



26 Aug 2024

ASX Announcement

Operational Update - August 2024

iCandy Interactive Ltd (ASX: ICI) ("**iCandy**" or the "**Company**") would like to provide an update on its operation with regards to recent development.

1. Strategic Decision To Shut Down Flying Sheep Studios

iCandy acquired 60% of Flying Sheep Studios in 2022 to diversify its game development capabilities. Based in Cologne, Germany, Flying Sheep Studios ("Flying Sheep") specialises in HTML5 game development. However, over the past two years, the market has changed significantly, with demand for HTML5 games declining sharply.

Despite various efforts, Flying Sheep struggled to generate sufficient business and revenue. In the last financial year, Flying Sheep Studios reported a loss of A\$2,311,433. After careful consideration, the management teams of both companies made the difficult decision to shut down Flying Sheep in an orderly fashion by the end of 2024.

The cessation of Flying Sheep's operations, however, is not expected to significantly impact iCandy's balance sheet. This is because the investment in Flying Sheep had already been fully impaired in previous financial statements. In fact, iCandy's management anticipates this move will moderately benefit the Group's Income Statement, as iCandy will no longer need to consolidate Flying Sheep Studios' losses.

With Flying Sheep Studios' closure, iCandy's management has plans to shift various strategic European market initiatives to its studios in Asia. This decision underscores iCandy's commitment to maintaining financial stability and focusing on more profitable ventures.

2. ZKcandy Completed Highly Successful Private Testnet Trial

ZKcandy, the Layer 2 Ethereum scaling blockchain network for gaming, has recently completed a highly successful private testnet trial. ZKcandy is the result of a groundbreaking joint venture between iCandy and Matter Labs, a US-based startup that has raised \$460 million in funding to develop its core Zero Knowledge rollup technology.

ZKcandy operates independently with a global team of 29 employees. Its recent private testnet trial was a resounding success. While the ZKcandy team aimed for 500 users to trial the private testnet, over 12,000 users signed up within 24 hours. By the end of the two-week trial, more than 43,000 users had interacted with the private testnet, playing over 230,000 game sessions.

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Following this highly successful private testnet, the ZKCandy team plans to launch a public testnet trial in early September and subsequently prepare for a Mainnet launch.

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**" or the "**Company**") is an award-winning, publicly traded video-game development group that has been listed on the Australian Securities Exchange since 2016.

With headquarters in Melbourne, Australia, and offices across Malaysia, Singapore and Indonesia, iCandy is 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 global video game industry on some of the most widely known 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.

For more details, please contact: ir@icandy.io

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