



28 March 2024

ASX and Media Announcement

Summary Financial Results for 31 December 2023

iCandy Interactive Ltd (ASX: ICI) (“iCandy” or the “Company”) is pleased to provide its audited financial results for the 12 months ended 31 December 2023.

During the financial year, the Group recorded a slight 4.89% reduction in revenue due to largely a challenging year for the video-game industry across many of its segments.

Comparative Table		
	2023 (A\$'000)	2022 (A\$'000)
Revenue	26,105	29,154
Adjusted EBITDA	313	2,147
Profit/(loss) after income tax	(14,184)	(1,688)

The consolidated loss after tax for the twelve month period ended 31 December 2023 was \$14,184,178 (2022: loss of \$1,687,740), largely due to non-cash item movement.

Impairment of Goodwill

Following the strategic pivot of Storms as previously announced, Storms continues to diligently develop its Web3 games, aligning with the broader trajectory of iCandy group's orientation towards Web3 game development. The Board has maintained its commitment to this strategic shift, recognizing the potential for long-term value creation for shareholders.

In light of the ongoing developments and pending the launch of the new Web3 games by Storms, the Board has taken a prudent approach. It has decided to further impair all goodwill attributable to Storms, with an additional impairment charge of A\$2.9 million recorded during the current financial period.

Additionally, while iCandy's other 60% subsidiary, Flying Sheep, has made significant progress in the development of its Web3 game, Star Life, including obtaining EUR1.1m in government support from the German Federal Ministry for Economic Affairs and Climate Action, the Board has adopted a prudent stance. In alignment with our commitment to transparent financial reporting, the Board has decided to impair all the goodwill attributable to the acquisition of Flying Sheep.

As a result, a total of A\$1.6 million in goodwill attributable to Flying Sheep has been written off during the period. This decision underscores the Board's dedication to sound financial management practices, ensuring accurate reflection of Flying Sheep's evolving business

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landscape and iCandy's overall financial position.

Game Services

iCandy's Game Services arm, primarily operated by Lemon Sky Studios, experienced a moderation in revenue to A\$22.3 million in FY2023, representing a decrease of approximately 11% compared to the A\$25.1 million recorded in FY2022. This trend correlated with the relatively stagnant demand observed within the industry, characterized by temporary delays and cancellations during the year.

However, despite these challenges, the Board maintains a positive outlook for both the industry and Lemon Sky Studios. Anticipating a recovery in market conditions, the Board expects a resurgence in demand and subsequent growth for Lemon Sky Studios in the forthcoming periods.

Prospects for 2024

In response to an improving Web3.0 environment towards the end of 2023, the Group has intensified its preparations for multiple forthcoming Web3.0 project launches, slated for release in 2024.

Foremost among these endeavors is zkCandy, a strategic collaboration with US-based Matter Labs. This initiative aims to pioneer the development of a gaming-focused Layer2 hyperchain. The Layer2 hyperchain is poised to incorporate tailored gaming and AI-specific tools, decentralized gaming infrastructure, comprehensive developer resources, and a robust game development ecosystem.

Leveraging on Matter Lab's Zero-Knowledge Stack framework, the board believes that the zkCandy project stands as a significant opportunity for iCandy within the burgeoning Web3 market, which has demonstrated notable recovery following an extended period of softer activity.

This announcement has been authorised by the Board of Directors of iCandy.

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About iCandy Interactive

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

With headquarters in Melbourne, Australia, and offices across Malaysia, Singapore, Indonesia, and Germany, we are one of the largest independent game developers in the region. Our team of more than 650 full-time game developers, artists, and engineers has delivered more than 350 mobile, console, PC, and Web 3.0 titles. The Company has worked with some of the biggest names in the business on some of the most widely known

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titles and iconic franchises in video games history. For more information, please visit our website at <https://icandy.io/>.

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

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