiteman

DIRECTORS' REPORT

In accordance with continuous disclosure requirements, it is recommended that this half-year report be read in conjunction with any public announcements lodged with the Australian Securities Exchange for the half-year.

Review of Operations

The consolidated profit for the six-month period ended 30 June 2022 was \$228,923. (2021 loss: \$1,190,422).

The net assets of the Group as at 30 June 2022 were \$88,969,093. (31 December 2021: \$33,704,182)

During the six months ended 30 June 2022, the Group is pleased that the operating positive cashflow positions were achieved on the back of iCandy's highest ever half-yearly revenue, mainly contributed by its new subsidiary, Lemon Sky Studios. Management expects the revenue trend and operating cash flow to continue on the back of a 3 year backlog of game production and further subsidiary service adoption.

The Group has continued to work extensively on its Web3 initiatives. It has announced its NFT project with Froyo Games on 23 March 2022. There has been a delay in finalising the art work for the NFTs and the project is now expected to complete in Q4 2022. As such, no revenue has been captured under the said NFT project currently.

New key Web3 games that are now undertaken by the Company include its first AAA metaverse game Metal Genesis, which is currently still under development but progressing rapidly with a playable demo due to be ready in Q4 2022. Metal Genesis is an armoured robo-suit war machine-themed and player-vs-player metaverse virtual world game being developed by industry-leading game designers and artists in Lemon Sky Studios.

Lemon Sky Studios is in continuous strong demand for its game development services for major global AAA game studios. Its pipeline of resources is currently filled with demands for approximately the next 3 years and it is currently on an expansion mode to increase its headcount by 20% by year-end.

Beyond game development, Lemon Sky Studios is seeing strong demand and exploring additional new revenue streams, in particular providing animation development services to global TV and movie streaming and content providers.

The Company is committed to the on-market buy-back scheme. The Board still perceives iCandy as undervalued and remains committed to its buyback.

Country specific material business risks

1. Intellectual Property Rights

A substantial part of the Company's commercial success depends on its ability to protect its intellectual property and commercially sensitive information assets relating to its mobile games, to maintain trade secret protection and to operate without infringing the proprietary rights of third parties. At present, none of the Company's intellectual property rights are registered. Securing rights to technologies, and in particular intellectual property, through licensing or otherwise, will also play an integral part in the commercial success of the Company.

The commercial value of these intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation will be potentially significant and may divert management's attention from normal commercial operations.

2. Dependency on Key Directors and Personnel

The Company's continued success will depend, to a significant extent, upon the abilities and continued efforts of its Directors as well as the Group's key personnel. The loss of any of the Directors or key personnel may adversely affect the Group's continued ability to compete and grow in the videogame industry. Further, the Group's future success will also depend upon its ability to attract, retain and motivate skilled and qualified personnel.

To ensure smooth succession planning, efforts are being made by the Group to prepare and train younger members of its game development team to assume additional responsibilities. The Directors recognise the importance of skilled and capable personnel and, as such, have implemented a human resource strategy aimed at attracting and retaining such personnel which includes rewarding employees based on their performance.

3. Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development and research programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

4. Maintenance of Key Business Partner Relationships

The Company will rely on relationships with key business partners to enable it to continue to promote its mobile games and services (e.g. via licensing or publishing arrangements). A failure to maintain relationships could result in a withdrawal of business partner support, which in turn could impact the Company's financial position.

5. Brand Establishment and Maintenance

The Company believes that establishing and maintaining the Group's brand in the mobile games industry is critical to growing its game user base and product and service acceptance. This will depend largely on the Group's ability to provide innovative and in-demand mobile games. If the Company fails to successfully establish and maintain its brand, its business and operating results could be adversely affected.

6. Potential Acquisitions

As part of its business strategy, the Company may make further acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

7. Insurance Risk

Investors should note that the Company currently has no insurance policies in place in respect of its business or assets. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

8. Foreign exchange rate risk

The Company's financial reports are prepared in Australian dollars. However, the Group's mobile games are available worldwide and the majority of the downloads of the Group's games to date have occurred in the Asia Pacific region. As such, any revenue received by the Group from its mobile games are largely be denominated foreign currency depending upon the countries in which they are available. A proportion of the Group's operating expenses will also be incurred in Malaysia and Indonesia.

Therefore, the Company's Australian dollar reported revenue will be directly impacted by movements in world currency exchange rates (especially in the Asia Pacific region). Movements in such exchange rates may adversely or beneficially affect the Company's results or operations and cash flows. The Group does not currently hedge against this currency risk.

Industry specific material business risks

1. Competition

The mobile gaming industry is competitive and the Company expects to continue to face regular competition from both existing competitors and new entrants into the market. The Company currently competes with mobile gaming operators in Malaysia and other overseas countries, some of which have longer operating histories, wider product ranges and larger distribution networks. The principal elements of competition facing the Company include, amongst others, quality of games, branding, marketing and good customer service.

In order to compete effectively in the mobile gaming market, the Company will strive to improve its customer service, develop and introduce regular basis games that are highly interactive, captivating and entertaining and provide diversity in gameplay, style and type in order to attract a wider range of users of the Company's mobile games.

2. Rapid Changes in Game Trends

Rapid changes in mobile game trends may have an adverse impact on the Group's operating and financial performance. Currently, the Group is focusing on the development and publishing of mobile casual games

The Company is constantly keeping abreast with the latest mobile game trends in the market. Prior to the development of each new game, the Company will conduct a full-scale pre-production study and research program to understand current mobile game players' interests and preferences in order to create games which are in line with current market trends. The Directors believe that the demand for mobile casual games will continue to grow in the foreseeable future. Through the Group's experience and capability to produce quality mobile casual games, the Directors believe it is able to deliver games to the market quickly and without any compromise on quality.

3. Demand for Skilled Labour

In the mobile gaming industry, the need for technical staff is crucial as they possess the skills and knowledge in developing, localising and programming game codes and graphic designs which underpin mobile games. The Company is continually seeking to recruit additional technical and support staff as the Group expands.

One of the Group's strategies moving forward will be to consider expanding its operations by acquiring additional game studios in the Southeast Asia region, thereby recruiting talented and skilled labour in that foreign region. By doing so, the Company would also be able to build a strong foundation in producing and localising games in regions which do not have a current sizeable market exposure.

4. Playability of the Group's Games

The majority of mobile games have a typical lifespan (assuming no upgrades) of around 4 years. The Group will aim to constantly introduce new features, items and expansion packs to its games to retain player interest. It is hoped that the Group's ability to enhance its games, in terms of extra virtual items, upgrade levels and gated featured items will help maintain the popularity and increase the attractiveness of such games. The Group will also share the ideas and feedback from players in order to improve the playability of the Group's games.

5. High Marketing Cost

The cost of marketing and launching new mobile games can be high. The Group's management will conduct a comprehensive marketing plan to ensure that all marketing costs are well spent. The Group has previously utilised international publishing houses to help publish its games overseas. As the Group's brand has become better recognised in the market, the Group has begun to launch and publish its games in-house via Apple's App Store and Google's Play Store. By publishing its own games, the Group is able to reduce marketing costs. Although the Group has the capability to publish its own games, it will continue to use other publishing companies to publish its games in new markets, particularly where the Group has limited resources and faces challenges in respect of language barriers and market recognition.

6. Credit Card Chargebacks

There is the constant risk to the Group that purchasers of 'in-game' virtual items may demand refunds from their credit card suppliers for 'in-game' purchases made, either fraudulently or otherwise. Any material increases in these demands (assuming refunds were then made by the credit card companies) would adversely affect the Group's revenues.

7. Market Risk

Although the mobile game market is an expanding global market expected to grow quickly, there is a constant risk that new technology is developed which is in direct competition with mobile games. Mobile games also currently compete with a variety of mediums and entertainment types. Should consumers elect to spend their time and money on forms of technology or entertainment other than mobile games, the Company's prospects and performance will be adversely affected.

8. Changes in Technology

The Company's success will depend, in part, on its ability to expand its products and grow its business in response to changing technologies, game user and third-party service provider's demands and competitive pressures. Failure to do so may impact the success of the Company. Further, the cost of responding to changing technologies is unpredictable and may impact the Company's profitability or, if such cost is prohibitive, may reduce the Company's capacity to expand or maintain its business. The Company will seek to offset such costs where possible through applications for research and development tax concessions. However, these concessions are available in only limited circumstances and the Company cannot assure that any application will be deemed compliant.

9. Reliance on Third Party Providers

The Group's mobile games are available through the Apple App Store and Google Play Store platforms (and other platforms) meaning that any change in the practices or provision of these platforms could have an adverse effect on the prospects and financial performance of the Group. There is also the risk that these platforms may suffer technical problems which could impact their ability to provide the Group's games to users and affect the performance of the Group. The Group can also give no guarantee that Apple and Google (or other platform providers) will continue to allow the Group's games to be made available through their respective platforms. Any restriction on the Group's ability to distribute its games via these platforms would likely have a materially detrimental effect on the Group's business.

One of the Company's main sources of revenues is via 'in-game' purchases. These purchases are subject to commissions payable to the platform providers. Should the platform providers increase their commission rates, this would have the effect of increasing the Group's mobile game sale costs.

10 Mobile Games

The Group may not be successful in developing mobile games which are attractive and are actually played by users. This would obviously have an adverse effect on the Company's profitability and performance. The business model of the Group is dependent upon its ability to maintain and develop existing mobile games and to launch and market new mobile games regularly. If the Group fails to maintain, develop and launch games, its revenues will likely decrease.

11. Data loss, theft or corruption

The Group stores data in its own systems and networks and also with a variety of third-party service providers. Exploitation or hacking of any of these systems or networks could lead to corruption, theft or loss of the Group's data which could have a material adverse effect on the Group's business, financial condition and results. Further, if the Group's systems, networks or mobile games are subject to any type of 'cyber' crime, its games may be perceived as unsecure which may lead to a decrease in the number of users.

Auditor's Independence Declaration

The lead auditor's independence declaration is included on page 5 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to s.306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Kin Wai Lau
Director

Dated: 31 August 2022

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the review of the financial statements of iCandy Interactive Limited for the half-year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated this 31st day of August 2022
Perth, Western Australia

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ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2022**



		Group	
		30 June 2022	30 June 2021 (Restated)*
	Note	\$	\$
Continuing operations			
Revenue	2	15,692,072	925,785
Other income	2	465,995	25,786
Cost of Sales		(5,665,489)	(475,751)
		<u>10,492,578</u>	<u>475,820</u>
Unrealised foreign currency gain/(losses)		17,077	-
Acquisition costs		(2,250,000)	-
Doubtful debts expense		(107,508)	-
Marketing expenses		(336,849)	(46,429)
Audit fees		(48,756)	(18,931)
Legal and professional fees		(1,683,919)	(99,999)
Occupancy expenses		(218,886)	(3,169)
Employee benefits expense		(3,047,519)	(317,337)
Depreciation and amortisation expense		(871,662)	(606,630)
Share based payments		(82,799)	(305,471)
Gain on fair value of put option		516,533	-
Computer expenses		(308,140)	(23,725)
Other expenses		(714,226)	(183,177)
Travel expenses		(60,297)	(3,376)
Share of net profits of associates and joint ventures		-	(54,335)
Finance costs		(102,617)	(3,663)
Profit/(Loss) before income tax		<u>1,193,010</u>	<u>(1,190,422)</u>
Tax expense		(964,087)	-
Net profit/(loss) for the period		<u><u>228,923</u></u>	<u><u>(1,190,422)</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		(46,817)	(36,902)
Fair value (decrease) in investment holdings		(1,557,830)	-
Fair value (decrease)/increase in digital asset holdings		(640,794)	172,773
Total other comprehensive (loss)/income for the year		<u>(2,245,441)</u>	<u>135,871</u>
Total comprehensive loss for the year		<u><u>(2,016,518)</u></u>	<u><u>(1,054,551)</u></u>
Net profit attributable to:			
Owners of the Parent Entity		898,478	(1,181,587)
Non-controlling interest		(669,555)	(8,835)
		<u>228,923</u>	<u>(1,190,422)</u>
Total comprehensive income attributable to:			
Owners of the Parent Entity		(1,990,535)	(1,045,096)
Non-controlling interest		(25,983)	(9,455)
		<u>(2,016,518)</u>	<u>(1,054,551)</u>
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	22	0.08	(0.21)
Diluted earnings per share (cents)	22	0.08	(0.21)

*Refer to Note 1(i) for details of prior period restatement

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022



		Group	
		30 June 2022	31 December 2021
	Note	\$	\$
Assets			
Current Assets			
Cash and cash equivalents		28,306,217	18,306,705
Trade and other receivables	4	8,638,257	1,364,023
Other assets	5	2,156,219	3,020,141
Other financial assets	6	2,777,932	2,585,473
Total Current Assets		41,878,625	25,276,342
Non-Current Assets			
Property, plant and equipment	8	10,255,533	106,822
Financial Assets - Fair value OCI	9	5,679,256	6,804,467
Investments accounted for using equity method		-	35,934
Deferred tax assets		158,661	-
Intangible assets	10	50,026,454	3,692,987
Right-of-use assets		471,971	130,411
Total Non-Current Assets		66,591,875	10,770,621
Total Assets		108,470,500	36,046,963
Liabilities			
Current Liabilities			
Trade and other payables	11	8,171,312	1,662,402
Lease liabilities		486,435	75,228
Borrowings	12	4,726,028	-
Provisions	13	168,343	-
Other financial liabilities	14	4,892,700	546,725
Current tax liabilities		1,056,589	-
Total Current Liabilities		19,501,407	2,284,355
Non-Current Liabilities			
Lease liabilities		-	58,426
Total Non-Current Liabilities		-	58,426
Total Liabilities		19,501,407	2,342,781
Net Assets		88,969,093	33,704,182
Equity attributable to owners of the parent entity			
Issued capital	15	116,296,926	58,100,866
Reserves	21	(13,068,078)	(11,586,115)
Accumulated losses		(11,994,141)	(12,892,619)
Equity attributable to owners of the parent entity		91,234,707	33,622,132
Non-controlling interest		(2,265,614)	82,050
Total Equity		88,969,093	33,704,182

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2022



	Issued Capital	Accumulated Losses	Reserves				Subtotal	Non-controlling interests	Total	
			Foreign Currency Translation Reserve	Option Reserve	Financial Assets Revaluation Reserve	Digital Assets Revaluation Reserve	Other Components of Equity			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Consolidated Group										
Balance at 1 January 2021	42,700,446	(8,985,878)	(282,918)	2,041,737	-	133,467	(20,289,999)	15,316,855	137,242	15,454,097
Comprehensive income										
Loss for the period (Restated*)	-	(1,181,587)	-	-	-	-	-	(1,181,587)	(8,835)	(1,190,422)
Other comprehensive income for the period (*Restated)	-	-	(36,282)	-	-	172,773	-	136,491	(620)	135,871
Total comprehensive income for the period	-	(1,181,587)	(36,282)	-	-	172,773	-	(1,045,096)	(9,455)	(1,054,551)
Transactions with owners, in their capacity as owners, and other transfers										
Shares issued during the period	1,431,384	-	-	(56,876)	-	-	-	1,374,508	-	1,374,508
Options expired during the period	-	216,144	-	(216,144)	-	-	-	-	-	-
Options and rights issued during the period	-	-	-	305,471	-	-	-	305,471	-	305,471
Total transactions with owners and other transfers	1,431,384	216,144	-	32,451	-	-	-	1,679,979	-	1,679,979
Balance at 30 June 2021 (*Restated)	44,131,830	(9,951,321)	(319,200)	2,074,188	-	306,240	(20,289,999)	15,951,738	127,787	16,079,525
Balance at 1 January 2022	58,100,866	(12,892,619)	171,051	2,156,989	472,323	660,950	(15,047,428)	33,622,132	82,050	33,704,182
Comprehensive income										
Profit for the period	-	898,478	-	-	-	-	-	898,478	(669,555)	228,923
Other comprehensive income for the period	-	-	(20,834)	-	(1,557,830)	(640,794)	-	(2,219,458)	(25,983)	(2,245,441)
Total comprehensive income for the year	-	898,478	(20,834)	-	(1,557,830)	(640,794)	-	(1,320,980)	(695,538)	(2,016,518)
Transactions with owners, in their capacity as owners, and other transfers										
Shares issued during the year	64,096,466	-	-	-	-	-	-	64,096,466	-	64,096,466
Transaction costs net of tax	(2,575,472)	-	-	-	-	-	-	(2,575,472)	-	(2,575,472)
Shares bought back during the year	(3,324,934)	-	-	-	-	-	-	(3,324,934)	-	(3,324,934)
Options issued during the period	-	-	-	654,696	-	-	-	654,696	-	654,696
Vesting of performance rights and options during the period	-	-	-	82,799	-	-	-	82,799	-	82,799
Recognition of put option issued to vendors of Digital Games International Pte Ltd	-	-	-	-	-	-	-	-	(5,030,683)	(5,030,683)
Recognition of non-controlling interests in Lemon Sky Studios Sdn Bhd	-	-	-	-	-	-	-	-	31,708	31,708
Recognition of non-controlling interests in Gameconomy Sdn Bhd	-	-	-	-	-	-	-	-	211,737	211,737
Recognition of non-controlling interests in Flying Sheep Studios GmbH	-	-	-	-	-	-	-	-	919,282	919,282
Recognition of non-controlling interests in Digital Games International Pte Ltd	-	-	-	-	-	-	-	-	2,215,830	2,215,830
Total transactions with owners and other transfers	58,196,060	-	-	737,495	-	-	-	58,933,555	(1,652,126)	57,281,429
Balance at 30 June 2022	116,296,926	(11,994,141)	150,217	2,894,484	(1,085,507)	20,156	(15,047,428)	91,234,707	(2,265,614)	88,969,093

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2022



	Group	
	30 June 2022	30 June 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	12,517,695	839,649
Interest received	39,368	25,717
Payments to suppliers and employees	(8,454,418)	(1,921,881)
Finance costs	(94,262)	-
Income tax paid	(153,114)	-
Net cash generated by/(used in) operating activities	<u>3,855,269</u>	<u>(1,056,515)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(622,030)	(16,406)
Purchase of intangibles	(80,235)	(383,454)
Payments made for short-term investments	(566,223)	(352,305)
Payment made for acquisition of subsidiaries	(21,334,828)	(270,302)
Acquisition of subsidiary cash	12,146,452	1,076
Payments made for joint ventures	-	(310,436)
Net loan to related parties	(189,320)	(459,309)
Net cash used in investing activities	<u>(10,646,184)</u>	<u>(1,791,136)</u>
Cash flows from financing activities		
Proceeds from issue of shares	23,232,205	-
Proceeds from exercise of options	281,692	1,043,259
Payments for capital raising costs	(32,780)	-
Repayment of lease liabilities	(83,910)	(37,955)
Share buy-back payment	(3,324,934)	-
Proceeds from borrowings	294,503	-
Repayment of borrowings	(3,583,385)	-
Net cash provided by financing activities	<u>16,783,391</u>	<u>1,005,304</u>
Net increase/(decreased) in cash held	9,992,476	(1,842,347)
Cash and cash equivalents at beginning of period	18,306,705	11,826,228
Effect of exchange rates on cash holdings in foreign currencies	7,036	(1,052)
Cash and cash equivalents at end of period	<u><u>28,306,217</u></u>	<u><u>9,982,829</u></u>

The accompanying notes form part of these financial statements.

The condensed consolidated financial statements of iCandy Interactive Limited for the six months ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 31 August 2022 and covers the consolidated entity consisting of iCandy Interactive Limited and its controlled entities ("the Group") as required by Corporations Act 2001.

The financial statements were authorised for issue on 31 August 2022 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in the annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 31 December 2021 and any public announcements made by the Company since 31 December 2021 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were used in the Group's last reported annual financial statements as at 31 December 2021, unless otherwise stated.

(a) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred at fair value;
- (ii) any non-controlling interest (determined under either fair value or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASB Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9: Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Note 1: Summary of Significant Accounting Policies (continued)

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

(b) Accounting for Common Control

Where the acquisition of entities that are deemed to be under common control occurs then consideration is required to determine the accounting acquirer. A new entity formed to effect a business combination through the issue of equity interests will not be regarded as the accounting acquirer, rather one of the combining entities that existed prior to the business combination shall be identified as the accounting acquirer.

The pooling of interest method is adopted for business combinations under common control. Existing book values for assets and liabilities at the date of acquisition will be recognised and fair value adjustments including new intangibles or goodwill will not be recognised. Any premium between the fair value of consideration paid and the book value of net assets is debited to a separate category of equity.

(c) Digital Currencies

The Group considers any digital assets that does not fall under the inventory or financial asset methodology and meet the recognition criteria are considered to be intangible assets.

Digital assets that meet the criteria of Intangible Assets, the Group measures digital assets at its fair value less costs to sell in accordance with the revaluation model. Any increase in fair value is recognised in OCI and credited to a revaluation reserve, unless it reverses a revaluation deficit of the same asset previously recognised in profit or loss.

A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

Digital assets are considered to be indefinite life intangible assets given their nature.

Digital assets are derecognised when the Group disposes of the asset or when the Group otherwise loses control and, therefore access to the economic benefits associated with ownership of the digital asset.

(d) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The company's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Company makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(e) Intangible Assets Other than Goodwill

Computer software

Computer software is recorded at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value, as at the date of acquisition. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and ten years. It is assessed annually for impairment.

Research and Development

Research and development is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Research and development has an estimated useful life of three years. It is assessed annually for impairment.

Games Portfolio

Games Portfolio are externally acquired games that are recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. The Games Portfolio has an estimated useful life of five years. It is assessed annually for impairment.

Note 1: Summary of Significant Accounting Policies (continued)

(f) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars, which is the Company's functional currency.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

The Company

The financial results and position of foreign operations whose functional currency is different from the entity's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at exchange rates on the date of transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(g) Revenue and Other Income

Accounting policy for revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised with reference to the completion by the Company of specific performance obligations of contracts with customers, as described below.

Revenue from contracts with customers

Revenue is recognised on the purchase of mobile gaming applications and licencing services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

All contracts with effect from 1 January 2018 (either written, verbal or implied) are identified, together with the separate performance obligations within the contract and the transaction price is determined. Adjustments are made for the time value of money excluding credit risk and the transaction price is allocated to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good/service. The estimation approach is taken if no distinct observable prices exists and revenue is recognised when each performance obligation is satisfied.

Credit risk is presented separately as an expense, rather than adjusted to revenue. For goods, the performance obligation is satisfied when the customer takes control of the goods. For services, the performance obligation is satisfied when the service has been performed, typically for promises to transfer services to customers. For performance obligations satisfied over time, the Company selects an appropriate measure of progress to determine how much revenue is recognised as the performance obligation is satisfied.

Mobile game applications revenue

Revenue from mobile game application sales are recognised at the time of the game application purchase.

Publishing revenue

The Company receives revenue for publishing income in relation to mobile game applications. The publishing revenue is recognised at the time the service is provided.

Interest

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

Note 1: Summary of Significant Accounting Policies (continued)

(h) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(i) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(i) Key judgements and estimates - Intellectual Property - Research and Development

In determining the development expenditures to be capitalised, the Group makes estimates and assumptions based on expected future economic benefits generated by products that are the result of those development expenditures. Other important estimates and assumptions in this assessment process are the distinction between R&D and the estimated useful life.

Development costs associated with intangible assets are only capitalised by the Group when it can demonstrate the technical feasibility of completing the asset so that the asset will be available for use or sale, how the asset will generate future economic benefits and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs in respect to software are internally generated, and have a finite useful life. The amortisation method is inline over the period of the expected benefit, being 3 years. Impairment testing is undertaken when impairment indicators exist.

(ii) Key Estimate - Taxation

Deferred tax assets are not brought to account, the benefits will only be realised if it is probable that taxable profit will be available against which the utilised tax losses can be utilised.

(iii) Key judgements and estimates - Impairment

The Group assess impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. There is also judgement applied in determining recoverability of asset.

(iv) Key judgements and estimates - Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

(vi) Key judgements and estimates - Digital Currencies

During the 2021 financial year, due to the review of recent peer analysis of the accounting treatment for Digital Currencies, Management has determined that the Group's digital assets fall in the intangible asset method. The comparative figures have been restated. As such, the Group has restated its comparatives and have reallocated the revaluation of the Digital Currencies against Other Comprehensive Income and not the profit and loss. The restated amount was \$172,773.

Management notes that the accounting for digital assets continues to be considered by the Australian Accounting Standards Board (AASB) and continues to monitor new comments and interpretations released by the Board and other standard setters from around the world.

In line with this, the Group has considered its position for the current period and has determined that the Group's digital assets fall in the intangible asset method.

Management notes that the treatment continues to be to measure digital assets at fair value (unless otherwise disclosed and provided certain conditions are met) under the accounting standards.

(vii) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Note 2 Revenue and Other Income**(a) Revenue from continuing operations**

	Group	
	30-Jun-22	30-Jun-21
	\$	\$
Sales revenue		
- sale of in-app applications	607,973	635,772
- ads and sponsorships	565,756	284,257
- services	14,374,521	5,756
- publishing income	143,822	-
	<u>15,692,072</u>	<u>925,785</u>
Other revenue		
- interest received	39,368	25,786
- other miscellaneous income	76,665	-
- realised foreign exchange gain/(loss)	349,962	-
	<u>465,995</u>	<u>25,786</u>
	<u>16,158,067</u>	<u>951,571</u>

Note 3 Dividends

No dividends have been paid, declared or recommended for payment during the reporting period.

Note 4 Trade and Other Receivables

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
CURRENT		
Trade receivables	8,281,434	1,090,729
Provision for impairment	(610,134)	(327,481)
	<u>7,671,300</u>	<u>763,248</u>
Other receivables	945,595	342,386
GST receivables	21,362	258,389
Total current trade and other receivables	<u>8,638,257</u>	<u>1,364,023</u>

Note 5 Other Assets

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
CURRENT		
Prepayments ⁽ⁱ⁾	1,413,141	2,675,476
Deposits paid	743,078	344,665
	<u>2,156,219</u>	<u>3,020,141</u>
Total Other Assets		
Current	2,156,219	3,020,141
Non-Current	-	-
	<u>2,156,219</u>	<u>3,020,141</u>

⁽ⁱ⁾ \$2,636,352 as at 31 December 2021 relates to a prepayment in capital raising costs in relation to the placement that was completed in January 2022. A total of \$23,232,205 was raised.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

Note 6 Other Financial Assets

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
CURRENT		
Amount receivable from:		
- other related parties	2,118,313	2,121,987
- others	5,767	1,012
	<u>2,124,080</u>	<u>2,122,999</u>
Other short-term investments	370,621	462,474
Promissory Note	283,231	-
Total current assets	<u>2,777,932</u>	<u>2,585,473</u>
Total Other Financial Assets		
Current	2,777,932	2,585,473
Non-Current	-	-
	<u>2,777,932</u>	<u>2,585,473</u>

Terms of Receivables:

All receivables are at call.

There are no securities attached.

Amount receivable from other related parties of \$873,432 has no interest rates attached.

Amount receivable from other related parties of \$1,244,881 (SGD 1,193,094) has an interest rate of 5% per annum attached.

Note 7 Interests in Subsidiaries
(a) Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group.

Name of subsidiary	Principal place of business	Ownership interest held by the Group		Proportion of non-controlling interests	
		30 June 2022 (%)	31 December 2021	30 June 2022 (%)	31 December 2021
Appxplore (iCandy) Limited	British Virgin Island	100%	100%	-	-
Appxplore (iCandy) Sdn Bhd	Malaysia	100%	100%	-	-
Inzen (iCandy) Pte Ltd	Singapore	100%	100%	-	-
PT Joyseed Berbagi Sukses	Indonesia	67%	67%	33%	33%
Beetleroar Sdn Bhd	Malaysia	80%	80%	20%	20%
iCandy Games Limited	British Virgin Island	100%	100%	-	-
iCandy Media Limited	British Virgin Island	100%	100%	-	-
Gameconomy Sdn Bhd	Malaysia	60%	-	40%	-
Flying Sheep Studios GmbH	Germany	60%	-	40%	-
Lemon Sky Holdings Limited	British Virgin Island	100%	-	-	-
Lemon Sky Animation Sdn Bhd	Malaysia	100%	-	-	-
Lemon Sky Seed Sdn Bhd	Malaysia	100%	-	-	-
Sky Candy Sdn Bhd	Malaysia	100%	50%	-	50%
Visual Art Workshop Sdn Bhd	Malaysia	100%	-	-	-
Lemon Sky North Sdn Bhd	Malaysia	100%	-	-	-
Lemao Games Sdn Bhd	Malaysia	100%	-	-	-
iCandy Digital Pte Ltd	Singapore	-	100%	-	-
iCandy Play Limited	British Virgin Island	-	100%	-	-
Digital Games International Pte Ltd	Singapore	51%	-	49%	-

Note 7: Interests in Subsidiaries (continued)

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

(b) Significant Restrictions

There are no significant restrictions over the Group's ability to access or use assets and settle liabilities of the Group.

(c) Acquisition of subsidiary under AASB 3: Business Combination*Summary of Acquisitions*

During the half-year, the Group acquired 4 companies. Listed below is a summary of the net assets and liabilities acquired.

All acquisitions have been provisionally accounted for at balance date.

	Fair Value
	\$
Purchase consideration	
- Cash	21,334,828
- Ordinary Shares	40,878,721
- Options	24,222
	<u>62,237,771</u>
Less:	
- Cash and cash equivalents	12,146,452
- Trade and other receivables	4,041,666
- Receivable for cash investment	2,035,777
- Property, Plant and Equipment	10,467,590
- Other financial assets	81,968
- Deferred tax assets	126,470
- Prepayments	270,480
- Deposits	1,495,301
- Intangible Assets	4,462,239
- Investments	440,679
- Trade and other payables	(3,435,430)
- Borrowings	(8,014,910)
- Provision for tax	(224,752)
- Other financial liabilities	(20,064)
- Non-controlling portion	(3,322,380)
Identifiable assets acquired and liabilities assumed	<u>20,551,086</u>
Goodwill provisionally accounted for	<u>41,686,685</u>

Note 7: Interest in subsidiaries (continued)*Acquisition of Lemon Sky Animation Sdn Bhd*

On 31 January 2022, the Company acquired 100% of Lemon Sky Animation Sdn Bhd ("Lemon Sky"), a company incorporated in Malaysia. Lemon Sky is a video game, game art and animation studio founded in 2006 with an impressive portfolio of video games, including major global AAA game titles, such as Uncharted: The Lost Legacy, the Last of Us Part 2, Final Fantasy VII Remake, the Final Fantasy XIV franchise, Final Fantasy XV, Diablo3, StarCraft: Remastered, Command & Conquer Remastered, Marvel's Spider-man, and many others.

The total acquisition price was \$50,874,199, of which \$18,329,400 was settled in cash and \$32,544,799 settled via shares.

The figures below have been converted using the spot rate at 31 January 2022.

The acquisition has been provisionally accounted for.

	Fair Value
	\$
Purchase consideration	
- Cash	18,329,400
- Ordinary Shares ⁽ⁱ⁾	32,544,799
	<u>50,874,199</u>
Less:	
- Cash and cash equivalents	6,654,125
- Trade and other receivables ⁽ⁱⁱ⁾	3,442,291
- Property, Plant and Equipment	10,368,964
- Other financial assets	81,719
- Deferred tax assets	126,470
- Deposits	1,229,852
- Intangible Assets	3,219,722
- Investments	440,679
- Trade and other payables	(1,548,642)
- Provision for Tax	(224,752)
- Borrowings	(7,198,186)
- Other financial liabilities	(7,254)
Identifiable assets acquired and liabilities assumed	<u>16,584,988</u>
Goodwill provisionally accounted for	<u>34,289,211</u>

- (i) The consideration paid to acquire Lemon Sky includes 250,344,610 fully paid ordinary shares issued in the Group. The fair value of the shares in the Group has been determined based on the current market price of the shares at the date of acquisition.

At 30 June 2022, \$4,166,667 remains payable to the vendors of Lemon Sky. This was subsequently paid on 20 July 2022.

- (ii) The directors believe the receivables are fully recoverable and no provision for impairment is required.

Note 7: Interest in subsidiaries (continued)*Acquisition of Digital Games International Pte Ltd*

On 24 February 2022, the Company acquired 51% of Digital Games International Pte Ltd ("Storms"), a company incorporated in Singapore. Storms develops and publishes casual and hyper-casual games through the Google Play and Apple App Stores and taps into its business-to-business ("B2B") business model which leverages Super Apps and Telcos product offerings. It also develops its own instant gaming and gamification features.

The total acquisition price was \$7,999,861, fully settled via the issuance of shares.

In addition to the acquisition of 51% of Storms, the vendors had a Put Option to sell the remaining 49% of Storms to the Company, which will be similarly settled via the issuance of new shares of the Company.

Details of the Put Option are as follows:

- (a) Option Period: Exercisable within a 30 month period at any time after the expiry of a 6 month-period from the unconditional date
- (b) Put Option Price: 49% to the equivalent Storm's valuation that is 3.5x of its last twelve months revenue, subject to a valuation floor of AUD 16 million

The put option was valued at acquisition date using a binomial option valuation model resulting in a value of \$5,030,683. This has since been revalued at balance date. Refer to note 14 for details.

The figures below have been converted using the spot rate at 24 February 2022.

The acquisition has been provisionally accounted for.

	Fair Value \$
Purchase consideration	
- Ordinary Shares ⁽ⁱ⁾	7,999,861
	<u>7,999,861</u>
Less:	
- Cash and cash equivalents	5,215,862
- Trade and other receivables ⁽ⁱⁱ⁾	756,349
- Property, Plant and Equipment	94,964
- Prepayments	262,861
- Deposits	62,396
- Trade and other payables	(1,870,330)
- Non-controlling portion	(2,215,830)
Identifiable assets acquired and liabilities assumed	<u>2,306,272</u>
Goodwill provisionally accounted for	<u>5,693,589</u>

- (i) The consideration paid to acquire Storms includes 63,511,122 fully paid ordinary shares issued in the Group. The fair value of the shares in the Group has been determined based on the current market price of the shares at the date of acquisition.

At 30 June 2022, there were no outstanding amounts to the vendors of Storms.

- (ii) The directors believe the receivables are fully recoverable and no provision for impairment is required.

- (iii) The put option was valued at acquisition date using a binomial option valuation model resulting in a value of \$5,030,683. This has since been revalued at balance date. Refer to Note 14 for details.

Note 7: Interest in subsidiaries (continued)*Acquisition of Gameconomy Sdn Bhd*

On 24 March 2022, the Company acquired 30% of Gameconomy Sdn Bhd ("Gameconomy"), a company incorporated in Malaysia. On the same day, the Company further invested \$237,485 (MYR 750,000) for an additional 30% of the enlarged capital of Gameconomy. Gameconomy is a gaming bankend technology development company with a record in developing metaverse-relation technologies.

The total acquisition price for 60% of Gameconomy was \$446,141, of which \$356,227 was settled in cash and \$89,914 settled via shares.

The figures below have been converted using the spot rate at 24 March 2022

The acquisition has been provisionally accounted for.

	Fair Value
	\$
Purchase consideration	
- Cash	356,227
- Ordinary Shares ⁽ⁱ⁾	89,914
	<u>446,141</u>
Less:	
- Cash and cash equivalents	208,785
- Trade and other receivables ⁽ⁱⁱ⁾	53,165
- Receivable for cash investment	237,485
- Property, Plant and Equipment	2,135
- Other financial assets	249
- Trade and other payables	(1,032)
- Other financial liabilities	(12,810)
- Non-controlling portion	(195,190)
Identifiable assets acquired and liabilities assumed	<u>292,787</u>
Goodwill provisionally accounted for	<u>153,354</u>

- (i) The consideration paid to acquire Gameconomy includes 719,311 fully paid ordinary shares issued in the Group. The fair value of the shares in the Group has been determined based on the current market price of the shares at the date of acquisition. The shares are to be issued in 12 equal tranches with the first tranche issued 18 March 2022.

As at 30 June 2022, AUD 113,251 (MYR 343,750) remains payable to the vendor.

- (ii) The directors believe the receivables are fully recoverable and no provision for impairment is required.

Note 7: Interest in subsidiaries (continued)

Acquisition of Flying Sheep Studios GmbH

On 14 June 2022, the Company acquired 22.5% of Flying Sheep Studios GmbH ("Flying Sheep"), a company incorporated in Germany. On the same day, the Company further invested \$1,996,672 (EUR 1,200,000) for an additional 37.5% of the enlarged capital of Flying Sheep. Flying Sheep is a gaming backend technology development company founded in 2014.

The total acquisition price for 60% of Flying Sheep was \$2,917,570, of which \$2,649,201 was settled in cash, \$244,147 settled via shares and \$24,222 settled via options.

The figures below have been converted using the spot rate at 14 June 2022

The acquisition has been provisionally accounted for.

	Fair Value
	\$
Purchase consideration	
- Cash	2,649,201
- Ordinary Shares ⁽ⁱ⁾	244,147
- Options ⁽ⁱⁱ⁾	24,222
	<u>2,917,570</u>
Less:	
- Cash and cash equivalents	67,680
- Trade and other receivables ⁽ⁱⁱⁱ⁾	(210,139)
- Receivable for cash investment	1,798,292
- Property, Plant and Equipment	1,527
- Prepayments	7,619
- Deposits	203,053
- Intangible Assets	1,242,517
- Trade and other payables	(15,426)
- Borrowings	(816,724)
- Non-controlling portion	(911,360)
Identifiable assets acquired and liabilities assumed	<u>1,367,039</u>
Goodwill provisionally accounted for	<u>1,550,531</u>

- (i) The consideration paid to acquire Flying Sheep includes 4,606,549 fully paid ordinary shares issued in the Group. The fair value of the shares in the Group has been determined based on the current market price of the shares at the date of acquisition. The shares are to be issued in 12 equal tranches with the first tranche issued 16 June 2022.
- (ii) Options were issued to the vendors of Flying Sheep as part of the consideration. The fair value of the options are \$24,222. Options have an exercise price of \$0.131 and expiry date of 5 April 2027.
- (iii) The directors believe the receivables are fully recoverable and no provision for impairment is required.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022



Note 8 Property, Plant and Equipment

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
LAND AND BUILDINGS		
Building		
At cost	7,845,610	-
Accumulated depreciation	(445,644)	-
	<u>7,399,966</u>	<u>-</u>
Total land and buildings	<u>7,399,966</u>	<u>-</u>
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	1,992,254	224,825
Accumulated depreciation	(881,981)	(132,290)
	<u>1,110,273</u>	<u>92,535</u>
Leasehold improvements		
At cost	1,353,695	67,062
Accumulated amortisation	(556,521)	(53,555)
	<u>797,174</u>	<u>13,507</u>
Signage		
At cost	1,680	1,683
Accumulated amortisation	(985)	(903)
	<u>695</u>	<u>780</u>
Furniture and fittings		
At cost	594,952	-
Accumulated amortisation	(231,771)	-
	<u>363,181</u>	<u>-</u>
Motor Vehicles		
At cost	988,142	-
Accumulated amortisation	(403,898)	-
	<u>584,244</u>	<u>-</u>
Total plant and equipment	<u>2,855,567</u>	<u>106,822</u>
Total property, plant and equipment	<u>10,255,533</u>	<u>106,822</u>

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period.

	Building	Plant and Equipment	Leasehold Improvement	Signage	Furniture and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
Consolidated Group:							
Balance at 1 January 2021	-	87,138	24,450	930	-	-	112,518
Additions	-	36,664	-	-	-	-	36,664
Depreciation expense	-	(32,235)	(11,118)	(164)	-	-	(43,517)
Foreign exchange movement	-	968	175	14	-	-	1,157
Balance at 31 December 2021	-	<u>92,535</u>	<u>13,507</u>	<u>780</u>	<u>-</u>	<u>-</u>	<u>106,822</u>
Balance at 1 January 2022	-	92,535	13,507	780	-	-	106,822
Additions as a result of business combinations	7,715,470	1,158,927	813,781	-	411,836	189,896	10,289,910
Additions	-	42,977	107,889	-	-	471,164	622,030
Disposals	-	(25,823)	-	-	-	-	(25,823)
Depreciation expense	(64,577)	(140,338)	(110,228)	(83)	(48,119)	(70,366)	(433,711)
Foreign exchange movement	(250,927)	(18,005)	(27,775)	(2)	(536)	(6,450)	(303,695)
Balance at 30 June 2022	<u>7,399,966</u>	<u>1,110,273</u>	<u>797,174</u>	<u>695</u>	<u>363,181</u>	<u>584,244</u>	<u>10,255,533</u>

Note 9 Financial Assets - Fair Value OCI

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
NON-CURRENT		
Fair assets - Fair value OCI	5,679,256	6,804,467
TOTAL CURRENT ASSETS	5,679,256	6,804,467

(a) Financial assets - Fair Value OCI**NON-CURRENT**

Listed and unlisted investments, at fair value

- shares in listed corporations	476,682	1,885,018
- shares in unlisted corporations	5,202,574	4,919,449
	5,679,256	6,804,467

Listed Corporations

- Financial Assets - Fair value OCI's listed corporations have been valued using quoted prices in active markets.

Opening Balance	1,885,018	-
Additions	282,992	1,596,846
Additions as a result of business combinations	95,077	-
Movement in fair value of financial assets - fair value OCI	(1,565,203)	288,172
Movement in foreign currency	(221,202)	-
Closing Balance	476,682	1,885,018

Unlisted Corporations

- Financial Assets - Fair value OCI's unlisted corporations have been valued using the market approach. The valuation techniques uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Opening Balance	4,919,449	-
Additions	282,992	4,884,736
Movement in fair value of financial assets - fair value OCI	133	184,151
Movement in foreign currency	-	(149,438)
Closing Balance	5,202,574	4,919,449

Unlisted shares are shares in Rightbridge Ventures AB which have been valued based on the valuation determined in the proposed listing. Subsequent to end of reporting period, Rightbridge Ventures AB has obtained approval for listing on NASDAQ First North.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022



Note 10 Intangible Assets

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
Goodwill		
Cost	42,640,824	-
Accumulated impairment losses	-	-
Net carrying amount	42,640,824	-
Games Portfolio		
Cost	-	2,600,000
Accumulated amortisation and impairment losses	-	(2,600,000)
Net carrying amount	-	-
Computer software:		
Cost	1,318,185	1,021,798
Accumulated amortisation and impairment losses	(430,550)	(207,769)
Net carrying amount	887,635	814,029
Research and development		
Cost	6,706,328	1,272,506
Accumulated amortisation and impairment losses	(2,041,888)	(305,783)
Net carrying amount	4,664,440	966,723
Gaming Platform		
Cost	1,324,375	1,257,390
Accumulated amortisation and impairment losses	(154,510)	(83,826)
Net carrying amount	1,169,865	1,173,564
Digital Assets		
Cost	265,382	738,671
Accumulated amortisation and impairment losses	-	-
Net carrying amount	265,382	738,671
Work in progress		
Cost	398,308	-
Net carrying amount	398,308	-
Total intangible assets	50,026,454	3,692,987

Consolidated Group:

	Goodwill	Games Portfolio	Computer Software	Research and Development	Gaming Platform	Digital Assets	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 31 December 2021								
Balance at the beginning of the year	-	230,000	1,232,515	1,086,911	-	128,043	-	2,677,469
Additions	-	-	-	240,509	-	87,382	-	327,891
Acquisitions	-	-	-	-	1,281,796	-	-	1,281,796
Amortisation charge	-	(230,000)	(378,567)	(392,086)	(80,942)	-	-	(1,081,595)
Deconsolidation	-	-	(77,506)	-	-	-	-	(77,506)
Movement in fair value	-	-	-	-	-	527,483	-	527,483
Movement in foreign currency	-	-	37,587	31,389	(27,290)	(4,237)	-	37,449
	-	-	814,029	966,723	1,173,564	738,671	-	3,692,987

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Note 10: Intangible assets (continued)

	Goodwill	Games Portfolio	Computer Software	Research and Development	Gaming Platform	Digital Assets	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Half-year ended 30 June 2022								
Balance at the beginning of the year	-	-	814,029	966,723	1,173,564	738,671	-	3,692,987
Additions as a result of business combinations	41,686,685	-	171,926	4,116,751	-	-	345,487	46,320,849
Additions	-	-	16,214	-	-	-	64,021	80,235
Amortisation charge	-	-	(125,214)	(349,439)	(63,403)	-	-	(538,056)
Movement in fair value	-	-	-	-	-	(473,289)	-	(473,289)
Movement in foreign currency	954,139	-	10,680	(69,595)	59,704	-	(11,200)	943,728
Closing value at 30 June 2022	42,640,824	-	887,635	4,664,440	1,169,865	265,382	398,308	50,026,454

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss.

Digital assets are valued at fair value at reporting date. Management has selected the coinmarketcap exchange as its exchange to gather information on determining the fair value of the digital asset.

Note 11 Trade and Other Payables

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	325,307	51,117
Sundry payables and accrued expenses	7,846,005	1,611,285
	<u>8,171,312</u>	<u>1,662,402</u>
	Group	
	30-Jun-22	31-Dec-21
	\$	\$
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total current	8,171,312	1,662,402
— Total non-current	-	-
Financial liabilities as trade and other payables	<u>8,171,312</u>	<u>1,662,402</u>

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
Current		
Secured liabilities - amortised cost:		
Other loans	1,285,822	-
Bank loans	3,440,206	-
Total current borrowings	4,726,028	-
NON-CURRENT		
Secured liabilities - amortised cost:		
Other loans	-	-
Bank loans	-	-
Total non-current borrowings	-	-
Total borrowings	4,726,028	-

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
(a) Total current and non-current secured liabilities:		
Other loans	1,285,822	-
Bank loan	3,440,206	-
	4,726,028	-

	Group	
	30-Jun-22	31-Dec-21
CURRENT	\$	\$
Employee Benefits		
Opening balance at 1 January 2022	-	-
Additions as a result of business combinations	168,343	-
Net movement	-	-
Balance at 30 June 2022	168,343	-

Provision for employee benefits represents amounts accrued for annual leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Note 14 Other Financial Liabilities

	Group	
	30-Jun-22 \$	31-Dec-21 \$
CURRENT		
Amounts payable to:		
- other related parties	372,707	546,725
- others	5,843	-
	<u>378,550</u>	<u>-</u>
Put option liability*	4,514,150	-
Total current liabilities	<u>4,892,700</u>	<u>-</u>
Total Other Financial Liabilities		
Current	4,892,700	-
Non-Current	-	-
	<u>4,892,700</u>	<u>-</u>

*Put Option Liability is in relation to the put option issued to the vendors of Digital Games International Pte Ltd ("STORMS") for the remaining 49% of STORMS.

The put option was valued at acquisition date using a binomial option valuation model resulting in a value of \$5,030,683. This was revalued at 30 June 2022 and has a carrying value of \$4,514,150.

Note 15 Issued Capital

	Consolidated Group	
	30-Jun-22 \$	31-Dec-21 \$
1,231,208,723 fully paid ordinary shares (31 December 2021: 739,562,380 fully paid ordinary shares)	116,296,926	58,100,866
	<u>116,296,926</u>	<u>58,100,866</u>

The Group has authorised share capital amounting to 1,231,208,723 ordinary shares.

(a) Ordinary Shares

	Group			
	30 June 2022 No.	\$	31 December 2021 No.	\$
At the beginning of the reporting period	739,562,380	58,100,866	547,313,849	42,700,446
Shares issued during the period	527,646,343	64,096,466	192,248,531	18,412,779
Transaction costs	-	(2,575,472)	-	(1,902,782)
Share bought back during the period	-	(3,324,934)	-	(1,109,577)
Shares cancelled during the period	(36,000,000)	-	-	-
At the end of the reporting period	<u>1,231,208,723</u>	<u>116,296,926</u>	<u>739,562,380</u>	<u>58,100,866</u>

On 19 January 2022, 202,019,178 fully paid ordinary shares were issued under Part 2 of a private placement conducted in November 2021. Shares were issued at \$0.115 per share, raising a total of \$23,232,205.

On 11 February 2022, 250,344,610 fully paid ordinary shares were issued as settlement for the acquisition of Lemon Sky Animation Sdn Bhd. Shares were issued at \$0.13 per share. No cash was raised.

On 24 February 2022, 63,511,122 fully paid ordinary shares were issued as settlement for the acquisition of 51% of Digital Games International Pte Ltd. Shares were issued at \$0.126 per share. No cash was raised.

On 21 March 2022 and 21 June 2022, a total of 119,884 fully paid ordinary shares were issued as Tranche 1 and 2 of 12 for the settlement of the acquisition of 60% of Gameconomy Sdn Bhd. Shares were issued at \$0.12 per share. No cash was raised.

On 16 June 2022, 383,879 fully paid ordinary shares were issued as Tranche 1 of 12 for the settlement of the acquisition of 60% of Flying Sheep Studios GmbH. Shares were issued at \$0.053 per share. No cash was raised.

During the reporting period, a total 11,267,670 fully paid ordinary shares were issued as a result of the exercise of 11,267,670 ICIOBs. A total of \$281,682 was raised.

During the reporting period, a total of 26,806,199 fully paid ordinary shares were bought back from the market. The shares were worth \$3,324,934.

In May 2022, 36,000,000 fully paid ordinary shares were cancelled as a result of the on-market buy-back.

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Note 15: Issued capital (continued)

(b) Options

The following reconciles with the outstanding listed options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the financial period.

	Group	
	30-Jun-22	31-Dec-21
	No.	No.
Balance at beginning of the period	77,450,076	116,032,143
Issued during the financial period	-	-
Exercised during the financial period	(11,267,670)	(38,582,067)
Balance and Exercisable at the end of the period	<u>66,182,406</u>	<u>77,450,076</u>

During the reporting period, a total 11,267,670 fully paid ordinary shares were issued as a result of the exercise of 11,267,670 ICIOBs. A total of \$281,682 was raised.

The following reconciles with the outstanding unlisted options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the financial period.

	Group	
	30-Jun-22	31-Dec-21
	No.	No.
Balance at beginning of the period	26,911,112	8,725,882
Issued during the financial period	6,500,000	28,916,668
Expired during the financial period	-	(6,851,050)
Exercised during the financial period	-	(3,880,388)
Balance and Exercisable at the end of the period	<u>33,411,112</u>	<u>26,911,112</u>

On 14 January 2022, 6,000,000 unlisted options with an exercise price of \$0.125, expiry date of 5 April 2027 was issued. This was issued as broker options for the private placement conducted.

On 14 June 2022, 500,000 unlisted options with an exercise price of \$0.115, expiry date of 14 June 2023 was issued. This was issued as vendor options as part consideration for the acquisition of Flying Sheep GmbH.

Note 16 Contingent Liabilities and Contingent Assets

During the 2018 financial year, the Company completed its Asset purchase of a Portfolio of Games from Animoca Brands Limited ("AB1"). There is a contingent liability in relation to the purchase and they are listed below.

Earn Out Payment

For a period of 5 years from the Completion Date, AB1 shall be entitled to share in the Net Games Profits from the Games, in accordance with the following conditions:

- During any year in which the Net Games Profit from the Games reaches AUD \$1,000,000, AB1 shall receive a cash payment equal to at least 10% of such Net Profit as AB1's profit share payable within 15 days of the final determination of the Net Games Profit. The value of AB1's profit share for any such year shall increase by 10% for each addition AUD \$500,000 in Net Games Profit reached by the Games during such year, up to a maximum of 50%. The table below illustrates how the Company and AB1 intend for the profit share scheme to work:

Net Games Profit (AUD)	Profit Share
1,000,000 - 1,499,999.99	10%
1,500,000 - 1,999,999.99	20%
2,000,000 - 2,499,999.99	30%
2,500,000 - 2,999,999.99	40%
3,000,000 - 3,499,999.99	50%
3,500,000	50%

Note 17 Operating Segments

General Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;

Types of products and services by segment

During the reporting period, the Group regrouped their operating segments to the following:

(i) *Game development services*

Provision of creative art and animation for games and media contents

(ii) *Game development and publishing*

Design and development of intellectual properties for software applications and games which brings in revenue from in-app purchase as well as ads and sponsorships

Basis of accounting for purposes of reporting by operating segments

(a) **Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

(b) **Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) **Segment liabilities**

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(d) **Unallocated items**

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Current tax liabilities
- Other financial liabilities
- Intangible assets

Note 17: Operating Segments (continued)

(e) Segment information

(i) Segment performance

30 June 2022

REVENUE

External sales

Total segment revenue

Reconciliation of segment revenue to group revenue

Total group revenue

Segment result from continuing operations after tax

Reconciliation of segment result to group net profit/loss before tax

Intersegment elimination

Profit after tax from continuing operations

Provision of Creative Arts	Game Development/ Publishing	All Other Segments	Total
\$	\$	\$	\$
11,768,136	4,387,954	1,977	16,158,067
11,768,136	4,387,954	1,977	16,158,067
			16,158,067
3,394,617	(614,888)	(2,893,941)	(114,212)

30 June 2021

REVENUE

External sales

Total segment revenue

Reconciliation of segment revenue to group revenue

Total group revenue

Segment result from continuing operations before tax

Reconciliation of segment result to group net profit/loss before tax

Intersegment elimination

Loss after tax from continuing operations

Development of digital media	Development of Intellectual properties	All Other Segments	Total
\$	\$	\$	\$
1,408	780,809	169,354	951,571
1,408	780,809	169,354	951,571
			951,571
(213,688)	(313,030)	(663,704)	(1,190,422)
			-
			(1,190,422)

(ii) Segment assets

30 June 2022

Segment assets

Segment assets include:

- Additions to non-current assets (other than financial assets and deferred tax)

Reconciliation of segment assets to group assets

Intersegment eliminations

Total group assets

Provision of Creative Arts	Game Development/ Publishing	All Other Segments	Total
\$	\$	\$	\$
25,458,658	17,301,917	165,795,214	208,555,789
-	-	-	-
			(100,085,289)
			108,470,500

31 December 2021

Segment assets

Segment assets include:

- Additions to non-current assets (other than financial assets and deferred tax)

Reconciliation of segment assets to group assets

Intersegment eliminations

Total group assets

Development of digital media	Development of Intellectual properties	All Other Segments	Total
\$	\$	\$	\$
-	9,300,531	51,527,697	60,828,228
-	5,815,189	29,736,949	35,552,138
			(24,781,265)
			36,046,963

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022



Note 17: Operating Segments (continued)

(iii) Segment liabilities

30 June 2022

Segment liabilities

Reconciliation of segment assets to group liabilities

Intersegment eliminations

Total group liabilities

Provision of Creative Arts	Game Development/ Publishing	All Other Segments	Total
\$	\$	\$	\$
6,621,850	11,680,765	64,964,416	83,267,031

(63,765,624)

19,501,407

31 December 2021

Segment liabilities

Reconciliation of segment assets to group liabilities

Intersegment eliminations

Total group liabilities

Developmen t of digital media	Developmen t of Intellectual properties	All Other Segments	Total
\$	\$	\$	\$
-	9,168,304	1,012,139	10,180,443

(7,837,662)

2,342,781

(iv) Revenue by geographical region

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the principal place of business.

	30-Jun-22	30-Jun-21
	\$	\$
Australia	1,219	169,354
Singapore	1,585,394	5,752
Malaysia	14,512,050	732,366
Indonesia	16,203	44,099
Europe	43,201	-
Total revenue	16,158,067	951,571

(v) Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	30-Jun-22	31-Dec-21
	\$	\$
Australia	71,638,537	26,746,433
Singapore	9,333,184	3,610,151
Malaysia	27,467,464	5,650,925
Indonesia	31,315	39,454
Europe	3,065,480	-
Total Assets	108,470,500	36,046,963

Note 18 Share-based Payments

The aggregate share-based payments for the financial period are set out below:

	30 June 2022		31 December 2021	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding during the period	20,466,668	0.124	26,725,882	0.150
Granted	-	-	2,250,002	0.059
Exercised	-	-	(1,658,166)	0.075
Expired	-	-	(6,851,050)	0.080
Outstanding and exercisable at period-end	20,466,668	0.124	20,466,668	0.124

	30 June 2022		31 December 2021	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Performance Options outstanding as beginning of reporting period	1,160,000	0.130	-	-
Granted	-	-	1,160,000	0.130
Performance Options outstanding as at end of reporting period	1,160,000	-	1,160,000	0.130

	30 June 2022		31 December 2021	
	Number	Fair Value \$	Number	Fair Value \$
Performance Options outstanding as beginning of reporting period	2,400,000	37,050	2,400,000	37,050
Granted	-	-	-	-
Performance Options outstanding as at end of reporting period	2,400,000	-	2,400,000	37,050

Note 19 Events After the Reporting Period

On 12 July 2022, the Company announced that it had received shareholder approval at a General Meeting held on 11 July 2022 to buy back up to 135 million fully paid ordinary shares for a 12 month period.

On 22 July 2022, the Company issued 1,547,333 fully paid ordinary shares as a result of the exercise of 1,547,333 ICI OBs. A total of \$38,683 was raised.

On 3 August 2022, the Company announced it had appointed Thomas Rossig as Head of Europe for the Group's operations.

On 19 August 2022, the Company announced that the reverse takeover deal between Rightbridge Ventures AB and Agilit Holdings AB has been approved by the NASDAQ First North.

On 23 August 2022, the Company issued 19,358,025 fully paid ordinary shares as the result of a vendor of Digital Games International Pte Ltd ("Storms") exercising its Put Option. The Company's holdings in Storms subsequent to the exercise of the Put Option has increased from 51% to 67.3%.

From 12 July 2022 up to the date of this report, a total of 26,300,885 fully paid ordinary shares were bought back by the Company. The total value of shares bought back is \$2,624,901.

Note 20 Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- derivative financial instruments;
- financial assets held for trading;
- financial assets at fair value through other comprehensive income;
- freehold land and buildings;
- investment properties; and
- obligation for contingent consideration arising from a business combination.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Digital currencies have been value using Level 1 input. Market value has been determined by various platforms, including <https://coinmarketcap.com/>.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

		30 June 2022			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through OCI					
— Investments at fair value	9	476,682	5,202,574	-	5,679,256
— Digital Currencies	10	265,382	-	-	265,382
Total financial assets recognised at fair value on a recurring basis		742,064	5,202,574	-	5,944,638

Note 21 Reserves

a. Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
Balance at the beginning of the period	(171,051)	282,918
Foreign currency movements during the period	20,834	(145,083)
Deconsolidation of subsidiaries	-	(308,886)
	<u>(150,217)</u>	<u>(171,051)</u>

b. Premium on assets acquired

When the Company acquired Appxplore (iCandy) Limited, formerly known as iCandy Ventures Limited, a company incorporated in British Virgin Island and iCandy Digital Pte Ltd, a company incorporated in Singapore, this transaction was assessed as a transaction involved entities under common control. The Company was formed to effect the business combination and consideration was settled via the issue of equity interests. As the Company was incorporated to effect the transactions, it was determined that iCandy Interactive Limited would be the legal acquirer and Appxplore (iCandy) Limited would be the accounting acquirer as it was an entity that was carrying on a business prior to the business combination,

In accordance with the accounting policy adopted, all assets and liabilities will be recorded at their book value at the date of acquisition. The remaining difference between the fair value of the consideration paid and the book value of the net assets acquired is allocated to equity.

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
Balance at the beginning of the period	15,047,428	20,289,999
Derecognition of iCandy Digital Pte Ltd	-	(5,242,571)
	<u>15,047,428</u>	<u>15,047,428</u>

c. Option reserve

The option reserve records the fair value movement on options.

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
Balance at the beginning of the period	(2,156,989)	(2,041,737)
Issue of options during the period	(737,495)	(388,271)
Exercise of options during the period	-	56,876
Expiry of options during the period	-	216,143
	<u>(2,894,484)</u>	<u>(2,156,989)</u>

d. Digital asset reserve

The digital asset reserve records the fair value movement on digital assets.

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
Balance at the beginning of the period	(660,950)	(133,467)
Fair value moments during the period	640,794	(527,483)
	<u>(20,156)</u>	<u>(660,950)</u>

e. Financial asset reserve

The financial assets reserve records revaluations of financial assets.

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
Balance at the beginning of the period	(472,323)	-
Fair value moments during the period	1,557,830	(472,323)
	<u>1,085,507</u>	<u>(472,323)</u>

Note 21: Reserves (continued)

Total Reserves

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
Foreign currency translation reserve	(150,217)	(171,051)
Other components of equity	15,047,428	15,047,428
Option reserve	(2,894,484)	(2,156,989)
Digital asset reserve	(20,156)	(660,950)
Financial asset reserve	1,085,507	(472,323)
	<u>13,068,078</u>	<u>11,586,115</u>

Note 22 Earnings per Share

	Group	
	30-Jun-22	31-Dec-21
	\$	\$
(a) Reconciliation of earnings to profit or loss		
Profit/(Loss)	898,478	(1,181,587)
Earnings used in the calculation of basic and dilutive EPS	<u>898,478</u>	<u>(1,181,587)</u>
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	1,163,705,608	575,376,886
Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS	<u>1,163,705,608</u>	<u>575,376,886</u>
Basic earnings/(loss) per share (cents)	0.08	(0.21)

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 172
DIRECTORS' DECLARATION



In accordance with a resolution of the directors of iCandy Interactive Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 6 to 34, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Director

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

Mr Kin Wai Lau

Dated this

31 August 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ICANDY INTERACTIVE LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of iCandy Interactive Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2022, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the entity and its Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the of the consolidated entity's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Consolidated Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated this 31st day of August 2022
Perth, Western Australia