



# **ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**

**ABN: 87 604 871 712**

**Financial Report For The Year Ended  
31 December 2023**

# ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES



ABN: 87 604 871 712

## Financial Report For The Year Ended 31 December 2023

| <b>CONTENTS</b>   | <b>Page</b> |
|---|-------------|
| Corporate Governance Statement  | 1           |
| Directors' Report   | 13          |
| Remuneration Report   | 20          |
| Auditor's Independence Declaration                                      | 22          |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 23          |
| Consolidated Statement of Financial Position                            | 24          |
| Consolidated Statement of Changes in Equity                             | 25          |
| Consolidated Statement of Cash Flows                                    | 26          |
| Notes to the Financial Statements                                       | 27          |
| Directors' Declaration  | 67          |
| Independent Auditor's Report  | 68          |
| Additional Information for Listed Public Companies                      | 71          |

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**CORPORATE GOVERNANCE STATEMENT**



iCandy Interactive Limited is listed on the Australian Securities Exchange (ASX). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council as well as current standards of best practice. The corporate governance statement is current as at the date of this report and has been approved by the Board.

**Our approach to corporate governance**

**(a) Framework and approach to corporate governance and responsibility**

The Board of iCandy Interactive Limited ("the Company") is committed to maintaining the highest standards of corporate governance.

Corporate governance is about having a set of values that underpin the company's everyday activities - values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight.

In pursuing the commitment to best practice governance standards, the Board will continue to:

- renew and improve its governance practices; and
- monitor global developments in best practice corporate governance.

The Board's approach has been guided by the principles and practices that are in our stakeholders' best interests while enduring full compliance with legal requirements.

**(b) Compliance with the ASX Corporate Governance Principles and Recommendations**

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations in the reporting period.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision and this can be found on pages 7 to 12.

**Date of this statement**

This statement reflects our corporate governance policies and procedures as at 31 December 2023.

**The Board of Directors**

**(a) Membership and expertise of the Board**

The Board has a broad range of relevant financial and other skills, experience and expertise to meet its objectives. The current Board composition, with details of individual Director's backgrounds, is set out in the Directors Report which is included in this Annual Report.

**(b) Board role and responsibility**

The Board is accountable to shareholders for iCandy Interactive Limited's performance. In summary, the Board's responsibilities include:

- providing strategic direction and approving corporate strategic initiatives;
- planning for Board and executive succession;
- selecting and evaluation future Directors, the Chief Executive Officer ("CEO");
- approving budget and monitoring management and financial performance;
- considering and approving the Annual Financial Report (including the Directors' Declaration) and the interim financial statements;
- approving iCandy Interactive Limited's risk management strategy, monitoring its effectiveness and maintaining a director and ongoing dialogue with iCandy Interactive Limited's auditors and regulators; and
- considering and reviewing the social and ethical impact of iCandy Interactive Limited's activities, setting standards for social and ethical practices and monitoring compliance with iCandy Interactive Limited's social responsibility policies and practices.

The Board would normally delegate to management responsibility for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;

- developing iCandy Interactive Limited's annual budget, recommending it to the Board for approval and managing day-to-day operations within budget; and
- managing day-to-day operations in accordance with standards for social and ethical practices which have been set up by the Board.

The current circumstances, however, require all these functions to be exercised by the Board members or the Company Secretary. The company does not currently have a performance evaluation method due to the current size and limited nature of its operations.

The Board has adopted a Board Charter which sets out the specific responsibilities of the Board, the requirements as to the Board's composition, the roles and responsibilities of the Chairman, Company Secretary and management, the establishment, operations and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.

A copy of the Company's Board Charter is contained in the Company's Corporate Governance Plan which is available on the Company's website.

**(c) Board size and composition**

The Board determines its size and composition, subject to the limits imposed by iCandy Interactive Limited's Constitution. The Constitution requires a minimum of three and a maximum of twenty Directors. In addition, at least two of the Directors shall ordinarily reside within Australia. Currently, the Board consists of four directors. The Board supports the principles of diversity; however, due to the size and scale of the company's operations, it has no female representative on the board at the present time.

Election of the Board members is substantially the province of the Shareholders in general meetings.

**(d) The selection and role of the Chairman**

The Chairman is selected by the Board from the executive and non-executive Directors. The Chairman's role includes:

- providing effective leadership on formulating the Board's strategy;
- representing the views of the Board to the public;
- ensuring that, when all Board members take office, they are fully briefed on the terms of their appointment, their duties and responsibilities;
- ensuring that the Board meets at regular intervals throughout the year, and that minutes of meetings accurately record decisions taken and, where appropriate, the view of individual Directors;
- guiding the agenda and conduct of all Board meetings; and
- reviewing the performance of the Board of Directors.

The Board charters provides that where practical, the Chairman of the Board will be a non-executive director. The Chairman, Kin Wai Lau is an executive director and is not considered by the Board to be independent.

**(e) Directors' Independence**

The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgement. Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. Materiality is assessed on a case-by-case basis by reference to each Directors' individual circumstances rather than general materiality thresholds. In assessing independence, the Board considers whether the Director has a business or other relationship with iCandy Interactive Limited, either directly, or as a partner, shareholder or officer of a company or other company that has an interest, or a business or other relationship, with iCandy Interactive Limited or another iCandy Interactive Limited group member. Presently, the Company's independent director are Robert Kolodziej and Marcus Ungar. The Company may seek to appoint additional independent Directors in the future to address the lack of independence of its Directors.

**(f) Avoidance of conflicts of interest by a Director**

In accordance with the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter.

**(g) Meetings of the Board and their conduct**

Meetings of the Board happen when and as appropriate. Details of Board meetings held and attended are tabled in the Directors' Report, which forms part of this Annual Report.



**(h) Succession planning**

The Board plans succession of its own members taking into account the skills, experience and expertise required and currently represented, and iCandy Interactive Limited's future direction. The Board is also responsible for CEO succession planning.

**(i) Review of Board performance**

The Board of iCandy Interactive Limited is responsible for evaluating the performance of the Board and individual Directors will be evaluated on an annual basis, with the aid of an independent advisory, if deemed required. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan.

The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Reports.

**(j) Nomination and appointment of new Directors**

iCandy Interactive Limited has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director.

All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect such Director will be voted on.

**(k) Retirement and re-election of Directors**

iCandy Interactive Limited's Constitution states that one-third of our Directors must retire each year. The maximum time that each Director can serve in any single term is three years. Any Director who has been appointed during the year must retire at the next annual general meeting. Eligible Directors who retire each year may offer themselves for re-election by shareholders at the next annual general meeting.

**(l) Compulsory retirement of Directors**

The Board has no limit on the number of terms of office which any Director may serve.

**(m) Board access to information and advice**

All Directors have unrestricted access to company records and information and receive regular detailed financial and operational report. The Company Secretary provides Directors with ongoing guidance on issues such as corporate governance, iCandy Interactive Limited's Constitution and the law. The Board collectively, and each Director individually has the right to seek independent professional advice at iCandy Interactive Limited's expense to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not unreasonably withheld and, in the its absence, Board approval may be sought.

**(n) Diversity Policy**

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefits of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives. The Diversity Policy of iCandy Interactive Limited is available on the Company's website.

This diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity, an annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives over the next five years as director and senior executive positions become vacant and appropriately qualified candidates becomes available.

|  | 2023 |   | 2024 - 2029 |     |
|--|------|---|-------------|-----|
|  | No.  | % | No.         | %   |
| <b>Women on the Board</b>                  | -    | - | 1           | 25% |
| <b>Women in Senior Executive positions</b> | -    | - | -           | -   |
| <b>Women employed by the company</b>       | -    | - | -           | -   |

**(o) Securities trading policy**

Directors and employees are subject to the Corporations Act restrictions on trading securities in the Company if they are in possession of inside information. This is regarded as any information that is non-public and, if it were public, that a reasonable person would expect to have a material effect on the price of the Company's securities.

In addition, the Company has established a policy on the trading in iCandy Interactive Limited's securities, which applies to all Directors and employees. Key aspects of this policy are as follows:

- Directors and employees are encouraged to be long term holders of the company's securities and are discouraged from any short-term trading;
- Directors and employees may trade shares for 4 weeks following announcements of the annual results, half year results and the annual general meeting, provided the market has been fully informed. However, a trading embargo of 2 days applies immediately after any significant announcement;
- Directors and employees need to ensure that the market is fully informed before they can trade and to protect themselves should discuss the intended share trading with the Chairman or Company Secretary; and
- Trading outside the four-week period is required to be approved by the Chairman, prior to any transaction occurring. Generally, if the market is fully informed, the approval will be granted.

Directors are required to notify the Company Secretary within 2 days of a change in their beneficial interest in the Company shares.

Directors are also required to obtain a written acknowledgement of the Chairman (or the Board in the case of the Chairman) prior to trading.

Directors' interest in the company's securities have not changed materially in the last 12 months.

**Board Committees**

- (a) Board committees and membership**
- (b) Audit committee**
- (c) Board Risk Oversight Committee**
- (d) Board Nominations Committee**
- (e) Board Remuneration Committee**

Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have the committees listed above. Pursuant to clause 5(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the above Committees under the written terms of reference for those committees.

**Audit governance and independence**

**(a) Approach to audit governance**

The Board is committed to these basic principles:

- iCandy Interactive Limited must produce true and fair financial reports; and
- Its accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies.

**(b) Engagement and rotation of external auditor**

iCandy Interactive Limited's independent external auditor is Hall Chadwick (WA) Pty Ltd.

**(c) Discussions with external auditor on independence**

The Board requires the external auditor to confirm that they have maintained their independence.

**(d) Relationship with auditor**

- the audit partners and any audit firm employee on the iCandy Interactive Limited's audit are prohibited from being an officer of iCandy Interactive Limited;
- an immediate family member of an audit partner or any audit firm employee on the iCandy Interactive Limited's audit is prohibited from being a Director or an officer in a significant position at iCandy Interactive Limited;
- a former audit firm partner or employee on the iCandy Interactive Limited's audit is prohibited from being a Director or Officer in a significant position at iCandy Interactive Limited for at least five years and after the five years, can have no continuing financial relationship with the audit firm;
- members of the audit team and firm are prohibited from having a business relationship with iCandy Interactive Limited or any officer of iCandy Interactive Limited unless the relationship is clearly insignificant to both parties;
- the audit firm, its partners, its employees on the iCandy Interactive Limited's audit and their immediate family members are prohibited from having a direct or material indirect investment in iCandy Interactive Limited;
- officers of iCandy Interactive Limited are prohibited from receiving any remuneration from the audit firm;
- the audit firm is prohibited from having a financial interest in any company with a controlling interest in iCandy Interactive Limited; and
- the audit firm engagement team in any given year cannot include a person who have been an officer of iCandy Interactive Limited during that year.

**(e) Restrictions on non-audit services by the external auditor**

The external auditor is not restricted in the provision of non-audit services to iCandy Interactive Limited except as required by the Corporations Act or the ASX Listing Rules.

**(f) Attendance at Annual General Meeting**

iCandy Interactive Limited's external auditor attends the annual general meeting and is available to answer shareholders questions.

**Controlling and managing risk**

**(a) Approach to risk management**

Taking and managing risk are central to business and to building shareholder value. iCandy Interactive Limited's approach is to identify, assess and control the risks which affects its business. The intention is to enable risks to be balanced against appropriate rewards. The risk management approach links iCandy Interactive Limited's vision and values, objectives and strategies, and procedures and training.

**(b) Risk management roles and responsibilities**

The Board is responsible for approving and reviewing iCandy Interactive Limited's risk management strategy and policy. The Board is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of iCandy Interactive Limited's activities.

iCandy Interactive Limited does not comply with ASX recommendations on these issues as it does not have a formal verifiable system of risk management or any employees to implement such a system as it does not view this to be appropriate at the current time. It relies on the oversight of the Directors and the various committees, together with the periodic verification of the external auditor.

**(c) Company secretarial assurance**

The Board received periodic reports about the financial conditions and operational results of iCandy Interactive Limited. The CEO periodically provides formal statements to the Board that in all material respects:

- the company's periodic financial statements present a true and fair view of iCandy Interactive Limited's financial condition and operational results for those reporting periods; and
- that risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

## **Remuneration framework**

### **(a) Overview**

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of Non-Executive Directors are initially set by the Directors and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX listing Rules, as applicable. The determination of Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$150,000 per annum.

In addition, a Director may be paid fees or other amounts, (e.g. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine whether a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board review and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

### **(b) Employee Share Options Scheme**

There are no Employee Share Options Schemes (ESOS) granted over un-issued shares to directors or executives as part of their remuneration. The issue of any options would require approval by Shareholders.

## **Corporate responsibility and sustainability**

### **(a) Approach to corporate responsibility and sustainability**

iCandy Interactive Limited's approach to corporate responsibility and sustainability is to manage its business in a way that produces positive outcomes for all stakeholders and maximises economic, social and environmental value simultaneously. In doing so, iCandy Interactive Limited accepts that the responsibilities flowing from this go beyond both strict legal obligations and financial bottom line. Transparency, the desire for fair dealing, and positive links into the community underpin our everyday activities and corporate responsibility practices.

### **(b) Code of conduct**

iCandy Interactive Limited's Board and management are committed to their Code of Conduct (Code) which is based on their core values and on the expectations of their clients, of shareholders and of the broader community.

The Code aims to promote a high level of professionalism and provide a benchmark for ethical and professional behaviour throughout the Company. It also promotes a healthy, respectful workplace and environment for all their employees.

At the same time, the Code aims to support their business reputation and corporate image within the wider community and make employees aware of the consequences they face if they breach the Code.

The ASX recommendations require that the Code of Conduct is reviewed periodically, specifically to reflect the ASX Corporate Governance Principles and Recommendations.

### **(c) Insider trading policy and trading in iCandy Interactive Limited shares**

The Company Secretary has responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules, and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

iCandy Interactive Limited is committed to giving all shareholders comprehensive and equal access to information about our activities, and to fulfil continuous disclosure obligations to the broader market. iCandy Interactive Limited's policy is designed to ensure compliance with ASX Listing Rules continuous disclosure requirements. It ensures any information that a reasonable person would expect to have a material effect on the price of iCandy Interactive Limited's securities is disclosed.

At the same time, the Code aims to support their business reputation and corporate image within the wider community and make employees aware of the consequences they face if they breach the Code.



**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**CORPORATE GOVERNANCE STATEMENT**



iCandy Interactive Limited currently maintains its own website and relies on communication in this medium and the ASX Company Announcements platform carrying all the relevant information.

**Compliance with ASX Corporate Governance Council Good Practice Recommendations**

The table below outlines each of the ASX Best Practice Recommendations and the Company's compliance with those recommendations. Where the Company has met the relevant recommendation during the reporting period, this is indicated by a "YES" in the relevant column. Where the Company has not met or complied with a recommendation, this is indicated by a "NO" and an accompanying note explaining the reasons why the Company has not met the recommendation.

| <b>Principles and Recommendations</b>  | <b>Complied</b> | <b>Note</b> |
|--|-----------------|-------------|
| <b>Principle 1: Lay solid foundations for management and oversight</b>   |                 |             |
| <b>Recommendation 1.1</b><br>A listed entity should have and disclose a board charter setting out:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management.   | Yes             |             |
| <b>Recommendation 1.2</b><br>A listed entity should:<br>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and<br>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.   | Yes             |             |
| <b>Recommendations 1.3</b><br>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.  | Yes             |             |
| <b>Recommendations 1.4</b><br>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.  | Yes             |             |
| <b>Recommendation 1.5</b><br>A listed entity should:<br>(a) have and disclose a diversity policy;<br>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and<br>(c) disclose in relation to each reporting period:<br>(1) the measurable objectives set for that period to achieve gender diversity;<br>(2) the entity's progress towards achieving those objectives; and<br>(3) either:<br>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or<br>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. | Yes             |             |
| <b>Recommendation 1.6</b><br>A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and<br>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.   | No              | 1           |

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**CORPORATE GOVERNANCE STATEMENT**



|   |     |   |
|---|-----|---|
| <p><b>Recommendation 1.7</b><br/> A listed entity should:<br/> (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and<br/> (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>  | No  | 2 |
| <p><b>Principle 2: Structure the Board to be effective and add value</b></p>  |     |   |
| <p><b>Recommendation 2.1</b><br/> The board of a listed entity should:<br/> (a) have a nomination committee which:<br/> (1) has at least three members, a majority of whom are independent directors; and<br/> (2) is chaired by an independent director,<br/> and disclose:<br/> (3) the charter of that committee;<br/> (4) the members of the committee; and<br/> (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br/> (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | No  | 3 |
| <p><b>Recommendations 2.2</b><br/> A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>  | Yes |   |
| <p><b>Recommendation 2.3</b><br/> A listed entity should disclose:<br/> (a) the names of the directors considered by the board to be independent directors;<br/> (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not comprise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and<br/> (c) the length of service of each director.</p>  | Yes |   |
| <p><b>Recommendations 2.4</b><br/> A majority of the board of a listed entity should be independent directors.</p>  | Yes |   |
| <p><b>Recommendations 2.5</b><br/> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>  | No  | 4 |
| <p><b>Recommendations 2.6</b><br/> A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>  | Yes |   |
| <p><b>Principle 3 - Instil a culture of acting lawfully, ethically and responsibly</b></p>  |     |   |
| <p><b>Recommendation 3.1</b><br/> A listed entity should articulate and disclose its values.</p>  | Yes |   |

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**CORPORATE GOVERNANCE STATEMENT**



|   |            |          |
|---|------------|----------|
| <p><b>Recommendation 3.2</b><br/> A listed entity should:<br/> (a) have and disclose a code of conduct for its directors, senior executives and employees; and<br/> (b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and<br/> (c) any other material breaches of that code that call into question the culture of the organisation.</p>   | <p>Yes</p> |          |
| <p><b>Recommendation 3.3</b><br/> A listed entity should:<br/> (a) have and disclose a whistle-blower policy; and<br/> (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>  | <p>Yes</p> |          |
| <p><b>Recommendation 3.4</b><br/> A listed entity should:<br/> (a) have and disclose an anti-bribery and corruption policy; and<br/> (b) ensure that the board or committee of the board is informed of any material breaches of that policy.</p>   | <p>No</p>  | <p>5</p> |
| <p><b>Principle 4 - Safeguard the integrity of corporate reports</b></p>  |            |          |
| <p><b>Recommendation 4.1</b><br/> The board of a listed entity should:<br/> (a) have an audit committee which:<br/> (1) has at least three members, a majority of whom are non-executive directors and a majority of whom are independent directors; and<br/> (2) is chaired by an independent director, who is not the chair of the board,<br/> and disclose:<br/> (3) the charter of that committee;<br/> (4) the relevant qualifications and experience of the members of the committee; and<br/> (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br/> (b) if it does not have an audit committee, disclose that fact and the process it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>No</p>  | <p>6</p> |
| <p><b>Recommendations 4.2</b><br/> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>  | <p>Yes</p> |          |
| <p><b>Recommendations 4.3</b><br/> A listed entity should disclose its processes to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>   | <p>Yes</p> |          |
| <p><b>Principle 5 - Make timely and balanced disclosure</b></p>   |            |          |
| <p><b>Recommendations 5.1</b><br/> A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1</p>  | <p>Yes</p> |          |

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**CORPORATE GOVERNANCE STATEMENT**



|   |            |          |
|---|------------|----------|
| <p><b>Recommendations 5.2</b><br/> A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>  | <p>Yes</p> |          |
| <p><b>Recommendations 5.3</b><br/> A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the</p>  | <p>Yes</p> |          |
| <p><b>Principle 6 - Respect the rights of security holders</b></p>  |            |          |
| <p><b>Recommendations 6.1</b><br/> A listed entity should provide information about itself and its governance to investors via its website.</p>   | <p>Yes</p> |          |
| <p><b>Recommendations 6.2</b><br/> A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>   | <p>Yes</p> |          |
| <p><b>Recommendations 6.3</b><br/> A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>   | <p>Yes</p> |          |
| <p><b>Recommendations 6.4</b><br/> A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>  | <p>Yes</p> |          |
| <p><b>Recommendations 6.5</b><br/> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>   | <p>Yes</p> |          |
| <p><b>Principle 7 - Recognise and manage risk</b></p>   |            |          |
| <p><b>Recommendation 7.1</b><br/> The board of a listed entity should:<br/> (a) have a committee or committees to oversee risk, each of which:<br/> (1) has at least three members, a majority of whom are independent directors; and<br/> (2) is chaired by an independent director,<br/> and disclose:<br/> (3) the charter of that committee;<br/> (4) the members of the committee; and<br/> (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br/> (b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <p>No</p>  | <p>7</p> |
| <p><b>Recommendation 7.2</b><br/> The board or a committee of the board should:<br/> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and<br/> (b) disclose, in relation to each reporting period, whether such a review has taken place.</p>  | <p>Yes</p> |          |
| <p><b>Recommendation 7.3</b><br/> A listed entity should disclose:<br/> (a) if it has an internal audit function, how the function is structure and what role it performs; or<br/> (b) if it does not have any internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>  | <p>Yes</p> |          |

|   |            |          |
|---|------------|----------|
| <p><b>Recommendations 7.4</b><br/> A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>  | <p>Yes</p> |          |
| <p><b>Principle 8 -Remunerate fairly and responsibly</b></p>  |            |          |
| <p><b>Recommendation 8.1</b><br/> The board of a listed entity should:<br/> (a) have a remuneration committee which:<br/> (1) has at least three members, a majority of whom are independent directors; and<br/> (2) is chaired by an independent director,<br/> and disclose:<br/> (3) the charter of that committee;<br/> (4) the members of the committee; and<br/> (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br/> (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | <p>No</p>  | <p>8</p> |
| <p><b>Recommendations 8.2</b><br/> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>   | <p>Yes</p> |          |
| <p><b>Recommendation 8.3</b><br/> A listed entity which has an equity-based remuneration scheme should:<br/> (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and<br/> (b) disclose that policy or a summary of it.</p>   | <p>Yes</p> |          |

**Note 1**

The Board is responsible for evaluating the performance of the Board and individual Directors will be evaluated on an annual basis, with the aid of an independent advisor, if deemed required. The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period with details of the performance evaluations conducted will be provided in the Company's Annual Report. No evaluation has taken place to the date of

**Note 2**

The Company has yet to undertake a performance evaluation of its senior executives. The Company is anticipating to conduct once during the current financial year.

**Note 3**

Due to the size and nature of the existing Board, the Company does not currently have a Nomination Committee. The full Board carries out the duties that would ordinarily be assigned to the Nomination Committee and the Board devotes time on an annual basis to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.

**Note 4**

The current Chairman of the Company, is not deemed an independent director due to his indirect shareholdings in the Company via Fatfish Blockchain Limited, of which he is an Executive Director.

**Note 5**

The Company does not currently operate under a documented Anti-bribery and corruption policy given the size, nature and geographical location of its operations.

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**CORPORATE GOVERNANCE STATEMENT**



**Note 6**

Due to the size and nature of the existing Board, the Company does not currently have Audit Committee. The full Board carries out the duties that would ordinarily be assigned to the Audit Committee under the written terms of reference for that committee and devotes time annually to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial report.

**Note 7**

Due to the size and nature of the existing Board, the Company does not currently have a Risk Management Committee. The full Board carries out the duties that would ordinarily be assigned to the Risk Management Committee and devotes time annually to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.

**Note 8**

Due to the size and nature of the existing Board, the Company does not currently have a Remuneration Committee. The full Board carries out the duties that would ordinarily be assigned to the Remuneration Committee and devotes time annually to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors, ensuring that such remuneration is appropriate and not excessive.

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of iCandy Interactive Limited and its controlled entities for the financial period ended 31 December 2023.

### **General Information**

#### **Directors**

The following persons were directors of iCandy Interactive Limited during the whole of the financial period and up to the date of this report, unless otherwise stated.

#### **Kin Wai Lau**

Executive Director and Chairman  
Appointed on 20 March 2015

Kin Wai is a serial tech entrepreneur with extensive international start-up, senior management and investment experience.

Since founding his first company at age 23, Kin Wai has built companies across telecom software, internet media and biotech. Kin Wai was named by the media as one of the youngest ever MDs of a publicly traded firm in Southeast Asia when he IPO'd his first company at the age of 28. He has since been involved in building other tech companies, with three of them being listed on major stock exchanges in the region.

Kin Wai began his career as research staff and a PhD candidate at the Imperial College, London, before starting up his own company.

Kin Wai frequently supports entrepreneurial campaigns in colleges and universities and is a regular judge at innovation and start-up competitions in Singapore.

Kin Wai graduated with first class honours in Electronics & Electrical Engineering from the University of Manchester, United Kingdom. He also has a Master in Business, Administration from the University of

#### **Other current directorships of listed companies**

Fatfish Group Limited - appointed July 2014

#### **Former directorships of listed companies in last three years**

N/A

#### **Robert Kolodziej**

Non-Executive Director  
Appointed 27 May 2015

Robert is a senior advisor at Bell Porter Securities and has over 20 years' experience in investment management. He has wide macroeconomic understanding across many areas of financial markets and specialises in strategic investment advice for high net worth clients, small cap fund managers and family officers.

Robert has expertise with small capitalisation companies especially in the technology and renewable sector and has been arranging transactions in equity capital markets for these companies. Prior to working in stockbroking, Robert worked for Ernst & Young in the property trust area while at the same time running a business specialising in eco-tourism. Since then, he has worked in the property development sector specialising in due diligence and strategy. Separately from his role at Bell Potter Securities, he is also an Executive Director at Kollins Capital, a financial services and corporate advisory

#### **Other current directorships of listed companies**

N/A

#### **Former directorships of listed companies in last three years**

N/A

**Marcus Ungar**

Non-Executive Director  
Appointed 1 April 2018

Marcus is a founding member of CGAM Pty Ltd which is a private equity firm based in Sydney. CGAM invests in innovative, high quality technology companies seeking growth stage investment. He is currently the CEO of Investorlend Pty Limited. Investorlend is an investment platform which enables its investors to participate in commercial loans and equity linked investments.

Marcus has also continued his association with Compass Global Markets which specialises in foreign exchange and international

**Other current directorships of listed companies**

N/A

**Former directorships of listed companies in last three years**

N/A

**Christopher Whiteman**

Non-Executive Director  
Appointed 3 March 2021

Mr Whiteman is a Corporate and Commercial Adviser with experience across multiple sectors including energy, resources and wealth management. Mr Whiteman has specific expertise in commercial negotiations, equity capital markets and deal structuring, investor and public relations, and strategic planning, gained through assignments with both public and private companies in Australia, the United Kingdom, and China. At leading independent corporate advisory firm Taylor Collison, Mr Whiteman originated and managed investment opportunities for an extensive client network, including inbound. Within the corporate landscape, Mr Whiteman has worked in senior roles with a number of Australia's leading energy companies including Santos Limited and TXU Australia, and international companies Royal Dutch Shell and Credit Suisse First Boston.

He holds a Bachelor's Degree in Economics from the University of Adelaide and a Graduate Diploma in Applied Finance and Investment from FINSIA.

**Other current directorships of listed companies**

N/A

**Former directorships of listed companies in last three years**

Animoca Brands Corporation Limited (Delisted February 2020)

**Foong Ka King**

Executive Director  
Appointed 3 May 2023  
Resigned 10 November 2023

Mr Foong is the co-founder and Chief Operating Office of iCandy's subsidiary Lemon Sky Studios, the largest game and animation studio with over 500 staff in Southeast Asia.

Mr Foong oversees the creative direction of projects at Lemon Sky Studios, and is responsible for the overall strategic direction and day-to-day operations of Lemon Sky Studios.

Mr Foong holds a Degree in Digital Animation from Vancouver Film School since 2002. He also has a Diploma in 3D Animation from The One Academy of Communication Design.

**Other current directorships of listed companies**

N/A

**Former directorships of listed companies in last three years**

N/A



**Irene Wong**

Non-Executive Director  
 Appointed 3 May 2023  
 Resigned 10 November 2023

Ms Wong is an advocate and solicitor in Malaysia and has over 15 years of experience in the legal industry. She has extensive experience in representing listed companies, private companies, and individuals in various business-related matters.

Ms Wong holds a Bachelor of Laws from the University of London and has been admitted as an advocate and solicitor in Malaysia since 2007.

**Other current directorships of listed companies**

N/A

**Former directorships of listed companies in last three years**

N/A

**Company Secretary**

Mr Andrew Draffin and Ms Jiahui Lan  
 Appointed 1 April 2018

Andrew is a director of the accounting firm DW Accounting & Advisory Pty Ltd. He holds a Bachelor of Commerce and is a member of the Chartered Accountants Australia and New Zealand. Andrew is a Director, Chief Financial Officer and Company Secretary of listed, unlisted and private companies across a broad range of industries. His focus is on financial reporting, treasury management, management accounting and corporate services, areas where he has gained over 20 years experience.

Jiahui is a director of the accounting firm DW Accounting & Advisory Pty Ltd. She holds a Bachelor of Business (Accounting). Jiahui is a Director and Company Secretary of listed, unlisted and private companies across a range of industries. Her focus is on financial reporting, management accounting and corporate services, areas where she has gained over 12 years experience.

**Shareholdings of directors and other key management personnel**

The interest of each Director and other key management personnel, directly and indirectly, in the shares and options of the Company at the date of this report are as follows:

|                                   | Date of this report |               | 31 December 2023 |               |
|-----------------------------------|---------------------|---------------|------------------|---------------|
|                                   | Ordinary Shares     | Share Options | Ordinary Shares  | Share Options |
| Kin Wai Lau <sup>1</sup>          | 194,050,001         | -             | 194,050,001      | -             |
| Robert Kolodziej                  | 250,000             | -             | 250,000          | -             |
| Marcus Ungar                      | -                   | -             | -                | -             |
| Christopher Whiteman <sup>2</sup> | 127,964,937         | -             | 127,964,937      | -             |

<sup>1</sup>192,500,001 Shares are held in Fatfish Internet Pte Ltd, a subsidiary of Fatfish Blockchain Limited, of which Mr Kin Wai Lau is a director.

<sup>2</sup>Shares held in Animoca Brands Limited, a 100% owned subsidiary of Animoca Brands Corporation Limited of which Mr Whiteman is a Non-Executive director.

**Meetings of directors**

During the financial year, 5 meetings of directors (including circular resolutions) were held.

Attendances by each director during the year were as follows:

|                      | Directors' Meetings       |                 |
|----------------------|---------------------------|-----------------|
|                      | Number eligible to attend | Number attended |
| Kin Wai Lau          | 5                         | 5               |
| Robert Kolodziej     | 5                         | 5               |
| Marcus Ungar         | 5                         | 5               |
| Christopher Whiteman | 5                         | 5               |
| Foong Ka King        | 3                         | 1               |
| Irene Wong           | 3                         | 2               |

**Principle Activities and Significant Changes in Nature of Activities**

The Company's business plan is to develop and publish 'freemium' games for smartphones, which are free-to-download and free-to-play for players. The 'freemium' game model is proven to be a successful business model employed by many global mobile game companies. The Company plans to generate revenue through the following approaches.

- In-game purchases - players can purchase virtual items or currencies which are used within the Company's games to improve character levels, speed up the game progress and/or enhance playing experience;
- Mobile advertising - which allows iCandy to advertise third-party products and services in the Company's games;
- Game merchandise sales - players can purchase game related merchandise branded with logos and artwork of the Company's various games; and
- Publishing of games - publishing of mobile interactive entertainment for multiple mobile operating system platforms.
- Game development services - Provision of creative art and animation for games and media contents

**Review of Operations**

The table below reflects the Adjusted EBITDA for the Group during the financial year. The table takes into account once-off items and unrealised movement on investment at fair value.

|   | <b>FY 23</b>          | <b>FY 22</b>            |
|---|-----------------------|-------------------------|
| <b>Loss before income tax</b>                           | (12,884,270)          | 59,423                  |
| <b>Add Backs:</b>                                       |                       |                         |
| Depreciation & Amortisation                             | 4,659,264             | 3,203,889               |
| Unrealised movement in fair value of digital currencies | 1,077,539             | 261,011                 |
| Acquisition costs                                       | -                     | 2,250,000               |
| Impairment expense                                      | 7,460,729             | 647,345                 |
| Gain on fair value of put options                       | -                     | (4,274,253)             |
|   | <u>13,197,532</u>     | <u>2,087,992</u>        |
| <b>Adjusted EBITDA</b>                                  | <u><b>313,262</b></u> | <u><b>2,147,415</b></u> |

During the financial year, the Group recorded a slight reduction in revenue by approximately 10.46% from \$29,154,213 in FY2022 to \$26,105,408. This was due to largely industry-wide challenges in the Group's business segments, for example its wholly-owned Lemon Sky Studios which recorded decreased billings arising from production delays of major animation projects, partly due to the writer guild's strike in the US.

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.

The management remains committed towards continuing its on-going strategic optimization of costs via a company wide cost review and right sizing initiatives which commenced in early 2023.

Looking ahead, in response to an improving Web3.0 environment towards the end of 2023, the Group has bolstered preparations for several upcoming launches of projects to be ready for release in 2024.

*Reconciliation to Preliminary Results*

The following tables reconcile statutory consolidated net profit after tax to preliminary consolidated net profit after tax in Appendix 4E:

| <b>Consolidated statement of profit or loss</b> | <b>Appendix 4E</b> | <b>Adjustments</b> | <b>Statutory Financial Report</b> |
|---|--------------------|--------------------|-----------------------------------|
| Statutory net loss after tax                    | (7,692,622)        | (6,491,556)        | (14,184,178)                      |
| Comprehensive loss for the year                 | (12,261,120)       | (6,029,044)        | (18,290,164)                      |

The following table reconciles statutory consolidated statement of financial position to preliminary consolidated statement of financial position in Appendix 4E.

| <b>Consolidated statement of profit or loss</b> | <b>Appendix 4E</b> | <b>Adjustments</b> | <b>Statutory Financial Report</b> |
|---|--------------------|--------------------|-----------------------------------|
| Total Assets                                    | 82,486,500         | (8,389,366)        | 74,097,134                        |
| Total Liabilities                               | 11,472,548         | (2,076,386)        | 9,396,162                         |

The audit had just commenced before the lodgement of the Company's Appendix 4E. Listed below are the major items that have affected the Consolidated Statement of Profit or Loss and Consolidated Statement of Financial Position.

1. The Company had decided to fully impair its carrying goodwill of Digital Games International Pte Ltd ("Storms"). After the acquisition, Storms turned its whole focus to Web 3 games development. This is a new brand new business sector which the Group was venturing into. As such, without historical data to support the Company's assumptions for its revenue once the Web 3 games are launched, the Group has taken the conservative approach to fully impair its goodwill. As a result, an additional \$2,973,248 was put through as an impairment expense.
2. The Company had decided to fully impair its carrying goodwill of Flying Sheep Studios GmbH ("Flying Sheep"). After the acquisition, Flying Sheep turned its focus to Web 3 games development while reducing its concentration on its original business model. This is a new brand new business arm which the Group was venturing into. As such, without historical data to support the Company's assumptions for its revenue once the Web 3 games are launched, the Group has taken the conservative approach to fully impair its goodwill. As a result, an additional \$1,635,703 was put through as an impairment expense.
3. Flying Sheep Studios GmbH conducted a full review of its carrying value of Research and Development expenses in the month of March 2024. Due to Flying Sheep's focus on Web 3 games development, they had decided to impair \$1,332,210 in its carrying value of Research and Development. As such, an additional \$1,332,210 was put through as depreciation and amortisation.

**Operating Results**

The consolidated loss of the consolidated entity after providing for income tax amounted to \$14,184,178. (2022: loss of \$1,687,740)

**Financial Position**

The net assets of the Group have decreased by \$18,239,860 from \$82,940,832 as at 31 December 2022 to \$64,700,972 as at 31 December 2023.

**Dividend Paid or Recommended**

It is not recommended that a dividend be declared and no dividends were paid or declared during and since the end of the financial year.

**Matters Subsequent to the End of the Financial Year**

On 19 January 2024, the Company issued 1,535,516 fully paid ordinary shares at a deemed value of \$0.131 per share in relation to Tranche 4 to 7 of 12 tranches for part consideration of acquisition of 60% of Flying Sheep Studios Sdn Bhd.

On 19 January 2024, the Company issued 239,768 fully paid ordinary shares at a deemed value of \$0.173 per share in relation to Tranche 5 to 8 of 12 tranches for part consideration of acquisition of 60% of Hashcode Studio Sdn Bhd (formerly known as Gameconomy Sdn Bhd).

On 6 March 2024, the Company issued 860,000 fully paid ordinary shares at a deemed value of \$0.031 per share in relation to the vesting of 860,000 Performance Rights that was issued on 31 March 2021. No cash was raised.

**Future Developments**

The Company plans to implement its business strategy as outlined above.

The Company will continue to keep stakeholders informed of any future developments via its compliance with the continuous disclosure requirements.

### **Material Business Risks**

(a) New Game Trends

The game industry tends to experience rapid changes. If the Company is not capable of staying with the current trends, or if their games become outdated, there is a risk that their products and services not being capable of being sold or licensed.

(b) New 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.

(c) Corruption of Database

The database of the Company are subject to risks associated with computer viruses, physical or electronic break-ins, loss of data from physical damages, or failures in third party service providers or operating systems and similar disruptions, as well as damage from introduction onto its systems of incorrect programming language by its employees.

An irrecoverable loss of any of the databases would be expensive to remedy and would have a material adverse effect on the Company's operations and financial position, and would damage its business reputation and brands.

(d) Hacking and vandalism

The business of the Company may be adversely affected by malicious third-party applications such as viruses, worms and other malicious software programs, which could, amount others, jeopardise the security information stored the user's computer of in the Company's computer systems or attempt to change the experience of users by interfering with the Company's ability to connect with its users.

If the Company's efforts to combat these malicious applications are unsuccessful, or if the websites have actual or perceived vulnerabilities, the Company's business reputation and brand name may be harmed, which may result in a material adverse effect on the Company's operations and financial position.

(e) Unauthorised use of intellectual property or independent development of technology

The Company regards substantial elements of the websites, software, tools, applications, buyer databases and underlying technology as proprietary. Despite precautionary measures, third parties may copy or otherwise obtain and use the Company's proprietary information without authorisation or may develop similar technology independently.

In addition, competitors may be able to design around the Company's technology or develop competing technologies substantially similar to those of the Company's without any infringement of the Company's proprietary rights. Any legal action that the Company may bring to protect its intellectual property could be unsuccessful and expensive and would divert management's attention from its business operations.

(f) Reliance on third party app store providers

Many of the Company's mobile games are available through the Apple App Store and Google Play Store platforms. Any changes in the practices or provision of these platforms could have an adverse effect on the prospects and financial performance of the Company. There is also a risk that these platforms may suffer technical problems which could impact their ability to provide the Company's games to users and affect the performance of the Company.

The Company can also give no guarantees that Apple and Good will continue to allow the Company's games to be made available through their respective platforms.

(g) Commercialisation Risk

The Company may not be successful in developing games which are attractive and are actually played by users. This would have an adverse effect on the Company's profitability and performance.

### **Environmental Issues**

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### **Audit/Non-Audit Services**

Auditors' remuneration is disclosed In Note 7. No non-audit services have been provided by the auditor or their related practices.

### **Indemnifying Officers or Auditors**

An indemnity has been given by the Company in favour of the directors to the extent that Corporations Act 2001 allows. No payment or agreement has been given in relation to a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

No other insurance premiums of indemnity has been paid or provided in respect of any directors or auditors.

### **Capital Raising and Capital Structure**

As at 31 December 2023, the Company has 1,306,205,684 fully paid ordinary shares. During the year, a total of 20,000 fully paid ordinary shares were issued. Please refer to Note 22 - Issued capital for further details.

### **Summary of Options**

Table below reflects the options on issue at the date of this report.

| <b>Issuing entity</b>      | <b>Issue Date</b> | <b>Number of shares</b> | <b>Class of shares</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|----------------------------|-------------------|-------------------------|------------------------|-----------------------|--------------------|
| iCandy Interactive Limited | 31 March 2021     | 24,250,002              | Unlisted options       | \$0.130               | 31 March 2025      |

Option holders do not have any rights to participate in any issues or other interest in the company or any other entity.

For details of options issued to directors and executives as remuneration, refer to Remuneration Report.

There have been no shares issued since the end of the financial year resulting from exercise of options.

### **Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required by section 307c of the Corporations Act 2001 is attached on page 22.

**REMUNERATION REPORT - AUDITED**

This remuneration report sets out remuneration information for non-executive directors, executive directors and other key management personnel.

**Remuneration Policies**

Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executives. The Board may obtain independent advice on the appropriateness of remuneration packages. No independent advice was sought during or since the end of the period under review with regards to remuneration.

There are no schemes for retirement benefits.

The directors are reimbursed for expenses incurred by them in the course of their duties as directors of the company.

There is no link between the provision of any monetary benefits and performance of the company.

The Group's earnings and movement in shareholder's wealth for the past five years are detailed in the following table:

|                                  | 31 December 2023 | 31 December 2022 | 31 December 2021 | 31 December 2020 | 31 December 2019 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Revenue                          | 26,105,408       | 29,154,213       | 1,943,631        | 3,592,855        | 2,237,230        |
| Net (loss) before tax            | (12,884,270)     | 59,423           | (4,180,260)      | (177,513)        | (2,132,065)      |
| Net (loss) after tax             | (14,184,178)     | (1,687,740)      | (4,180,260)      | (179,737)        | (2,323,035)      |
| Share price at start of the year | \$0.050          | \$0.140          | \$0.130          | \$0.030          | \$0.050          |
| Share price at end of the year   | \$0.028          | \$0.050          | \$0.140          | \$0.130          | \$0.030          |
| Dividends paid                   | -                | -                | -                | -                | -                |
| Basic (loss) per share           | (1.01)           | (0.05)           | (0.69)           | (0.11)           | (0.68)           |

**Key management remuneration policy**

The key management personnel of the company are represented by the directors.

The key management personnel remuneration policy is therefore the same as the directors' remuneration policy.

**Directors and executives disclosed in this report**

| Name  | Position Held                   | Contract Details (duration & termination) |
|---|---------------------------------|---|
| Kin Wai Lau   | Executive Director and Chairman | No fixed term                             |
| Robert Kolodziej  | Non-Executive Director          | No fixed term                             |
| Marcus Ungar  | Non-Executive Director          | No fixed term                             |
| Christopher Whiteman  | Non-Executive Director          | No fixed term                             |
| Foong Ka King (Appointed 3 May 2023, Resigned 10 November 2023) | Executive Director              | No fixed term                             |
| Irene Wong (Appointed 3 May 2023, Resigned 10 November 2023)    | Non-Executive Director          | No fixed term                             |

**Remuneration of Directors and Other Key Management Personnel (KMP) for the Year Ended 31 December 2023**

|                      | Salaries, fees and leave | Shares, Options/Incentive Rights | Superannuation | Total          |
|----------------------|--------------------------|----------------------------------|----------------|----------------|
| Kin Wai Lau          | 218,143                  | -                                | -              | 218,143        |
| Robert Kolodziej     | 12,000                   | -                                | -              | 12,000         |
| Marcus Ungar         | 18,000                   | -                                | -              | 18,000         |
| Christopher Whiteman | 12,000                   | -                                | -              | 12,000         |
| Foong Ka King        | 389,782                  | -                                | 38,323         | 428,105        |
| Irene Wong           | -                        | -                                | -              | -              |
|                      | <u>649,925</u>           | <u>-</u>                         | <u>38,323</u>  | <u>688,248</u> |

**Remuneration of Directors and Other Key Management Personnel (KMP) for the Year Ended 31 December 2022**

|                      | Salaries, fees and leave | Shares, Options/Incentive Rights | Superannuation | Total          |
|----------------------|--------------------------|----------------------------------|----------------|----------------|
| Kin Wai Lau          | 245,427                  | -                                | -              | 245,427        |
| Robert Kolodziej     | 12,000                   | -                                | -              | 12,000         |
| Marcus Ungar         | 18,000                   | -                                | -              | 18,000         |
| Christopher Whiteman | 12,000                   | -                                | -              | 12,000         |
|                      | <u>287,427</u>           | <u>-</u>                         | <u>-</u>       | <u>287,427</u> |

No post-employment benefits were paid to the directors. The directors do not participate in any incentive programs.

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**REMUNERATION REPORT**



**KMP Shareholdings**

The number of ordinary shares in iCandy Interactive Limited held by each KMP of the Group during the financial year are as follows:

| <b>Name</b>                       | <b>Balance at beginning of year</b> | <b>Granted as remuneration during the year</b> | <b>Issued on exercise of options during the year</b> | <b>Other changes during the year</b> | <b>Balance at end of year</b> |
|-----------------------------------|-------------------------------------|--|--|--------------------------------------|-------------------------------|
| Kin Wai Lau <sup>1</sup>          | 194,050,001                         | -  | -  | -                                    | 194,050,001                   |
| Robert Kolodziej                  | 250,000                             | -  | -  | -                                    | 250,000                       |
| Marcus Ungar                      | -                                   | -  | -  | -                                    | -                             |
| Christopher Whiteman <sup>2</sup> | 127,964,937                         | -  | -  | -                                    | 127,964,937                   |
| Foong Ka King                     | 117,661,967                         | -  | -  | -                                    | 117,661,967                   |
| Irene Wong                        | -                                   | -  | -  | -                                    | -                             |

<sup>1</sup>192,500,001 Shares are held in Fatfish Internet Pte Ltd, a subsidiary of Fatfish Group Limited, of which Mr Kin Wai Lau is a director.

<sup>2</sup>Shares held in Animoca Brands Limited, a 100% owned subsidiary of Animoca Brands Corporation Limited of which Mr Whiteman is a Non-Executive director.

The number of listed and unlisted options in iCandy Interactive Limited held by each KMP of the Group during the financial year are as follows:

| <b>Name</b>                       | <b>Balance at beginning of year</b> | <b>Granted as remuneration during the year</b> | <b>Issued on exercise of options during the year</b> | <b>Other changes during the year</b> | <b>Balance at end of year</b> |
|-----------------------------------|-------------------------------------|--|--|--------------------------------------|-------------------------------|
| Kin Wai Lau <sup>1</sup>          | -                                   | -  | -  | -                                    | -                             |
| Robert Kolodziej                  | -                                   | -  | -  | -                                    | -                             |
| Marcus Ungar                      | -                                   | -  | -  | -                                    | -                             |
| Christopher Whiteman <sup>2</sup> | -                                   | -  | -  | -                                    | -                             |
| Fei                               | -                                   | -  | -  | -                                    | -                             |
| Irene                             | -                                   | -  | -  | -                                    | -                             |

**Share options granted to directors and executives**

No shares or options were granted to Directors or Executives during the year.

At the end of the financial year, no unlisted options were held by any Director and other key management personnel, directly and indirectly.

**Other transactions and balances with Key Management Personnel:**

There were no other transactions and balances during the reporting period. In 2017, Mr Kin Wai Lau had loaned Appxplore (iCandy) Limited SGD \$200,000 with an additional SGD \$5,600 during the reporting period. The balance as at 31 December 2022 is AUD \$225,884 (SGD \$205,600).

Consulting fees of \$36,000 were paid to Mr Christopher Whiteman's associated company.

At the Company's last Annual General Meeting, Resolution 1 - Adoption of Remuneration Report was passed with more than 75% votes. The maximum pool of Non-Executive director fees is AUD \$250,000.

No external remuneration consultants were engaged during the year.

**This concludes the remuneration report, which has been audited.**

The Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.

Mr Kin Wai Lau  
 Director  
 Dated 28 March 2024

To the Board of Directors,

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

As lead audit Director for the audit of the financial statements of iCandy Interactive Limited for the financial year ended 31 December 2023, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

*Hall Chadwick*

**HALL CHADWICK WA AUDIT PTY LTD**



**CHRIS NICOLOFF** CA  
**Director**

Dated this 28<sup>th</sup> day of March 2024  
Perth, Western Australia



**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**



|  |      | Group                      |                           |
|--|------|----------------------------|---------------------------|
|  | Note | 2023<br>\$                 | 2022<br>\$                |
| <b>Continuing operations</b>   |      |                            |                           |
| <b>Revenue</b>   | 3    | 26,105,408                 | 29,154,213                |
| Other income   | 3    | 3,814,282                  | 697,889                   |
| Cost of sales  |      | <u>(13,774,270)</u>        | <u>(13,565,095)</u>       |
|  |      | 16,145,420                 | 16,287,007                |
| Unrealised foreign currency gain/(losses)  |      | (140,570)                  | (487,658)                 |
| Unrealised movement in digital currencies  |      | (1,077,539)                | (261,011)                 |
| Acquisition costs  |      | -                          | (2,250,000)               |
| Marketing expenses   |      | (397,482)                  | (468,142)                 |
| Audit fees   |      | (157,966)                  | (73,150)                  |
| Legal and professional fees  |      | (1,898,258)                | (1,468,981)               |
| Occupancy expenses   |      | (775,881)                  | (720,022)                 |
| Employee benefits expense  |      | (8,296,038)                | (7,954,792)               |
| Depreciation and amortisation expense  |      | (4,659,264)                | (3,203,889)               |
| Gain on fair value of put option   |      | -                          | 4,274,253                 |
| Impairment expense   | 15   | (7,460,729)                | (647,345)                 |
| Computer expenses  |      | (310,558)                  | (212,474)                 |
| Share based payments   |      | (108,266)                  | (170,846)                 |
| Other expenses   | 4    | (864,185)                  | (1,876,792)               |
| Travel expenses  |      | (547,110)                  | (465,910)                 |
| Bad debt expense   |      | (1,964,468)                | -                         |
| Finance costs  |      | (371,376)                  | (240,825)                 |
| <b>Profit/(Loss) before income tax</b>   | 4    | <u>(12,884,270)</u>        | <u>59,423</u>             |
| Tax expense  | 5    | (1,299,908)                | (1,747,163)               |
| <b>Net loss for the year</b>   | 4    | <u><u>(14,184,178)</u></u> | <u><u>(1,687,740)</u></u> |
| <b>Other comprehensive income:</b>   |      |                            |                           |
| <b>Items that may be reclassified subsequently to profit or loss when specific conditions are met:</b> |      |                            |                           |
| Exchange differences on translating foreign operations, net of tax                                     |      | (3,059,488)                | 630,285                   |
| Fair value increase/(decrease) in investment holdings  |      | (1,046,498)                | (4,910,331)               |
| Fair value increase/(decrease) in digital asset holdings   |      | -                          | (660,950)                 |
|  |      | <u>(4,105,986)</u>         | <u>(4,940,996)</u>        |
| <b>Total other comprehensive income/(loss) for the year</b>  |      | <u><u>(4,105,986)</u></u>  | <u><u>(4,940,996)</u></u> |
| <b>Total comprehensive income for the year</b>   |      | <u><u>(18,290,164)</u></u> | <u><u>(6,628,736)</u></u> |
| Net profit attributable to:  |      |                            |                           |
| Owners of the parent entity  |      | (13,180,640)               | (1,495,406)               |
| Non-controlling interest   |      | <u>(1,003,538)</u>         | <u>(192,334)</u>          |
|  |      | <u><u>(14,184,178)</u></u> | <u><u>(1,687,740)</u></u> |
| Total comprehensive income attributable to:  |      |                            |                           |
| Members of the parent entity   |      | (18,418,204)               | (6,628,979)               |
| Non-controlling interest   |      | 128,040                    | 243                       |
|  |      | <u><u>(18,290,164)</u></u> | <u><u>(6,628,736)</u></u> |
| <b>Earnings per share</b>  |      |                            |                           |
| From continuing and discontinued operations:   |      |                            |                           |
| Basic/Diluted earnings per share (cents)   | 8    | (1.01)                     | (0.05)                    |

The accompanying notes form part of these financial statements.

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**



|  |      | Group             |                   |
|--|------|-------------------|-------------------|
|  | Note | 2023<br>\$        | 2022<br>\$        |
| <b>Assets</b>                                      |      |                   |                   |
| <b>Current Assets</b>                              |      |                   |                   |
| Cash and cash equivalents                          | 9    | 6,383,581         | 18,177,415        |
| Trade and other receivables                        | 10   | 4,059,767         | 4,685,490         |
| Other financial assets                             | 12   | 954,383           | 2,537,667         |
| Other assets                                       | 16   | 4,087,747         | 2,257,335         |
| <b>Total Current Assets</b>                        |      | <b>15,485,478</b> | <b>27,657,907</b> |
| <b>Non-Current Assets</b>                          |      |                   |                   |
| Financial Assets - Fair value OCI                  | 11   | 1,117,357         | 2,270,161         |
| Other financial assets                             | 12   | -                 | 521,371           |
| Property, plant and equipment                      | 14   | 11,422,732        | 10,230,907        |
| Intangible assets                                  | 15   | 44,635,075        | 50,797,542        |
| Right-of-use assets                                | 17   | 1,302,229         | 1,610,906         |
| Deferred tax assets                                |      | 129,683           | 161,075           |
| Current tax assets                                 |      | 4,580             | -                 |
| <b>Total Non-Current Assets</b>                    |      | <b>58,611,656</b> | <b>65,591,962</b> |
| <b>Total Assets</b>                                |      | <b>74,097,134</b> | <b>93,249,869</b> |
| <b>Liabilities</b>                                 |      |                   |                   |
| <b>Current Liabilities</b>                         |      |                   |                   |
| Lease liabilities                                  | 17   | 853,914           | 632,452           |
| Trade and other payables                           | 18   | 1,715,484         | 3,324,646         |
| Borrowings   | 19   | 3,779,878         | 1,918,163         |
| Other financial liabilities                        | 20   | 537,192           | 239,668           |
| Current tax liabilities                            | 5    | -                 | 501,706           |
| Provisions   | 21   | -                 | 110,494           |
| Deferred tax liabilities                           |      | -                 | -                 |
| <b>Total Current Liabilities</b>                   |      | <b>6,886,468</b>  | <b>6,727,129</b>  |
| <b>Non-Current Liabilities</b>                     |      |                   |                   |
| Lease liabilities                                  | 17   | 306,166           | 1,025,703         |
| Borrowings   | 19   | 2,203,528         | 2,556,205         |
| <b>Total Non-Current Liabilities</b>               |      | <b>2,509,694</b>  | <b>3,581,908</b>  |
| <b>Total Liabilities</b>                           |      | <b>9,396,162</b>  | <b>10,309,037</b> |
| <b>Net Assets</b>                                  |      | <b>64,700,972</b> | <b>82,940,832</b> |
| <b>Equity</b>                                      |      |                   |                   |
| Issued capital                                     | 22   | 115,238,761       | 115,296,721       |
| Reserves   | 30   | (25,743,149)      | (20,986,914)      |
| Retained earnings                                  |      | (24,940,120)      | (12,389,953)      |
| Equity attributable to owners of the parent entity |      | 64,555,492        | 81,919,854        |
| Non-controlling interest                           |      | 145,480           | 1,020,978         |
| <b>Total Equity</b>                                |      | <b>64,700,972</b> | <b>82,940,832</b> |

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES  
ABN: 87 604 871 712  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023



|  | Issued Capital | Accumulated Losses | Reserves                             |                |                          |  |                                    | Subtotal     | Non-controlling interests | Total       |                            |
|--|----------------|--------------------|--------------------------------------|----------------|--------------------------|--|------------------------------------|--------------|---------------------------|-------------|----------------------------|
|  |                |                    | Foreign Currency Translation Reserve | Option Reserve | Financial Assets Reserve | Transactions with non-controlling interest | Digital Assets Revaluation Reserve |              |                           |             | Other Components of Equity |
|  | \$             | \$                 | \$                                   | \$             | \$                       | \$   | \$                                 | \$           | \$                        | \$          |                            |
| <b>Consolidated Group</b>  |                |                    |                                      |                |                          |  |                                    |              |                           |             |                            |
| <b>Balance at 1 January 2022</b>   | 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                 |
| <b>Comprehensive income</b>  |                |                    |                                      |                |                          |  |                                    |              |                           |             |                            |
| Loss for the year  | -              | (1,495,406)        | -                                    | -              | -                        | -  | -                                  | -            | (1,495,406)               | (192,334)   | (1,687,740)                |
| Other comprehensive income for the year  | -              | -                  | 630,042                              | -              | (4,910,331)              | -  | (660,950)                          | -            | (4,941,239)               | 243         | (4,940,996)                |
| <b>Total comprehensive income for the year</b>                                       | -              | (1,495,406)        | 630,042                              | -              | (4,910,331)              | -  | (660,950)                          | -            | (6,436,645)               | (192,091)   | (6,628,736)                |
| <b>Transactions with owners, in their capacity as owners, and other transfers</b>    |                |                    |                                      |                |                          |  |                                    |              |                           |             |                            |
| Shares issued during the year  | 65,778,271     | -                  | -                                    | (20,667)       | -                        | -  | -                                  | -            | 65,757,604                | -           | 65,757,604                 |
| Transaction costs net of tax   | (2,575,472)    | -                  | -                                    | -              | -                        | -  | -                                  | -            | (2,575,472)               | -           | (2,575,472)                |
| Shares bought back during the year   | (6,006,944)    | -                  | -                                    | -              | -                        | -  | -                                  | -            | (6,006,944)               | -           | (6,006,944)                |
| Options expired during the year  | -              | 1,998,072          | -                                    | (1,998,072)    | -                        | -  | -                                  | -            | -                         | -           | -                          |
| Options issued during the year   | -              | -                  | -                                    | 654,696        | -                        | -  | -                                  | -            | 654,696                   | -           | 654,696                    |
| Vesting of performance rights and options during the year                            | -              | -                  | -                                    | 170,846        | -                        | -  | -                                  | -            | 170,846                   | -           | 170,846                    |
| Acquisition of additional ownership in Digital Games International Pte Ltd           | -              | -                  | -                                    | -              | -                        | (3,266,363)                                | -                                  | -            | (3,266,363)               | 2,814,853   | (451,510)                  |
| 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 subsidiaries acquired                    | -              | -                  | -                                    | -              | -                        | -  | -                                  | -            | -                         | 3,346,849   | 3,346,849                  |
| <b>Total transactions with owners and other transfers</b>                            | 57,195,855     | 1,998,072          | -                                    | (1,193,197)    | -                        | (3,266,363)                                | -                                  | -            | 54,734,367                | 1,131,019   | 55,865,386                 |
| <b>Balance at 31 December 2022</b>   | 115,296,721    | (12,389,953)       | 801,093                              | 963,792        | (4,438,008)              | (3,266,363)                                | -                                  | (15,047,428) | 81,919,854                | 1,020,978   | 82,940,832                 |
| <b>Balance at 1 January 2023</b>   | 115,296,721    | (12,389,953)       | 801,093                              | 963,792        | (4,438,008)              | (3,266,363)                                | -                                  | (15,047,428) | 81,919,854                | 1,020,978   | 82,940,832                 |
| <b>Comprehensive income</b>  |                |                    |                                      |                |                          |  |                                    |              |                           |             |                            |
| Profit for the year  | -              | (13,180,640)       | -                                    | -              | -                        | -  | -                                  | -            | (13,180,640)              | (1,003,538) | (14,184,178)               |
| Other comprehensive income for the year  | -              | -                  | (3,187,528)                          | -              | (1,046,498)              | -  | -                                  | -            | (4,234,026)               | 128,040     | (4,105,986)                |
| <b>Total comprehensive income for the year</b>                                       | -              | (13,180,640)       | (3,187,528)                          | -              | (1,046,498)              | -  | -                                  | -            | (17,414,666)              | (875,498)   | (18,290,164)               |
| <b>Transactions with owners, in their capacity as owners, and other transactions</b> |                |                    |                                      |                |                          |  |                                    |              |                           |             |                            |
| Shares issued during the year  | 500            | -                  | -                                    | -              | -                        | -  | -                                  | -            | 500                       | -           | 500                        |
| Shares bought back during the year   | (58,460)       | -                  | -                                    | -              | -                        | -  | -                                  | -            | (58,460)                  | -           | (58,460)                   |
| Vesting of performance rights and options during the year                            | -              | -                  | -                                    | 108,264        | -                        | -  | -                                  | -            | 108,264                   | -           | 108,264                    |
| Options expired during the year  | -              | 630,473            | -                                    | (630,473)      | -                        | -  | -                                  | -            | -                         | -           | -                          |
| <b>Total transactions with owners and other transactions</b>                         | (57,960)       | 630,473            | -                                    | (522,209)      | -                        | -  | -                                  | -            | 50,304                    | -           | 50,304                     |
| <b>Balance at 31 December 2023</b>   | 115,238,761    | (24,940,120)       | (2,386,435)                          | 441,583        | (5,484,506)              | (3,266,363)                                | -                                  | (15,047,428) | 64,555,492                | 145,480     | 64,700,972                 |

The accompanying notes form part of these financial statements.

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**



|   | <b>Group</b>              |                          |
|---|---------------------------|--------------------------|
| <b>Note</b>   | <b>2023</b>               | <b>2022</b>              |
|   | <b>\$</b>                 | <b>\$</b>                |
| <b>Cash flows from Operating Activities</b>                     |                           |                          |
| Receipts from customers   | 29,244,835                | 30,764,519               |
| Interest received   | 212,905                   | 135,802                  |
| Payments to suppliers and employees                             | (35,340,929)              | (29,215,953)             |
| Finance costs   | (371,376)                 | (240,825)                |
| Income tax paid   | (1,299,908)               | (1,504,481)              |
| Net cash generated by operating activities                      | 24a <u>(7,554,473)</u>    | <u>(60,938)</u>          |
| <b>Cash flows from Investing Activities</b>                     |                           |                          |
| Purchase of property, plant and equipment                       | (4,559,410)               | (1,807,189)              |
| Purchase of intangibles   | (1,321,748)               | (2,047,835)              |
| Payments made for short-term investments                        | -                         | (1,095,371)              |
| Payment made for acquisition of subsidiaries                    | -                         | (20,647,256)             |
| Acquisition of subsidiary cash                                  | -                         | 12,146,452               |
| Proceeds from sale of investments                               | (6,400)                   | -                        |
| Purchase of investments   | (1,105,901)               | (457,284)                |
| Net loan to related parties                                     | 1,812,383                 | (209,289)                |
| Net cash (used in)/generated by investing activities            | <u>(5,181,076)</u>        | <u>(14,117,772)</u>      |
| <b>Cash flows from Financing Activities</b>                     |                           |                          |
| Proceeds from issue of shares                                   | -                         | 23,232,205               |
| Proceeds from exercise of options                               | -                         | 674,990                  |
| Payments for capital raising costs                              | -                         | (32,780)                 |
| Repayment of lease liabilities                                  | (690,093)                 | (217,954)                |
| Share buy-back payment  | (58,460)                  | (6,006,944)              |
| Proceeds from borrowings  | 4,826,961                 | 358,562                  |
| Repayment of borrowings - other                                 | (3,317,923)               | (3,975,238)              |
| Net cash provided by (used in) financing activities             | <u>760,485</u>            | <u>14,032,841</u>        |
| Net increase in cash held                                       | (11,975,064)              | (145,869)                |
| Cash and cash equivalents at beginning of financial year        | 18,177,415                | 18,306,705               |
| Effect of exchange rates on cash holdings in foreign currencies | 181,230                   | 16,579                   |
| Cash and cash equivalents at end of financial year              | 9 <u><u>6,383,581</u></u> | <u><u>18,177,415</u></u> |

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of iCandy Interactive Limited and Controlled Entities ("group").

The financial statements were authorised for issue on 28 March 2024 by the directors of the company.

## **Note 1 Summary of Significant Accounting Policies**

### **Basis of Preparation**

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### **(a) Principles of Consolidation**

iCandy Interactive Limited's financial statements consolidated those of the Parent Company and all of its subsidiaries as of 31 December 2023. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

### **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.

**Note 1: Summary of Significant Accounting Policies (continued)**

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 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

**(b) Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probably that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**Note 1: Summary of Significant Accounting Policies (continued)**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**(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) 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 interests 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

**(e) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

**Property**

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated impairment losses and accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

**Note 1: Summary of Significant Accounting Policies (continued)**

**Plant and equipment**

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| <b>Class of Fixed Asset</b> | <b>Depreciation Rate</b> |
|-----------------------------|--------------------------|
| Buildings                   | 2-5%                     |
| Leasehold improvements      | 10-25%                   |
| Plant and equipment         | 10-25%                   |
| Signages                    | 10-25%                   |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**(f) Leases (the Group as lessee)**

**The Group as lessee**

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.



**Note 1: Summary of Significant Accounting Policies (continued)**

**(g) Financial Instruments**

**Recognition and Initial Measurement**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

**Classification and Subsequent Measurement**

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

**(i) Financial assets at fair value through profit or loss**

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

**(iii) Financial Liabilities**

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

**Impairment**

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss" event) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

**Note 1: Summary of Significant Accounting Policies (continued)**

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

**(h) Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(i) Investments in Associates**

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the company's share of net assets of the associate. In addition, the Company's share of the profit or loss and other comprehensive income is included in the financial statements.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Company's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's interest in the associate.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Company will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

The requirements of AASB 128: *Investments in Associates and Joint Ventures* and AASB 9: *Financial Instruments* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136: *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

**(j) 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.

**Note 1: Summary of Significant Accounting Policies (continued)**

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.

**(k) 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.

**(l) 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.

**(m) Employee Benefits**

**Short-term employee benefits**

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Note 1: Summary of Significant Accounting Policies (continued)**

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**(n) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(o) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and deposits available on demand with banks. Bank overdrafts are reporting within short-term borrowings in current liabilities in the statement of financial position.

**(p) Revenue and Other Income**

**Accounting policy for revenue recognition**

Revenue is recognised and measure 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.

*Game development revenue*

The Company receives revenue for the provision of creative art and animation for games and media contents. The game development 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.

**(q) Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

**Note 1: Summary of Significant Accounting Policies (continued)**

**(r) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(s) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**(t) Government Grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

**(u) Comparative Figures**

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

**(v) 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 line over the period of the expected benefit, being 3 years. Impairment testing is undertaken when impairment indicators exist.

*(ii) Key Estimate - Taxation*

Refer to Note 5 - Income Tax

*(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, using the assumptions detailed in Note 25 - Share-based payments.

*(v) Key judgements and estimates - Digital Currencies*

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 year ending 31 December 2023 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.

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**



**Note 1: Summary of Significant Accounting Policies (continued)**

(vi) 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.

**(w) Going Concern**

The financial report has been prepared on a going concern basis which assumes the settlement of liabilities and the realisation of assets in the normal course of business.

The Group has incurred a loss of \$12,884,270 (31 December 2022: profit of \$59,423) before income tax expense of \$1,299,908 (31 December 2022: \$1,747,163) and experienced net cash outflows from operating activities of \$7,554,473 (31 December 2022: net cash outflows of \$60,938). The Group had cash and cash equivalents of \$6,383,581 (31 December 2022: \$18,177,415).

The Directors believe that the Group will be able to continue as a going concern after considering the following factors.

- the loss for the year is mainly attributable to non-cash items such as depreciation and amortisation of \$4,659,264, unrealised movement in fair value of digital currencies of \$1,077,539 and impairment expense of \$7,460,729.
- Recognising that the priority of the Board and management remains revenue growth and cost reductions.

The Directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period following the signing of this financial report.

**Note 2 Parent Information**

The following information has been extracted from the books and records of the financial information of the parent entity set out below and has been prepared in accordance with Australian Accounting Standards.

|   | <b>2023</b>        | <b>2022</b>       |
|---|--------------------|-------------------|
|   | \$                 | \$                |
| <b>Statement of Financial Position</b>                            |                    |                   |
| Assets  |                    |                   |
| Current Assets  | 1,355,438          | 4,179,063         |
| Non-current Assets  | 63,879,917         | 69,741,633        |
| Total Assets  | <u>65,235,355</u>  | <u>73,920,696</u> |
| Liabilities   |                    |                   |
| Current Liabilities   | 99,307             | (374,149)         |
| Non-current Liabilities   | -                  | -                 |
| Total Liabilities   | <u>99,307</u>      | <u>(374,149)</u>  |
| Net Assets  | <u>65,136,048</u>  | <u>74,294,845</u> |
| Equity  |                    |                   |
| Issued Capital  | 115,238,760        | 115,296,720       |
| Retained earnings   | (40,104,869)       | (34,022,465)      |
| Reserves  | (9,997,843)        | (6,979,410)       |
| Total Equity  | <u>65,136,048</u>  | <u>74,294,845</u> |
| <b>Statement of Profit or Loss and Other Comprehensive Income</b> |                    |                   |
| Loss for the year   | (3,612,626)        | 912,687           |
| Other comprehensive income for the year                           | -                  | -                 |
| Total comprehensive income  | <u>(3,612,626)</u> | <u>912,687</u>    |

**Note 3 Revenue and Other Income**

The Group has recognised the following amounts relating to revenue in the statement of profit or loss.

|   | Group             |                   |
|---|-------------------|-------------------|
|   | 2023              | 2022              |
|   | \$                | \$                |
| <b>(a) Revenue from continuing operations</b> |                   |                   |
| Sales revenue                                 |                   |                   |
| - sale of in-app applications                 | 511,343           | 1,036,266         |
| - ads and sponsorships                        | 159,814           | 784,730           |
| - publishing income                           | 573,306           | 425,405           |
| - services - games                            | 17,844,227        | 17,916,996        |
| - services - animations                       | 7,016,718         | 8,990,816         |
|   | <u>26,105,408</u> | <u>29,154,213</u> |
| <b>(b) Other Income</b>                       |                   |                   |
| - interest received                           | 212,905           | 135,802           |
| - other income                                | 80,431            | 273,743           |
| - grant received                              | 3,368,904         | -                 |
| - realised foreign exchange gain              | 73,578            | 288,344           |
| - realised loss from investments              | (6,399)           | -                 |
| - unrealised gain from investments            | 84,863            | -                 |
|   | <u>3,814,282</u>  | <u>697,889</u>    |

**Note 4 Profit for the Year**

|   | Note | Group          |                  |
|---|------|----------------|------------------|
|   |      | 2023           | 2022             |
|   |      | \$             | \$               |
| Profit before income tax from continuing operations includes the following specific expenses: |      |                |                  |
| <b>(a) Included in other expenses</b>   |      |                |                  |
| — listing and filing fees   |      | 75,968         | 218,758          |
| — management fees   |      | 162,784        | 715,503          |
| — office related expense  |      | 157,327        | 304,788          |
| — due and subscriptions   |      | 25,746         | 84,470           |
| — insurance expense   |      | 161,031        | 149,829          |
| — conference expense  |      | 49,222         | 24,906           |
| — other miscellaneous expense   |      | 232,107        | 378,538          |
|   |      | <u>864,185</u> | <u>1,876,792</u> |

**Note 5 Tax Expense**

|  | <b>Group</b>       |                    |
|--|--------------------|--------------------|
|  | <b>2023</b>        | <b>2022</b>        |
|  | <b>\$</b>          | <b>\$</b>          |
| (a) The components of tax (expense) income comprise:   |                    |                    |
| Current financial year income tax expense  | (1,026,307)        | (1,747,163)        |
| Under provision of prior year income tax expense   | (273,601)          | -                  |
|  | <u>(1,299,908)</u> | <u>(1,747,163)</u> |
| (b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:   |                    |                    |
| Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 26%)  |                    |                    |
| — consolidated group   | (3,221,068)        | 14,856             |
| Add:   |                    |                    |
| Tax effect of:   |                    |                    |
| — permanent differences  | 2,055,297          | (1,125,102)        |
| — temporary differences  | -                  | 395,728            |
| — income tax payable by foreign subsidiary   | (1,299,908)        | (1,747,163)        |
| — differences in tax rates in foreign jurisdictions  | -                  | -                  |
| — tax losses not recognised  | 1,439,371          | 714,518            |
|  | <u>(1,026,308)</u> | <u>(1,747,163)</u> |
| (c) <b>Deferred tax assets not brought into account</b>  |                    |                    |
| Deferred tax assets not brought to account, the benefits of which will only be realised if it is probable that taxable profit will be available against which the unutilised tax losses can be utilised. |                    |                    |
| Temporary differences  |                    |                    |
| Tax Losses:  |                    |                    |
| — Operating losses   | 13,007,253         | 7,249,770          |
| Current tax liability  | -                  | 501,706            |

**Note 6 Key Management Personnel Compensation**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 31 December 2023.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

|                              | <b>2023</b>    | <b>2022</b>    |
|------------------------------|----------------|----------------|
|                              | <b>\$</b>      | <b>\$</b>      |
| Short-term employee benefits | 688,248        | 287,427        |
| Post-employment benefits     | -              | -              |
| Total KMP compensation       | <u>688,248</u> | <u>287,427</u> |

**Short-term employee benefits**

These amounts include fees and benefits paid to the non-executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

**Post-employment benefits**

These amounts are the current year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.



**Note 7 Auditor's Remuneration**

|  | Group          |               |
|--|----------------|---------------|
|  | 2023           | 2022          |
|  | \$             | \$            |
| Remuneration of the auditor for:                                 |                |               |
| — auditing or reviewing the financial statements                 | 106,712        | 67,160        |
|  | <u>106,712</u> | <u>67,160</u> |
| Remuneration of other auditors of subsidiaries for:              |                |               |
| — auditing or reviewing the financial statements of subsidiaries | 51,254         | 5,990         |

**Note 8 Earnings per Share**

|  | Group                |                      |
|--|----------------------|----------------------|
|  | 2023                 | 2022                 |
|  | \$                   | \$                   |
| (a) Reconciliation of earnings to profit or loss   |                      |                      |
| Loss   | (13,180,640)         | (1,495,406)          |
| Losses used in the calculation of basic and dilutive EPS   | <u>(13,180,640)</u>  | <u>(1,495,406)</u>   |
|  | <b>No.</b>           | <b>No.</b>           |
| (b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 1,306,203,102        | 1,226,304,763        |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS  | <u>1,306,203,102</u> | <u>1,226,304,763</u> |
| (c) Basic and diluted losses per share (cents)   | <u>(1.01)</u>        | <u>(0.05)</u>        |

**Note 9 Cash and Cash Equivalents**

|  | Group            |                   |
|--|------------------|-------------------|
|  | 2023             | 2022              |
|  | \$               | \$                |
| Cash at bank and on hand   | 6,383,581        | 18,177,415        |
|  | <u>6,383,581</u> | <u>18,177,415</u> |
| <b>Reconciliation of cash</b>  |                  |                   |
| Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows: |                  |                   |
| Cash and cash equivalents  | 6,383,581        | 18,177,415        |
|  | <u>6,383,581</u> | <u>18,177,415</u> |

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**



**Note 10 Trade and Other Receivables**

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>2023</b>      | <b>2022</b>      |
|   | <b>\$</b>        | <b>\$</b>        |
| <b>CURRENT</b>                            |                  |                  |
| Trade receivables                         | 4,414,410        | 4,308,086        |
| Provision for impairment                  | (772,475)        | (753,206)        |
|   | <u>3,641,935</u> | <u>3,554,880</u> |
| Other receivables                         | 242,147          | 1,026,425        |
| GST receivables                           | 131,699          | 89,453           |
| Tax refundable                            | 43,986           | 14,732           |
| Total current trade and other receivables | <u>4,059,767</u> | <u>4,685,490</u> |

Movements in the provision for impairment of trade and other receivables were as follows:

|  | <b>Group</b>   |                |
|--|----------------|----------------|
|  | <b>2023</b>    | <b>2022</b>    |
|  | <b>\$</b>      | <b>\$</b>      |
| At the beginning of the period             | 753,206        | 327,481        |
| Provision for impairment during the period | 19,269         | 425,725        |
| At the end of the period                   | <u>772,475</u> | <u>753,206</u> |

As at 31 December 2023, the ageing analysis of trade and other receivables are as follows:

|                                    | <b>Group</b>     |                  |
|------------------------------------|------------------|------------------|
|                                    | <b>2023</b>      | <b>2022</b>      |
|                                    | <b>\$</b>        | <b>\$</b>        |
| 0 - 30 Days                        | 2,871,171        | 2,753,317        |
| 31 - 60 Days                       | 25,716           | 68,341           |
| 61 - 90 Days past due not impaired | 164,808          | 234,158          |
| +90 Days past due not impaired     | 580,240          | 499,064          |
| +90 Days past due impaired         | 772,475          | 753,206          |
| At the end of the period           | <u>4,414,410</u> | <u>4,308,086</u> |

**Credit risk**

On a geographic basis, the Group has significant credit risk exposures in Malaysia given the substantial operations in that region. The Group's exposure to credit risk for receivables at the end of the reporting period in those regions are as follows:

|            | <b>Group</b>     |                  |
|------------|------------------|------------------|
|            | <b>2023</b>      | <b>2022</b>      |
|            | <b>\$</b>        | <b>\$</b>        |
| <b>AUD</b> |                  |                  |
| Australia  | 365,599          | 786,800          |
| Singapore  | 28,910           | 1,054,270        |
| Malaysia   | 3,581,548        | 2,798,894        |
| Indonesia  | 6,354            | 11,181           |
| Europe     | 77,356           | 34,345           |
|            | <u>4,059,767</u> | <u>4,685,490</u> |

**(a) Collateral Held as Security**

No collateral was held as security at balance date or date the date of this report.

|  |             | <b>Group</b>     |                  |
|--|-------------|------------------|------------------|
|  | <b>Note</b> | <b>2023</b>      | <b>2022</b>      |
|  |             | <b>\$</b>        | <b>\$</b>        |
| <b>(b) Financial Assets Measured at Amortised Cost</b> |             |                  |                  |
| Trade and other Receivables                            |             |                  |                  |
| — Total current  |             | 4,059,767        | 4,685,490        |
| — Total non-current                                    |             | -                | -                |
| Total financial assets measured at amortised cost      | 28          | <u>4,059,767</u> | <u>4,685,490</u> |

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES  
 ABN: 87 604 871 712  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2023



**Note 11 Financial Assets - Fair Value OCI**

|  | Group            |                  |
|--|------------------|------------------|
|  | 2023             | 2022             |
|  | \$               | \$               |
| Non-Current  |                  |                  |
| Fair assets - Fair value OCI   | 1,117,357        | 2,270,161        |
| <b>Total Non-Current Assets</b>  | <b>1,117,357</b> | <b>2,270,161</b> |
| <b>(a) Financial assets - Fair Value OCI</b>   |                  |                  |
| Non-Current  |                  |                  |
| Listed and unlisted investments, at fair value   |                  |                  |
| - shares in listed corporations  | 498,160          | 1,514,858        |
| - shares in unlisted corporations  | 619,197          | 755,303          |
|  | <b>1,117,357</b> | <b>2,270,161</b> |
| <b>Listed Corporations</b>   |                  |                  |
| - Financial Assets - Fair value OCI's listed corporations have been valued using quoted prices in active markets.  |                  |                  |
| Opening Balance  | 1,514,858        | 1,885,018        |
| Reclassify between listed and unlisted   | -                | 4,919,449        |
| Movement in fair value of financial assets - fair value OCI  | (1,124,719)      | (4,930,790)      |
| Movement in foreign currency   | 108,021          | (358,819)        |
| Closing Balance  | <b>498,160</b>   | <b>1,514,858</b> |
| <b>Unlisted Corporations</b>   |                  |                  |
| - 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  | 755,303          | 4,919,449        |
| Additions  | -                | 282,992          |
| Reclassify between listed and unlisted   | -                | (4,919,449)      |
| Movement in fair value of financial assets - fair value OCI  | -                | 20,459           |
| Movement in foreign currency   | (136,106)        | 451,852          |
| Closing Balance  | <b>619,197</b>   | <b>755,303</b>   |

**Note 12 Other Financial Assets**

|                                     | Group          |                  |
|-------------------------------------|----------------|------------------|
|                                     | 2023           | 2022             |
|                                     | \$             | \$               |
| Current                             |                |                  |
| Amount receivable from:             |                |                  |
| - other related parties             | 163,301        | 1,694,788        |
| - others                            | 6,675          | 2,800            |
|                                     | <b>169,976</b> | <b>1,697,588</b> |
| Other short-term investments        | 784,407        | 558,067          |
| Promissory Note                     | -              | 282,012          |
|                                     | <b>954,383</b> | <b>2,537,667</b> |
| Non-Current                         |                |                  |
| Amount receivable from:             |                |                  |
| - other related parties             | -              | 521,371          |
|                                     | <b>-</b>       | <b>521,371</b>   |
| <b>Total Other Financial Assets</b> |                |                  |
| Current                             | 954,383        | 2,537,667        |
| Non-Current                         | -              | 521,371          |
|                                     | <b>954,383</b> | <b>3,059,038</b> |

*Terms of Receivables*

All receivables are at call.

There are no securities attached.

Amount receivables of \$1,051,465 has no interest rates attached.

Amount receivables of \$439,928 (SGD 400,422) has an interest rate of 5% per annum attached.

**Note 13 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. Each subsidiary's principal place of business is also its country of incorporation.

| Name of subsidiary   | Principal place of business | Ownership interest held by the Group |          | Proportion of non-controlling interests |          |
|--|-----------------------------|--------------------------------------|----------|---|----------|
|  |                             | 2023 (%)                             | 2022 (%) | 2023 (%)                                | 2022 (%) |
| iCandy Games Limited   | British Virgin Island       | 100%                                 | 100%     | -                                       | -        |
| Lemon Sky Holdings Limited                                     | British Virgin Island       | 100%                                 | 100%     | -                                       | -        |
| Lemon Sky Animation Sdn Bhd                                    | Malaysia                    | 100%                                 | 100%     | -                                       | -        |
| Lemon Sky Seed Sdn Bhd   | Malaysia                    | 100%                                 | 100%     | -                                       | -        |
| Visual Art Workshop Sdn Bhd                                    | Malaysia                    | 100%                                 | 100%     | -                                       | -        |
| Lemon Sky Space Sdn Bhd  | Malaysia                    | 100%                                 | 100%     | -                                       | -        |
| Lemon Sky Candy Sdn Bhd  | Malaysia                    | 100%                                 | 100%     | -                                       | -        |
| Lemon Sky North Sdn Bhd  | Malaysia                    | 100%                                 | 100%     | -                                       | -        |
| Limao Games Sdn Bhd  | Malaysia                    | 100%                                 | 100%     | -                                       | -        |
| Sky Candy Sdn Bhd  | Malaysia                    | 100%                                 | 100%     | -                                       | -        |
| Lemon Sky Studios Pte Ltd                                      | Singapore                   | 100%                                 | -        | -                                       | -        |
| iCandy Media Limited   | British Virgin Island       | 100%                                 | 100%     | -                                       | -        |
| Appxplore (iCandy) Limited                                     | British Virgin Island       | 100%                                 | 100%     | -                                       | -        |
| Appxplore (iCandy) Sdn Bhd                                     | Malaysia                    | 100%                                 | 100%     | -                                       | -        |
| PT Joyseed Berbagi Sukses                                      | Indonesia                   | 67%                                  | 67%      | 33%                                     | 33%      |
| Beetleroar Sdn Bhd   | Malaysia                    | 80%                                  | 80%      | 20%                                     | 20%      |
| AF Opportunity Sdn Bhd   | Malaysia                    | 100%                                 | -        | -                                       | -        |
| Hashcode Studio Sdn Bhd (formerly known as Gameconomy Sdn Bhd) | Malaysia                    | 60%                                  | 60%      | 40%                                     | 40%      |
| Inzen (iCandy) Pte Ltd   | Singapore                   | 100%                                 | 100%     | -                                       | -        |
| Flying Sheep Studios GmbH                                      | Germany                     | 60%                                  | 60%      | 40%                                     | 40%      |
| Digital Games International Pte Ltd                            | Singapore                   | 100%                                 | 100%     | -                                       | -        |

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.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES  
ABN: 87 604 871 712  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023



**Note 14 Property, Plant and Equipment**

|                                     | Group             |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | 2023<br>\$        | 2022<br>\$        |
| <b>LAND AND BUILDINGS</b>           |                   |                   |
| Building                            |                   |                   |
| At cost                             | 9,044,366         | 7,965,008         |
| Accumulated depreciation            | (657,970)         | (532,077)         |
| Total buildings                     | <u>8,386,396</u>  | <u>7,432,931</u>  |
| Total land and buildings            | <u>8,386,396</u>  | <u>7,432,931</u>  |
| <b>PLANT AND EQUIPMENT</b>          |                   |                   |
| Plant and equipment:                |                   |                   |
| At cost                             | 2,788,184         | 2,315,969         |
| Accumulated depreciation            | (1,352,277)       | (1,015,812)       |
|                                     | <u>1,435,907</u>  | <u>1,300,157</u>  |
| Leasehold Improvements              |                   |                   |
| At cost                             | 1,674,165         | 1,375,634         |
| Accumulated depreciation            | (890,236)         | (699,977)         |
|                                     | <u>783,929</u>    | <u>675,657</u>    |
| Signage                             |                   |                   |
| At cost                             | 1,623             | 1,706             |
| Accumulated depreciation            | (1,196)           | (1,086)           |
|                                     | <u>427</u>        | <u>620</u>        |
| Furniture and Fittings              |                   |                   |
| At cost                             | 702,657           | 639,293           |
| Accumulated depreciation            | (428,850)         | (326,508)         |
|                                     | <u>273,807</u>    | <u>312,785</u>    |
| Motor Vehicles                      |                   |                   |
| At cost                             | 1,139,863         | 1,012,205         |
| Accumulated depreciation            | (597,597)         | (503,448)         |
|                                     | <u>542,266</u>    | <u>508,757</u>    |
| Total plant and equipment           | <u>3,036,336</u>  | <u>2,797,976</u>  |
| Total property, plant and equipment | <u>11,422,732</u> | <u>10,230,907</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 year.

|   | Buildings<br>\$  | Plant and<br>Equipment<br>\$ | Leasehold<br>Improvement<br>\$ | Signage<br>\$ | Furniture<br>and Fittings<br>\$ | Motor<br>Vehicles<br>\$ | Total<br>\$       |
|---|------------------|------------------------------|--------------------------------|---------------|---------------------------------|-------------------------|-------------------|
| <b>Consolidated Group:</b>              |                  |                              |                                |               |                                 |                         |                   |
| Balance at 1 January 2022               | -                | 92,535                       | 13,507                         | 780           | -                               | -                       | 106,822           |
| Additions through acquisition of entity | 7,715,470        | 1,151,950                    | 813,781                        | -             | 411,836                         | 189,896                 | 10,282,933        |
| Additions                               | -                | 307,771                      | 110,869                        | -             | 18,964                          | 487,359                 | 924,963           |
| Disposals                               | -                | (73,915)                     | -                              | -             | -                               | -                       | (73,915)          |
| Depreciation expense                    | (142,977)        | (329,227)                    | (243,100)                      | (167)         | (108,504)                       | (159,484)               | (983,459)         |
| Foreign exchange movement               | (139,562)        | 151,043                      | (19,400)                       | 7             | (9,511)                         | (9,014)                 | (26,437)          |
| Balance at 31 December 2022             | <u>7,432,931</u> | <u>1,300,157</u>             | <u>675,657</u>                 | <u>620</u>    | <u>312,785</u>                  | <u>508,757</u>          | <u>10,230,907</u> |
| Balance at 1 January 2023               | 7,432,931        | 1,300,157                    | 675,657                        | 620           | 312,785                         | 508,757                 | 10,230,907        |
| Additions                               | 1,464,222        | 699,414                      | 370,208                        | -             | 94,923                          | 416,203                 | 3,044,970         |
| Disposals                               | -                | (37,557)                     | -                              | -             | -                               | (176,171)               | (213,728)         |
| Depreciation expense                    | (157,833)        | (484,223)                    | (238,713)                      | (169)         | (123,713)                       | (181,305)               | (1,185,956)       |
| Foreign exchange movement               | (352,924)        | (41,884)                     | (23,223)                       | (24)          | (10,188)                        | (25,218)                | (453,461)         |
| Balance at 31 December 2023             | <u>8,386,396</u> | <u>1,435,907</u>             | <u>783,929</u>                 | <u>427</u>    | <u>273,807</u>                  | <u>542,266</u>          | <u>11,422,732</u> |

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**



**Note 15 Intangible Assets**

|  | Group             |                   |
|--|-------------------|-------------------|
|  | 2023<br>\$        | 2022<br>\$        |
| Goodwill                                       |                   |                   |
| Cost   | 43,252,432        | 43,263,806        |
| Accumulated impairment losses                  | (7,539,441)       | -                 |
|  | <u>35,712,991</u> | <u>43,263,806</u> |
| Computer software:                             |                   |                   |
| Cost   | 770,053           | 1,433,459         |
| Accumulated amortisation and impairment losses | (606,668)         | (466,983)         |
|  | <u>163,385</u>    | <u>966,476</u>    |
| Research and development                       |                   |                   |
| Cost   | 5,993,023         | 6,436,373         |
| Accumulated amortisation and impairment losses | (3,522,108)       | (2,823,706)       |
|  | <u>2,470,915</u>  | <u>3,612,666</u>  |
| Gaming Platform                                |                   |                   |
| Cost   | 1,333,863         | 1,346,660         |
| Accumulated amortisation and impairment losses | (355,697)         | (224,443)         |
|  | <u>978,166</u>    | <u>1,122,217</u>  |
| Digital Assets                                 |                   |                   |
| Cost   | 320,408           | 810,597           |
| Accumulated amortisation and impairment losses | -                 | -                 |
|  | <u>320,408</u>    | <u>810,597</u>    |
| Work in progress                               |                   |                   |
| Cost   | 4,989,210         | 1,021,780         |
| Accumulated amortisation and impairment losses | -                 | -                 |
|  | <u>4,989,210</u>  | <u>1,021,780</u>  |
| Total intangible assets                        | <u>44,635,075</u> | <u>50,797,542</u> |

**Consolidated Group:**

|                                      | Goodwill          | Computer Software | Research and Development | Gaming Platform  | Digital Assets | Work in Progress | Total             |
|--------------------------------------|-------------------|-------------------|--------------------------|------------------|----------------|------------------|-------------------|
|                                      | \$                | \$                | \$                       | \$               | \$             | \$               | \$                |
| <b>Year ended 31 December 2022</b>   |                   |                   |                          |                  |                |                  |                   |
| Balance at the beginning of the year | -                 | 814,029           | 966,723                  | 1,173,564        | 738,671        | -                | 3,692,987         |
| Additions                            | -                 | 61,638            | 158,158                  | -                | 4,068,993      | 339,375          | 4,628,164         |
| Acquisitions                         | 41,686,685        | 178,903           | 4,116,751                | -                | -              | 694,697          | 46,677,036        |
| Amortisation charge                  | -                 | (142,856)         | (1,642,118)              | (131,331)        | -              | -                | (1,916,305)       |
| Movement in fair value               | -                 | -                 | -                        | -                | (3,556,980)    | -                | (3,556,980)       |
| Movement in foreign currency         | 1,577,121         | 54,761            | 13,153                   | 79,984           | (440,087)      | (12,292)         | 1,272,640         |
|                                      | <u>43,263,806</u> | <u>966,475</u>    | <u>3,612,667</u>         | <u>1,122,217</u> | <u>810,597</u> | <u>1,021,780</u> | <u>50,797,542</u> |
| <b>Year ended 31 December 2023</b>   |                   |                   |                          |                  |                |                  |                   |
| Balance at the beginning of the year | 43,263,806        | 966,475           | 3,612,667                | 1,122,217        | 810,597        | 1,021,780        | 50,797,542        |
| Additions                            | -                 | 11,685            | 242,046                  | -                | 30,488         | 4,377,872        | 4,662,091         |
| Disposals                            | -                 | (2,588)           | -                        | -                | -              | -                | (2,588)           |
| Amortisation charge                  | -                 | (824,976)         | (992,086)                | (137,869)        | -              | (1,012,372)      | (2,967,303)       |
| Impairment expense                   | (6,575,144)       | -                 | (885,585)                | -                | -              | -                | (7,460,729)       |
| Movement in fair value               | -                 | -                 | -                        | -                | (259,200)      | -                | (259,200)         |
| Movement in foreign currency         | (975,671)         | 12,789            | 493,873                  | (6,182)          | (261,477)      | 601,930          | (134,738)         |
| Closing value at 31 December 2023    | <u>35,712,991</u> | <u>163,385</u>    | <u>2,470,915</u>         | <u>978,166</u>   | <u>320,408</u> | <u>4,989,210</u> | <u>44,635,075</u> |

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. Refer to Note 29 - Fair Value Measurements.

**Goodwill impairment assessment**

Goodwill is allocated to cash-generating units which are based on the group's reporting segments.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES  
 ABN: 87 604 871 712  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2023



Note 15: Intangible Assets (continued)

|                             | 31<br>December<br>2023<br>\$ | 31<br>December<br>2022<br>\$ |
|-----------------------------|------------------------------|------------------------------|
| Provision of Creative Arts  | 35,559,637                   | 35,420,240                   |
| Game Development/Publishing | 153,354                      | 7,843,566                    |
|                             | <u>35,712,991</u>            | <u>43,263,806</u>            |

The movement in goodwill is in relation to movement in foreign exchange and an impairment loss of \$6,575,144 on the carrying value of Digital Games International Pte Ltd and Flying Sheep Studios GmbH's goodwill.

The following key assumptions were used in the value-in-use calculations:

|                             | Growth Rate | Discount Rate |
|-----------------------------|-------------|---------------|
| Provision of Creative Arts  | 10.00%      | 19.00%        |
| Game Development/Publishing | 2.50%       | 19.00%        |

**Note 16 Other Assets**

|                           | Group            |                  |
|---------------------------|------------------|------------------|
|                           | 2023<br>\$       | 2022<br>\$       |
| Current                   |                  |                  |
| Prepayments*              | 3,288,486        | 1,067,691        |
| Deposits paid             | 799,261          | 1,189,644        |
|                           | <u>4,087,747</u> | <u>2,257,335</u> |
| <b>Total Other Assets</b> |                  |                  |
| Current                   | 4,087,747        | 2,257,335        |
| Non-Current               | -                | -                |
|                           | <u>4,087,747</u> | <u>2,257,335</u> |

\*\$1,649,702 (SGD \$1,482,422) is a prepayment in relation to a Simple Agreement for Future Tokens ("SAFT"). The Group entered into an agreement to purchase up to USDT 1,500,000 in certain units of Blockchain based Tokens of a Metaverse related video game project. The conversion of USDT is 0.997 USDT is equivalent of USD \$1. The initial distribution date is within 36 months from the date of the SAFT, being 1 November 2022. The price of each token will be at a 50% discount to the public sale price.

**Note 17 Right-of-use Assets**

|   | Group            |                  |
|---|------------------|------------------|
|   | 2023             | 2022             |
|   | \$               | \$               |
| <b>(a) Right of use asset</b>                 |                  |                  |
| Non-Current                                   |                  |                  |
| Building - Right of use asset                 | 1,363,910        | 1,333,531        |
| Building - Accumulated depreciation           | (527,867)        | (160,738)        |
|   | <u>836,043</u>   | <u>1,172,793</u> |
| Computer Equipment - Right of use asset       | 886,508          | 724,869          |
| Computer Equipment - Accumulated depreciation | (420,322)        | (286,756)        |
|   | <u>466,186</u>   | <u>438,113</u>   |
| Total Right of use asset                      | <u>1,302,229</u> | <u>1,610,906</u> |
| <b>Movement in carrying amounts:</b>          |                  |                  |
| Opening Balance as at 1 January               | 1,610,906        | 130,411          |
| Additions                                     | 513,687          | 2,001,756        |
| Depreciation                                  | (719,001)        | (438,152)        |
| Foreign currency exchange movement            | (103,363)        | (83,109)         |
| Closing Balance as at 31 December             | <u>1,302,229</u> | <u>1,610,906</u> |
| <b>(b) Lease Liabilities</b>                  |                  |                  |
| Current                                       | 853,914          | 632,452          |
| Non-Current                                   | 306,166          | 1,025,703        |
|   | <u>1,160,080</u> | <u>1,658,155</u> |
| <b>Movement in carrying amounts:</b>          |                  |                  |
| Opening Balance as at 1 January               | 1,610,906        | 133,654          |
| Additions                                     | 161,262          | 1,658,155        |
| Lease payments                                | (690,093)        | (217,954)        |
| Interest expense                              | 54,250           | 18,810           |
| Foreign currency exchange movement            | 165,904          | 18,241           |
| Closing Balance as at 31 December             | <u>1,302,229</u> | <u>1,610,906</u> |
| <b>(c) Cash outflows for leases</b>           |                  |                  |
| Payments for rental leases                    | (690,093)        | (217,954)        |
|   | <u>(690,093)</u> | <u>(217,954)</u> |

**Note 18 Trade and Other Payables**

|                                      | Group            |                  |
|--------------------------------------|------------------|------------------|
|                                      | 2023             | 2022             |
|                                      | \$               | \$               |
| Current                              |                  |                  |
| Unsecured liabilities                |                  |                  |
| Trade payables                       | (328,214)        | 270,221          |
| Sundry payables and accrued expenses | 2,043,698        | 3,054,425        |
|                                      | <u>1,715,484</u> | <u>3,324,646</u> |

|   | Note | Group            |                  |
|---|------|------------------|------------------|
|   |      | 2023             | 2022             |
|   |      | \$               | \$               |
| <b>(a) Financial liabilities at amortised cost classified as trade and other payables</b> |      |                  |                  |
| Trade and other payables  |      |                  |                  |
| — Total current   |      | 1,715,484        | 3,324,646        |
| — Total non-current   |      | -                | -                |
| Financial liabilities as trade and other payables   | 29   | <u>1,715,484</u> | <u>3,324,646</u> |



**Note 19 Borrowings**

|  | Note                                   | Group             |  |
|--|--|-------------------|--|
|  |  | 2023              | 2022                                     |
|  |  | \$                | \$                                       |
| Current  |  |                   |  |
| Secured liabilities - amortised cost:                  |  |                   |  |
| Bank loans   |  | 3,018,190         | 645,690                                  |
| Other loans  |  | 761,688           | 1,272,473                                |
| Total current borrowings                               |  | <u>3,779,878</u>  | <u>1,918,163</u>                         |
| Non-Current  |  |                   |  |
| Secured liabilities - amortised cost:                  |  |                   |  |
| Bank loans   |  | 2,203,528         | 2,556,205                                |
| Other loans  |  | -                 | -  |
| Total non-current borrowings                           |  | <u>2,203,528</u>  | <u>2,556,205</u>                         |
| Total borrowings                                       | 28                                     | <u>5,983,406</u>  | <u>4,474,368</u>                         |
|  | <b>Debtor<br/>finance<br/>facility</b> | <b>Bank loans</b> | <b>Hire<br/>Purchase<br/>Liabilities</b> |
|  | \$                                     | \$                | \$                                       |
| Balance 1 January 2023                                 | -                                      | -                 | -  |
| Drawdowns through the year                             | -                                      | -                 | -  |
| Repayments from cashflows                              | -                                      | -                 | -  |
| Other terminations                                     | -                                      | -                 | -  |
| Balance 31 December 2023                               | -                                      | -                 | -  |
|  |  | <b>Group</b>      |  |
|  |  | <b>2023</b>       | <b>2022</b>                              |
|  |  | \$                | \$                                       |
| (a) Total current and non-current secured liabilities: |  |                   |  |
| Bank loans   |  | 5,221,718         | 3,201,895                                |
| Other loans  |  | 761,688           | 1,272,473                                |
|  |  | <u>5,983,406</u>  | <u>4,474,368</u>                         |

Table below details details of borrowings for the year.

| Facility agreement          | Facility Limit | Utilised Amount | Remaining Amount | Facility Tenure/Rate   | Purpose                                 | Securities   |
|-----------------------------|----------------|-----------------|------------------|--|---|--|
| HSBC Amanah Malaysia Berhad | 6,060,606      | 4,152,999       | 1,907,607        | Tenure: 20 years<br>Interest Rate: BFR - 2.4% per annum.<br>The banks Base Financing Rate (BFR) is currently at 6.99% per annum. | Purchase of office                      | - Security over property<br>- Joint and Several Guarantee for RM 19,040,000          |
| HSBC Amanah Malaysia Berhad | 954,927        | 350,632         | 604,295          | Tenure: 10 years<br>Interest rate: 1.5% at daily interest plus 1 month KLIBOR  | Purchase of fixed assets for new office | - First party charge over property<br>- Joint and Several Guarantee for RM 3,000,000 |

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**



**Note 19: Borrowings (continued)**

| <b>Facility agreement</b>        | <b>Facility Limit</b> | <b>Utilised Amount</b> | <b>Remaining Amount</b> | <b>Facility Tenure/Rate</b>  | <b>Purpose</b>                      | <b>Securities</b>  |
|----------------------------------|-----------------------|------------------------|-------------------------|--|-------------------------------------|--|
| HSBC Amanah Malaysia Berhad      | 1,432,390             | 1,432,390              | -                       | Interest rate: 1.5% plus the applicable KLIBOR   | For working capital purposes        | - First party charge over property<br>- Joint and Several Guarantee for RM 4,500,000       |
| HSBC Amanah Malaysia Berhad      | 652,533               | 429,724                | 222,809                 | Tenure: 15 years<br>Interest rate: BFR -2% per annum.<br>Banks BFR is currently at 5.49% per annum | For working capital purposes        | - First party charge over property<br>- Joint and Several Guarantee for RM 2,050,000       |
| HSBC Amanah Malaysia Berhad      | 79,576                | 72,407                 | 7,169                   | Tenure: 3 years<br>Interest rate: 1.75% plus the applicable KLIBOR                                 | Purchase of fixed assets for office | - First party charge over property<br>- Joint and Several Guarantee for RM 250,000         |
| Maybank Islamic Berhad           | 1,273,236             | 988,700                | 284,536                 | Interest Rate: 4% per annum  | For working capital purposes        | - First party General Investment Account<br>- Joint and Several Guarantee for RM 4,000,000 |
| Standard Chartered Bank Malaysia | 1,591,546             | 1,444,670              | 146,876                 | Interest Rate: Base Lending Rate   | For working capital purposes        | - First party Security Agreement over Bank Account<br>- Joint and Several Guarantee        |

The Group has unused credit facilities of \$3,173,292 (MYR \$9,553,910) as at 31 December 2023.

**Financial Covenants:**

Lemon Sky has financial covenants imposed by the bank. So long as part of its indebtedness or facilities remains unpaid, Lemon Sky shall not without the prior written consent of the Bank:

- (i) permit the ratio of external borrowings to tangible net work calculated annually in accordance with the formula below, to exceed  
 Formula:

$$\text{External Gearing} = \frac{\text{Total External Borrowings}^*}{\text{Tangible Net Worth}^{**} + \text{Minority Interest}}$$

\* *Total External Borrowings = Overdraft + Trade Finance + Bank Borrowings + Other Borrowings + HP or Leasing + Convertible Bonds (Notes) + Redeemable Preference Shares*

\*\* *Tangible Net Worth = Ordinary Shares + Non-redeemable Preference Shares + Share Premium + Retained Earnings + Reserves + Proprietary or Partners Funds - Treasury Stock - Intangibles*

- (ii) in any financial year of Lemon Sky, declare or pay any dividends (including stock dividends) upon any present or future capital stock of the company where the amount of all such dividends declared or paid in such year exceeds or will exceed 50% of after-tax profit for such year.

**Note 20 Other Financial Liabilities**

|  | Group          |                |
|--|----------------|----------------|
|  | 2023           | 2022           |
|  | \$             | \$             |
| Current                                  |                |                |
| Amounts payable to:                      |                |                |
| - other related parties                  | 537,192        | 239,668        |
|  | <u>537,192</u> | <u>239,668</u> |
| <b>Total Other Financial Liabilities</b> |                |                |
| Current                                  | 537,192        | 239,668        |
| Non-Current                              | -              | -              |
|  | <u>537,192</u> | <u>239,668</u> |

Terms of payables:

All payables are at call.

There are no securities attached.

No interest is payable on amounts owing.

**Note 21 Provisions**

|  | Group     |                |
|--|-----------|----------------|
|  | 2023      | 2022           |
|  | \$        | \$             |
| Current  |           |                |
| Employee Benefits                              |           |                |
| Opening Balance at 1 January                   | 110,494   | -              |
| Additions as a result of business combinations | -         | 165,783        |
| Net movement                                   | (110,494) | (66,763)       |
| Movement in foreign exchange currency          | -         | 11,474         |
| Balance at 31 December                         | <u>-</u>  | <u>110,494</u> |

**Provision for Employee Benefits**

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.

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**



**Note 22 Issued Capital**

|   | Group              |                    |
|---|--------------------|--------------------|
|   | 2023               | 2022               |
|   | \$                 | \$                 |
| 1,306,205,684 fully paid ordinary shares (2022: 1,306,185,684 fully paid ordinary shares) | 115,238,761        | 115,296,721        |
|   | <u>115,238,761</u> | <u>115,296,721</u> |

The Group has authorised share capital amounting to 1,306,185,684 ordinary shares.

|  | Group                |                    |                      |                    |
|--|----------------------|--------------------|----------------------|--------------------|
|  | 2023                 |                    | 2022                 |                    |
|  | No.                  | \$                 | No.                  | \$                 |
| At the beginning of the reporting period | 1,306,185,684        | 115,296,721        | 739,562,380          | 58,100,866         |
| Shares issued during the year            | 20,000               | 500                | 602,623,304          | 65,778,271         |
| Transaction costs                        | -                    | -                  | -                    | (2,575,472)        |
| Shares bought back during the year       | -                    | (58,460)           | -                    | (6,006,944)        |
| Shares cancelled during the year         | -                    | -                  | (36,000,000)         | -                  |
| At the end of the reporting period       | <u>1,306,205,684</u> | <u>115,238,761</u> | <u>1,306,185,684</u> | <u>115,296,721</u> |

**(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 year.

|  | Group    |              |
|--|----------|--------------|
|  | 2023     | 2022         |
|  | No.      | No.          |
| Balance at beginning of the year               | -        | 77,450,076   |
| Issued during the financial year               | -        | -            |
| Expired during the financial year              | -        | (50,450,495) |
| Exercised during the financial year            | -        | (26,999,581) |
| Balance and Exercisable at the end of the year | <u>-</u> | <u>-</u>     |

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 year.

|  | Group          |                  |
|--|----------------|------------------|
|  | 2023           | 2022             |
|  | No.            | No.              |
| Balance at beginning of the year               | 6,750,002      | 26,911,112       |
| Issued during the financial year               | -              | 6,500,000        |
| Expired during the financial year              | (6,000,000)    | (26,527,777)     |
| Exercised during the financial year            | -              | (133,333)        |
| Balance and Exercisable at the end of the year | <u>750,002</u> | <u>6,750,002</u> |

**(c) Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

|  | Note  | Group             |                    |
|--|-------|-------------------|--------------------|
|  |       | 2023              | 2022               |
|  |       | \$                | \$                 |
| Total borrowings and lease liabilities | 17,19 | 7,143,486         | 6,132,523          |
| Trade and other payables               | 18    | 1,715,484         | 3,324,646          |
| Less cash and cash equivalents         | 9     | (6,383,581)       | (18,177,415)       |
| Net debt                               |       | <u>2,475,389</u>  | <u>(8,720,246)</u> |
| Total equity                           |       | <u>64,700,972</u> | <u>82,940,832</u>  |
| Total net debt and equity              |       | <u>67,176,361</u> | <u>74,220,586</u>  |

## Note 23 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:

- Game development services*  
Provision of creative art and animation for games and media contents
- 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

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES  
 ABN: 87 604 871 712  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2023



Note 23: Operating Segments (continued)

(e) Segment information

(i) Segment performance

31 December 2023

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<br>Creative Arts | Game<br>Development/<br>Publishing | All Other<br>Segments | Total        |
|-------------------------------|------------------------------------|-----------------------|--------------|
| \$                            | \$                                 | \$                    | \$           |
| 22,318,656                    | 3,786,752                          | -                     | 26,105,408   |
| 22,318,656                    | 3,786,752                          | -                     | 26,105,408   |
|                               |                                    |                       | 26,105,408   |
| 3,746,017                     | (6,892,885)                        | (3,868,610)           | (7,015,478)  |
|                               |                                    |                       | (7,168,700)  |
|                               |                                    |                       | (14,184,178) |

31 December 2022

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

| Provision of<br>Creative Arts | Game<br>Development/<br>Publishing | All Other<br>Segments | Total       |
|-------------------------------|------------------------------------|-----------------------|-------------|
| \$                            | \$                                 | \$                    | \$          |
| 25,099,711                    | 4,054,502                          | -                     | 29,154,213  |
| 25,099,711                    | 4,054,502                          | -                     | 29,154,213  |
|                               |                                    |                       | 29,154,213  |
| 4,976,559                     | (7,947,778)                        | 743,165               | (2,228,054) |
|                               |                                    |                       | 540,314     |
|                               |                                    |                       | (1,687,740) |

(ii) Segment assets

31 December 2023

Segment assets

Segment assets include:

Reconciliation of segment assets to group assets

Intersegment eliminations

**Total group assets**

| Provision of<br>Creative Arts | Game<br>Development/<br>Publishing | All Other<br>Segments | Total         |
|-------------------------------|------------------------------------|-----------------------|---------------|
| \$                            | \$                                 | \$                    | \$            |
| 30,793,630                    | 8,955,057                          | 154,854,625           | 194,603,312   |
|                               |                                    |                       | (120,506,178) |
|                               |                                    |                       | 74,097,134    |

31 December 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<br>Creative Arts | Game<br>Development/<br>Publishing | All Other<br>Segments | Total      |
|-------------------------------|------------------------------------|-----------------------|------------|
| \$                            | \$                                 | \$                    | \$         |
| 26,991,393                    | 465                                | 63,551,034            | 90,542,892 |
| -                             | -                                  | -                     | -          |
|                               |                                    |                       | 2,706,977  |
|                               |                                    |                       | 93,249,869 |

Note 23: Operating Segments (continued)

(iii) Segment liabilities

|   | Provision of<br>Creative<br>Arts<br>\$ | Game<br>Development/<br>Publishing<br>\$ | All Other<br>Segments<br>\$ | Total<br>\$       |
|---|--|--|-----------------------------|-------------------|
| <b>31 December 2023</b>                               |  |  |                             |                   |
| <b>Segment liabilities</b>                            | 7,988,617                              | 16,963,565                               | 60,153,241                  | 85,105,423        |
| Reconciliation of segment assets to group liabilities |  |  |                             |                   |
| Intersegment eliminations                             |  |  |                             | (75,709,261)      |
| <b>Total group liabilities</b>                        |  |  |                             | <u>9,396,162</u>  |
|   | Provision of<br>Creative Arts<br>\$    | Game<br>Development/<br>Publishing<br>\$ | All Other<br>Segments<br>\$ | Total<br>\$       |
| <b>31 December 2022</b>                               |  |  |                             |                   |
| <b>Segment liabilities</b>                            | 3,023,192                              | 7,191,151                                | 445,190                     | 10,659,533        |
| Reconciliation of segment assets to group liabilities |  |  |                             |                   |
| Intersegment eliminations                             |  |  |                             | (350,496)         |
| <b>Total group liabilities</b>                        |  |  |                             | <u>10,309,037</u> |

(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.

|                      | 2023<br>\$        | 2022<br>\$        |
|----------------------|-------------------|-------------------|
| Australia            | -                 | -                 |
| Singapore            | 428,907           | 1,518,800         |
| Malaysia             | 24,788,511        | 27,076,487        |
| Indonesia            | 6,640             | 26,809            |
| Europe               | 881,350           | 532,117           |
| <b>Total revenue</b> | <u>26,105,408</u> | <u>29,154,213</u> |

(v) Assets by geographical region

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

|                     | 2023<br>\$        | 2022<br>\$        |
|---------------------|-------------------|-------------------|
| Australia           | 38,892,219        | 67,966,243        |
| Singapore           | 2,608,491         | 2,337,268         |
| Malaysia            | 31,873,040        | 20,308,032        |
| Indonesia           | 12,339            | 76,176            |
| Europe              | 711,045           | 2,562,150         |
| <b>Total Assets</b> | <u>74,097,134</u> | <u>93,249,869</u> |

**Note 24 Cash Flow Information**

|   | Group              |                 |
|---|--------------------|-----------------|
|   | 2023<br>\$         | 2022<br>\$      |
| <b>(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax</b>  |                    |                 |
| Profit after income tax   | (14,184,178)       | (1,687,740)     |
| Non-cash flows in profit  |                    |                 |
| - Depreciation, amortisation and impairment   | 4,659,264          | 3,203,889       |
| - Gain on fair value of put option  | -                  | (4,274,253)     |
| - Share based payments  | 108,266            | 170,846         |
| - Unrealised movement in fair value of digital currencies                                       | 1,077,539          | 261,011         |
| - Unrealised foreign currency gain  | (3,347,227)        | 1,057,202       |
| - Impairment expense  | 7,460,729          | 647,345         |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries: |                    |                 |
| - (Increase) in trade and term receivables  | 625,723            | (3,321,467)     |
| - Decrease/(Increase) in prepayments  | (2,032,258)        | 1,607,785       |
| - (Decrease)/Increase in trade payables and accruals  | (1,609,162)        | 1,662,244       |
| - (Decrease)/Increase in income taxes payable   | (501,706)          | 501,706         |
| - (Decrease)/Increase in provisions   | 188,537            | 110,494         |
| Net cash generated by operating activities  | <u>(7,554,473)</u> | <u>(60,938)</u> |

**Note 25 Share-based Payments**

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

|   | 2023        |                                       | 2022             |                                       |
|---|-------------|---------------------------------------|------------------|---------------------------------------|
|   | Number      | Weighted average exercise price<br>\$ | Number           | Weighted average exercise price<br>\$ |
| Outstanding during the year             | 6,000,000   | 0.115                                 | 20,016,668       | 0.124                                 |
| Granted                                 | -           | -                                     | 6,000,000        | 0.115                                 |
| Exercised                               | -           | -                                     | (133,333)        | 0.060                                 |
| Expired                                 | (6,000,000) | (0.115)                               | (19,883,335)     | 0.050                                 |
| Outstanding and exercisable at year-end | <u>-</u>    | <u>-</u>                              | <u>6,000,000</u> | <u>0.115</u>                          |

|  | 2023             |                                       | 2022             |                                       |
|--|------------------|---------------------------------------|------------------|---------------------------------------|
|  | Number           | Weighted average exercise price<br>\$ | Number           | Weighted average exercise price<br>\$ |
| <b>Performance Options outstanding as at 1 January</b>   | 1,160,000        | 0.130                                 | 1,160,000        | 0.130                                 |
| Granted  | -                | -                                     | -                | -                                     |
| <b>Performance Options outstanding as at 31 December</b> | <u>1,160,000</u> | <u>0.130</u>                          | <u>1,160,000</u> | <u>0.130</u>                          |

Note 25: Share-based payments (continued)

|   | 2023             |                  | 2022             |                  |
|---|------------------|------------------|------------------|------------------|
|   | Number           | Fair Value<br>\$ | Number           | Fair Value<br>\$ |
| <b>Performance Rights outstanding as at 1 January</b> | 2,250,000        | 22,050           | 2,400,000        | 37,050           |
| Granted   | -                | -                | -                | -                |
| Vested  | -                | -                | (150,000)        | (15,000)         |
| <b>Performance Rights outstanding as at December</b>  | <u>2,250,000</u> | <u>22,050</u>    | <u>2,250,000</u> | <u>22,050</u>    |



**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**



**Note 25: Share-based Payments (continued)**

The following share-based payment arrangements were in existence during the current reporting period:

|                                 | <b>Number</b> | <b>Grant Date</b> | <b>Expiry Date</b> | <b>Exercise Price</b> | <b>Fair value at grant date</b> | <b>Vesting Period</b> |
|---------------------------------|---------------|-------------------|--------------------|-----------------------|---------------------------------|-----------------------|
| (i) Performance Options granted | 1,160,000     | 31 March 2021     | 31 March 2025      | \$0.130               | 87,149                          | 18 - 36 months        |
| (ii) Performance Rights granted | 2,250,000     | 31 March 2021     | 31 March 2025      | N/A                   | 37,050                          | 18 - 36 months        |
| (iii) Broker options issued     | 6,000,000     | 14 June 2021      | 14 June 2023       | \$0.115               | 630,473                         | N/A                   |
|                                 |               |                   |                    |                       | <u>754,672</u>                  |                       |

Options were priced using the Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate of the effects of non-transferability of exercise restrictions. Expected volatility is based on the historical share price volatility of the Company over the reporting period.

| <b>Number</b> | <b>Share price at grant date</b> | <b>Exercise Price</b> | <b>Expected volatility</b> | <b>Option life</b> | <b>Risk-free interest rate</b> |
|---------------|----------------------------------|-----------------------|----------------------------|--------------------|--------------------------------|
| 1,160,000     | \$0.130                          | \$0.130               | 160%                       | 4 years            | 1.49%                          |
| 2,400,000     | \$0.100                          | N/A                   | 160%                       | 4 years            | 1.49%                          |

**Note 26 Events After the Reporting Period**

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On 19 January 2024, the Company issued 1,535,516 fully paid ordinary shares at a deemed value of \$0.131 per share in relation to Tranche 4 to 7 of 12 tranches for part consideration of acquisition of 60% of Flying Sheep Studios Sdn Bhd.

On 19 January 2024, the Company issued 239,768 fully paid ordinary shares at a deemed value of \$0.173 per share in relation to Tranche 5 to 8 of 12 tranches for part consideration of acquisition of 60% of Hashcode Studio Sdn Bhd (formerly known as Gameconomy Sdn Bhd).

On 6 March 2024, the Company issued 860,000 fully paid ordinary shares at a deemed value of \$0.031 per share in relation to the vesting of 860,000 Performance Rights that was issued on 31 March 2021. No cash was raised.

**Note 27 Related Party Transactions**

**Related Parties**

**(a) The Group's main related parties are as follows:**

**i. Entities exercising control over the Group:**

The ultimate parent entity that exercises control over the Group is Fatfish Group Limited, which is incorporated in Australia.

**ii. Key Management Personnel:**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6.

**(b) Transactions with related parties:**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

|  | Group   |         |
|--|---------|---------|
|  | 2023    | 2022    |
|  | \$      | \$      |
| <b>i. KMP related entities</b>   |         |         |
| - Directors' fees/wages paid to Kin Wai Lau  | 218,143 | 245,427 |
| - Directors' fees paid to Robert Kolodziej   | 12,000  | 12,000  |
| - Directors' fees paid to Marcus Ungar   | 18,000  | 18,000  |
| - Directors' fees paid to Zanibar No2 Trust, of which Mr Christopher Whiteman is a director and shareholder  | 12,000  | 12,000  |
| - Consultancy fees paid to Zanibar No2 Trust, of which Mr Christopher Whiteman is a director and shareholder | 36,000  | 36,000  |
| - Wages paid to Foong Ka King  |         | -       |
|  | 296,143 | 323,427 |

**(c) Amount payable to and receivable from related parties**

|  | Group   |           |
|--|---------|-----------|
|  | 2023    | 2022      |
|  | \$      | \$        |
| <b>i. Loans payable to Fatfish Group Limited</b>       |         |           |
| Beginning of the year                                  | -       | 101,094   |
| Loan repayment made                                    | -       | (101,094) |
| End of the year  | -       | -         |
| <b>ii. Loan payable to Fatfish Internet Pte Ltd</b>    |         |           |
| Beginning of the year                                  | 25      | 32,402    |
| Loan repayment made                                    | (25)    | (32,377)  |
| End of the year  | -       | 25        |
| <b>iii. Loans to other related parties</b>             |         |           |
| Beginning of the year                                  | -       | 240,859   |
| Loans repayment received                               | -       | (240,859) |
| Loans advanced   | 652,610 | -         |
| End of the year  | 652,610 | -         |
| <b>iv. Loans receivable from other related parties</b> |         |           |
| Beginning of the year                                  | -       | -         |
| Loan repayment received                                | -       | -         |
| End of the year  | -       | -         |

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**



**Note 27: Related Party Transactions (continued)**

v. **Loans receivable from Fatfish Group Limited**

|                       |               |               |
|-----------------------|---------------|---------------|
| Beginning of the year | 81,444        | -             |
| Loans advanced        | -             | 81,444        |
| End of the year       | <u>81,444</u> | <u>81,444</u> |

vi. **Loans receivable from Fatfish Internet Pte Ltd**

|                           |              |              |
|---------------------------|--------------|--------------|
| Beginning of the year     | 1,798        | -            |
| Loans advanced            | -            | 1,798        |
| Loan repayment received   | -            | -            |
| Foreign currency movement | -            | -            |
| End of the year           | <u>1,798</u> | <u>1,798</u> |

vii. **Loans receivable from Fintech Asia Group Limited**

|                           |                |                |
|---------------------------|----------------|----------------|
| Beginning of the year     | 439,928        | 1,217,567      |
| Loans impaired            | (300,108)      | (835,498)      |
| Foreign currency movement | -              | 57,859         |
| End of the year           | <u>139,820</u> | <u>439,928</u> |

\*\*On 1 January 2023, Appxplore (iCandy) Limited, had forgiven a loan of the amount AUD \$900,199 (SGD 800,000) to Fintech Asia Group Limited, a subsidiary of Fatfish Group Limited. \$300,108 (31 December 2022: \$835,49) of the loan forgiven was impaired this year. Appxplore (iCandy) Limited was once a subsidiary of Fatfish Group Limited and this loan was incurred during that period.

**(d) Other transactions and balances with Key Management Personnel:**

There were no other transactions and balances during the reporting period. In 2017, Mr Kin Wai Lau had loaned Appxplore (iCandy) Limited SGD \$200,000 with an additional SGD \$5,600 during the reporting period. The total amount loaned is AUD \$225,884 (SGD \$205,600).

**Note 28 Financial Risk Management**

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and loans to and from subsidiaries

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

|                                    | Note | Group             |                   |
|------------------------------------|------|-------------------|-------------------|
|                                    |      | 2023<br>\$        | 2022<br>\$        |
| <b>Financial Assets</b>            |      |                   |                   |
| Cash and cash equivalents          | 9    | 6,383,581         | 18,177,415        |
| Trade and other receivables        | 10   | 4,059,767         | 4,685,490         |
| Other financial assets             | 12   | 954,383           | 3,059,038         |
| <b>Total Financial Assets</b>      |      | <u>11,397,731</u> | <u>25,921,943</u> |
| <b>Financial Liabilities</b>       |      |                   |                   |
| Trade and other payables           | 18   | 1,715,484         | 3,324,646         |
| Other financial liabilities        | 20   | 537,192           | 239,668           |
| Borrowings                         | 19   | 5,983,406         | 4,474,368         |
| <b>Total Financial Liabilities</b> |      | <u>8,236,082</u>  | <u>8,038,682</u>  |

**Financial Risk Management Policies**

The directors are responsible for iCandy Interactive Limited's risk management strategy and management is responsible for implementing the directors' strategy. A risk management program focuses on the unpredictability of finance markets and seeks to minimise potential adverse effects on financial performance. iCandy Interactive Limited uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case on interest rate and market risk. iCandy Interactive Limited does not use derivatives.

The consolidated entity's financial instruments consist of deposits with banks and accounts receivables and payables. The main purpose of non-derivative financial instruments is to raise finance for group operations.

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**



**Note 28: Financial Risk Management (continued)**

**Specific Financial Risk Exposures and Management**

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk.

**a. Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any significant risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk.

**b. Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile; and
- only investing surplus cash with major financial institutions

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year-end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

**Financial liability and financial asset maturity analysis**

| Consolidated Group                              | Within 1 Year |            | 1 to 5 years |             | Over 5 years |      | Total      |            |
|---|---------------|------------|--------------|-------------|--------------|------|------------|------------|
|   | 2023          | 2022       | 2023         | 2022        | 2023         | 2022 | 2023       | 2022       |
|   | \$            | \$         | \$           | \$          | \$           | \$   | \$         | \$         |
| <b>Financial liabilities due for payment</b>    |               |            |              |             |              |      |            |            |
| Trade and other payables                        | 1,715,484     | 3,324,646  | -            | -           | -            | -    | 1,715,484  | 3,324,646  |
| Other financial liabilities                     | 537,192       | 239,668    | -            | -           | -            | -    | 537,192    | 239,668    |
| Lease liabilities                               | 853,914       | 632,452    | 306,166      | 1,025,703   | -            | -    | 1,160,080  | 1,658,155  |
| Borrowings                                      | 3,779,878     | 1,918,163  | 2,203,528    | 2,556,205   | -            | -    | 5,983,406  | 4,474,368  |
| Total expected outflows                         | 6,886,468     | 6,114,929  | 2,509,694    | 3,581,908   | -            | -    | 9,396,162  | 9,696,837  |
| <b>Financial Assets - cash flows realisable</b> |               |            |              |             |              |      |            |            |
| Cash and cash equivalents                       | 6,383,581     | 18,177,415 | -            | -           | -            | -    | 6,383,581  | 18,177,415 |
| Trade, term and loan receivables                | 4,059,767     | 4,685,490  | -            | -           | -            | -    | 4,059,767  | 4,685,490  |
| Other financial assets                          | 954,383       | 3,059,038  | -            | -           | -            | -    | 954,383    | 3,059,038  |
| Total anticipated inflows                       | 11,397,731    | 25,921,943 | -            | -           | -            | -    | 11,397,731 | 25,921,943 |
| Net (outflow) / inflow on financial instruments | 4,511,263     | 19,807,014 | (2,509,694)  | (3,581,908) | -            | -    | 2,001,569  | 16,225,106 |

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**



**Note 28: Financial Risk Management (continued)**

**c. Market Risk**

**i. Interest rate risk**

The Group's exposure to market risk primarily consists of financial risks associated with changes in interest rates as detailed below. As the level of risk is low, the Group does not use any derivatives to hedge its exposure.

The Group is not exposed to interest rate risk on its non-current borrowings as the terms of the loan agreement stipulates that no interest is payable.

**ii. Foreign currency risk**

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the SGD Dollar and Malaysia Ringgit may impact on the Group's financial results unless those exposures are appropriately hedged.

The following significant exchange rates were applied during the year.

|                   | 2023         |           | 2022         |           |
|-------------------|--------------|-----------|--------------|-----------|
|                   | Average Rate | Spot Rate | Average Rate | Spot Rate |
| <b>\$1 AUD</b>    |              |           |              |           |
| Singapore         | 0.8887       | 0.9014    | 0.9575       | 0.9102    |
| Malaysia          | 3.0176       | 3.1416    | 3.0535       | 2.9898    |
| Indonesian Rupiah | 10,082       | 10,572    | 10,309       | 10,555    |
| United States     | 0.6618       | 0.6840    | 0.6947       | 0.6775    |
| Euro              | 0.6120       | 0.6181    | 0.6600       | 0.6359    |

**iii. Sensitivity Analysis**

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

|                                    | Group   |         |
|------------------------------------|---------|---------|
|                                    | Profit  | Equity  |
| <b>Year ended 31 December 2023</b> | \$      | \$      |
| +/- 0.75% in interest rates        | 47,877  | 47,877  |
| +/- 10% in \$A/\$SGD               | 26,043  | 26,043  |
| +/- 10% in \$A/\$MYR               | 373,874 | 373,874 |
| <b>Year ended 31 December 2022</b> | Group   |         |
|                                    | Profit  | Equity  |
|                                    | \$      | \$      |
| +/- 0.75% in interest rates        | 102,773 | 102,773 |
| +/- 10% in \$A/\$SGD               | 270,642 | 270,642 |
| +/- 10% in \$A/\$MYR               | 442,677 | 442,677 |

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

**Fair Values**

**Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 29 for detailed disclosures regarding the fair value measurement of the group's financial assets and financial liabilities.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES  
 ABN: 87 604 871 712  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2023



Note 28: Financial Risk Management (continued)

|  | Note | 2023              |                   | 2022              |                   |
|--|------|-------------------|-------------------|-------------------|-------------------|
|  |      | Carrying Amount   | Fair Value        | Carrying Amount   | Fair Value        |
|  |      | \$                | \$                | \$                | \$                |
| <b>Consolidated Group</b>                      |      |                   |                   |                   |                   |
| <b>Financial assets</b>                        |      |                   |                   |                   |                   |
| Cash and cash equivalents                      | 9    | 6,383,581         | 6,383,581         | 18,177,415        | 18,177,415        |
| Trade and other receivables:                   | 10   | 4,059,767         | 4,059,767         | 4,685,490         | 4,685,490         |
| Other financial assets                         | 12   | 954,383           | 954,383           | 3,059,038         | 3,059,038         |
| <b>Total financial assets</b>                  |      | <b>11,397,731</b> | <b>11,397,731</b> | <b>25,921,943</b> | <b>25,921,943</b> |
| <b>Financial liabilities at amortised cost</b> |      |                   |                   |                   |                   |
| Trade and other payables                       | 18   | 1,715,484         | 1,715,484         | 3,324,646         | 3,324,646         |
| Other financial liabilities                    | 21   | 537,192           | 537,192           | 239,668           | 239,668           |
| Lease liability                                | 19   | 1,160,080         | 1,160,080         | 1,658,155         | 1,658,155         |
| Borrowings                                     | 19   | 5,983,406         | 5,983,406         | 4,474,368         | 4,474,368         |
| <b>Total financial liabilities</b>             |      | <b>9,396,162</b>  | <b>9,396,162</b>  | <b>9,696,837</b>  | <b>9,696,837</b>  |

- (i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.
- (ii) Term receivables reprice to market interest rates every three months, ensuring carrying amounts approximate fair value.

**Note 29 Fair Value Measurements**

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:  
 — financial assets at fair value through other comprehensive income;

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.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES  
 ABN: 87 604 871 712  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2023



Note 29: Fair Value Measurements (continued)

|   |      | 31 December 2023 |                |               | Total            |
|---|------|------------------|----------------|---------------|------------------|
| Recurring fair value measurements   | Note | Level 1<br>\$    | Level 2<br>\$  | Level 3<br>\$ | \$               |
| <b>Financial assets</b>   |      |                  |                |               |                  |
| Financial assets at fair value through other comprehensive income:          |      |                  |                |               |                  |
| — Shares in listed companies  | 11   | -                | -              | -             | -                |
| — Shares in unlisted companies  | 11   | -                | -              | -             | -                |
| — Digital currencies  | 15   | -                | -              | -             | -                |
| <b>Total financial assets recognised at fair value on a recurring basis</b> |      | -                | -              | -             | -                |
|   |      | 31 December 2022 |                |               | Total            |
| Recurring fair value measurements   | Note | Level 1<br>\$    | Level 2<br>\$  | Level 3<br>\$ | \$               |
| <b>Financial assets</b>   |      |                  |                |               |                  |
| Financial assets at fair value through other comprehensive income:          |      |                  |                |               |                  |
| — Shares in listed companies  | 11   | 1,514,858        | -              | -             | 1,514,858        |
| — Shares in unlisted companies  | 11   | -                | 755,304        | -             | 755,304          |
| — Digital currencies  | 15   | -                | -              | -             | -                |
| <b>Total financial assets recognised at fair value on a recurring basis</b> |      | <b>1,514,858</b> | <b>755,304</b> | <b>-</b>      | <b>2,270,162</b> |

Note 30 Reserves

a. Foreign currency translation reserve

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

|  | Group            |                  |
|--|------------------|------------------|
|  | 2023<br>\$       | 2022<br>\$       |
| Balance at the beginning of the period     | (801,093)        | (171,051)        |
| Foreign currency movements during the year | 3,187,528        | (630,042)        |
|  | <u>2,386,435</u> | <u>(801,093)</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             |                   |
|---|-------------------|-------------------|
|   | 2023<br>\$        | 2022<br>\$        |
| Balance at the beginning of the period  | 15,047,428        | 15,047,428        |
| Derecognition of iCandy Digital Pte Ltd | -                 | -                 |
|   | <u>15,047,428</u> | <u>15,047,428</u> |

c. Option reserve

The option reserve records the fair value movement on options.

|  | Group            |                  |
|--|------------------|------------------|
|  | 2023<br>\$       | 2022<br>\$       |
| Balance at the beginning of the period | (963,792)        | (2,156,989)      |
| Issue of options during the year       | (108,264)        | (654,696)        |
| Exercise of options during the year    | -                | (150,179)        |
| Expiry of options during the year      | 630,473          | 1,998,072        |
|  | <u>(441,583)</u> | <u>(963,792)</u> |

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES  
 ABN: 87 604 871 712  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2023



Note 30: Reserves (continued)

d. **Digital asset reserve**

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

|  | Group    |           |
|--|----------|-----------|
|  | 2023     | 2022      |
|  | \$       | \$        |
| Balance at the beginning of the period         | -        | (660,950) |
| Fair value decrease/(increase) during the year | -        | 660,950   |
|  | <u>-</u> | <u>-</u>  |

e. **Financial asset reserve**

The financial assets reserve records revaluations of financial assets.

|  | Group            |                  |
|--|------------------|------------------|
|  | 2023             | 2022             |
|  | \$               | \$               |
| Balance at the beginning of the period         | 4,438,008        | (472,323)        |
| Fair value decrease/(increase) during the year | 1,046,498        | 4,910,331        |
|  | <u>5,484,506</u> | <u>4,438,008</u> |

f. **Transactions with non-controlling interests**

|  | Group            |                  |
|--|------------------|------------------|
|  | 2023             | 2022             |
|  | \$               | \$               |
| Balance at the beginning of the period | 3,266,363        | -                |
| Movement during the year               | -                | 3,266,363        |
|  | <u>3,266,363</u> | <u>3,266,363</u> |

**Total Reserves**

|  | Group             |                   |
|--|-------------------|-------------------|
|  | 2023              | 2022              |
|  | \$                | \$                |
| Foreign currency translation reserve       | 2,386,435         | (801,093)         |
| Other components of equity                 | 15,047,428        | 15,047,428        |
| Option reserve                             | (441,583)         | (963,792)         |
| Digital asset reserve                      | -                 | -                 |
| Financial asset reserve                    | 5,484,506         | 4,438,008         |
| Transactions with non-controlling interest | 3,266,363         | 3,266,363         |
|  | <u>25,743,149</u> | <u>20,986,914</u> |

**Note 31 Contingent Liabilities and Contingent assets**

The Group had no contingent liabilities at 31 December 2023.



**Note 32 Business Combinations**

**Summary of finalisation of acquisitions**

At 31 December 2022, provisionally determined values were reported. As at 31 December 2023, the final fair values for the business combinations were determined. A summary of the final fair value of the identifiable assets and liabilities as at the date of acquisition were:

|  | <b>Provisional<br/>Fair Value at<br/>Acquisition<br/>Date</b> | <b>Adjustment<br/>to<br/>Provisional<br/>Fair Value</b> | <b>Final Fair<br/>Value</b> |
|--|---|---|-----------------------------|
|  | \$  | \$  | \$                          |
| Purchase consideration:                            |   |   |                             |
| - Cash   | 21,334,828  | -   | 21,334,828                  |
| - Ordinary shares                                  | 40,878,721  | -   | 40,878,721                  |
| - Options  | 24,222  | -   | 24,222                      |
|  | <u>62,237,771</u>   | -   | <u>62,237,771</u>           |
| <b>Assets</b>                                      |   |   |                             |
| Cash and cash equivalents                          | 12,146,452  | -   | 12,146,452                  |
| Trade and other receivables                        | 4,041,666   | -   | 4,041,666                   |
| Receivable for cash investment                     | 2,035,777   | -   | 2,035,777                   |
| Property, plant and equipment                      | 10,467,590  | -   | 10,467,590                  |
| Other financial assets                             | 81,968  | -   | 81,968                      |
| Deferred tax assets                                | 126,470   | -   | 126,470                     |
| Prepayments  | 270,480   | -   | 270,480                     |
| Deposits   | 1,495,301   | -   | 1,495,301                   |
| Intangible assets                                  | 4,462,239   | 754,148   | 5,216,387                   |
| Investments  | 440,679   | -   | 440,679                     |
|  | <u>35,568,622</u>   | <u>754,148</u>  | <u>36,322,770</u>           |
| <b>Liabilities</b>                                 |   |   |                             |
| Trade and other payables                           | 3,435,430   | -   | 3,435,430                   |
| Borrowings   | 8,014,910   | -   | 8,014,910                   |
| Provision for tax                                  | 224,752   | -   | 224,752                     |
| Other financial liabilities                        | 20,064  | -   | 20,064                      |
| Non-controlling portion                            | 3,322,380   | -   | 3,322,380                   |
|  | <u>15,017,536</u>   | -   | <u>15,017,536</u>           |
| <b>Total identifiable net assets at fair value</b> | <u><b>20,551,086</b></u>                                      | <u><b>754,148</b></u>                                   | <u><b>21,305,234</b></u>    |
| Goodwill arising on acquisition                    | 41,686,685  | (754,148)   | 40,932,537                  |

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES  
 ABN: 87 604 871 712  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2023



Note 32: Business Combinations (continued)

(a) Finalisation of acquisition of Lemon Sky Animation Sdn Bhd

At 31 December 2022, provisionally determined values were reported. As at 31 December 2023, the final fair values for the business combination were determined. The final fair value of the identifiable assets and liabilities as at the date of acquisition were:

|  | Provisional<br>Fair Value at<br>Acquisition<br>Date<br>\$ | Adjustment<br>to<br>Provisional<br>Fair Value<br>\$ | Final Fair<br>Value<br>\$ |
|--|---|---|---------------------------|
| Purchase consideration:                            |   |   |                           |
| - Cash   | 18,329,400  | -   | 18,329,400                |
| - Ordinary shares                                  | 32,544,799  | -   | 32,544,799                |
|  | <u>50,874,199</u>   | <u>-</u>  | <u>50,874,199</u>         |
| <b>Assets</b>                                      |   |   |                           |
| Cash and cash equivalents                          | 6,654,125   | -   | 6,654,125                 |
| Trade and other receivables                        | 3,442,291   | -   | 3,442,291                 |
| Property, plant and equipment                      | 10,368,964  | -   | 10,368,964                |
| Other financial assets                             | 81,719  | -   | 81,719                    |
| Deferred tax assets                                | 126,470   | -   | 126,470                   |
| Deposits   | 1,229,852   | -   | 1,229,852                 |
| Intangible assets                                  | 3,219,722   | -   | 3,219,722                 |
| Investments  | 440,679   | -   | 440,679                   |
|  | <u>25,563,822</u>   | <u>-</u>  | <u>25,563,822</u>         |
| <b>Liabilities</b>                                 |   |   |                           |
| Trade and other payables                           | 1,548,642   | -   | 1,548,642                 |
| Provision for tax                                  | 224,752   | -   | 224,752                   |
| Borrowings   | 7,198,186   | -   | 7,198,186                 |
| Other financial liabilities                        | 7,254   | -   | 7,254                     |
|  | <u>8,978,834</u>  | <u>-</u>  | <u>8,978,834</u>          |
| <b>Total identifiable net assets at fair value</b> | <b><u>16,584,988</u></b>                                  | <b><u>-</u></b>                                     | <b><u>16,584,988</u></b>  |
| Goodwill arising on acquisition                    | 34,289,211  | -   | 34,289,211                |

(b) Finalisation of acquisition of Digital Games International Pte Ltd

At 31 December 2022, provisionally determined values were reported. As at 31 December 2023, the final fair values for the business combination were determined. The final fair value of the identifiable assets and liabilities as at the date of acquisition were:

|  | Provisional<br>Fair Value at<br>Acquisition<br>Date<br>\$ | Adjustment<br>to<br>Provisional<br>Fair Value<br>\$ | Final Fair<br>Value<br>\$ |
|--|---|---|---------------------------|
| Purchase consideration:                            |   |   |                           |
| - Ordinary shares                                  | 7,999,861   | -   | 7,999,861                 |
|  | <u>7,999,861</u>  | <u>-</u>  | <u>7,999,861</u>          |
| <b>Assets</b>                                      |   |   |                           |
| Cash and cash equivalents                          | 5,215,862   | -   | 5,215,862                 |
| Trade and other receivables                        | 756,349   | -   | 756,349                   |
| Property, plant and equipment                      | 94,964  | -   | 94,964                    |
| Prepayments  | 262,861   | -   | 262,861                   |
| Intangible assets                                  | -   | 754,148   | 754,148                   |
| Deposits   | 62,396  | -   | 62,396                    |
|  | <u>6,392,432</u>  | <u>754,148</u>                                      | <u>7,146,580</u>          |
| <b>Liabilities</b>                                 |   |   |                           |
| Trade and other payables                           | 1,870,330   | -   | 1,870,330                 |
| Non-controlling portion                            | 2,215,830   | -   | 2,215,830                 |
|  | <u>4,086,160</u>  | <u>-</u>  | <u>4,086,160</u>          |
| <b>Total identifiable net assets at fair value</b> | <b><u>2,306,272</u></b>                                   | <b><u>754,148</u></b>                               | <b><u>3,060,420</u></b>   |
| Goodwill arising on acquisition                    | 5,693,589   | (754,148)   | 4,939,441                 |

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES  
 ABN: 87 604 871 712  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2023



Note 32: Business Combinations (continued)

(c) Finalisation of acquisition of Gameconomy Sdn Bhd

At 31 December 2022, provisionally determined values were reported. As at 31 December 2023, the final fair values for the business combination were determined. The final fair value of the identifiable assets and liabilities as at the date of acquisition were:

|  | Provisional<br>Fair Value at<br>Acquisition<br>Date<br>\$ | Adjustment<br>to<br>Provisional<br>Fair Value | Final Fair<br>Value<br>\$ |
|--|---|---|---------------------------|
| Purchase consideration:                            |   |   |                           |
| - Cash   | 356,227   | -   | 356,227                   |
| - Ordinary shares                                  | 89,914  | -   | 89,914                    |
|  | <u>446,141</u>  | <u>-</u>                                      | <u>446,141</u>            |
| <b>Assets</b>                                      |   |   |                           |
| Cash and cash equivalents                          | 208,785   | -   | 208,785                   |
| Trade and other receivables                        | 53,165  | -   | 53,165                    |
| Receivable for cash investment                     | 237,485   | -   | 237,485                   |
| Property, plant and equipment                      | 2,135   | -   | 2,135                     |
| Other financial assets                             | 249   | -   | 249                       |
|  | <u>501,819</u>  | <u>-</u>                                      | <u>501,819</u>            |
| <b>Liabilities</b>                                 |   |   |                           |
| Trade and other payables                           | 1,032   | -   | 1,032                     |
| Other financial liabilities                        | 12,810  | -   | 12,810                    |
| Non-controlling portion                            | 195,190   | -   | 195,190                   |
|  | <u>209,032</u>  | <u>-</u>                                      | <u>209,032</u>            |
| <b>Total identifiable net assets at fair value</b> | <b><u>292,787</u></b>                                     | <b><u>-</u></b>                               | <b><u>292,787</u></b>     |
| Goodwill arising on acquisition                    | 153,354   | -   | 153,354                   |

(d) Finalisation of acquisition of Flying Sheep Studios GmbH

At 31 December 2022, provisionally determined values were reported. As at 31 December 2023, the final fair values for the business combination were determined. The final fair value of the identifiable assets and liabilities as at the date of acquisition were:

|  | Provisional<br>Fair Value at<br>Acquisition<br>Date<br>\$ | Adjustment<br>to<br>Provisional<br>Fair Value | Final Fair<br>Value<br>\$ |
|--|---|---|---------------------------|
| Purchase consideration:                            |   |   |                           |
| - Cash   | 2,649,201   | -   | 2,649,201                 |
| - Ordinary shares                                  | 244,147   | -   | 244,147                   |
| - Options  | 24,222  | -   | 24,222                    |
|  | <u>2,917,570</u>  | <u>-</u>                                      | <u>2,917,570</u>          |
| <b>Assets</b>                                      |   |   |                           |
| Cash and cash equivalents                          | 67,680  | -   | 67,680                    |
| Trade and other receivables                        | (210,139)   | -   | (210,139)                 |
| Receivable for cash investment                     | 1,798,292   | -   | 1,798,292                 |
| Property, plant and equipment                      | 1,527   | -   | 1,527                     |
| Prepayments  | 7,619   | -   | 7,619                     |
| Deposits   | 203,053   | -   | 203,053                   |
| Intangible assets                                  | 1,242,517   | -   | 1,242,517                 |
|  | <u>3,110,549</u>  | <u>-</u>                                      | <u>3,110,549</u>          |
| <b>Liabilities</b>                                 |   |   |                           |
| Trade and other payables                           | 15,426  | -   | 15,426                    |
| Borrowings   | 816,724   | -   | 816,724                   |
| Non-controlling portion                            | 911,360   | -   | 911,360                   |
|  | <u>1,743,510</u>  | <u>-</u>                                      | <u>1,743,510</u>          |
| <b>Total identifiable net assets at fair value</b> | <b><u>1,367,039</u></b>                                   | <b><u>-</u></b>                               | <b><u>1,367,039</u></b>   |
| Goodwill arising on acquisition                    | 1,550,531   | -   | 1,550,531                 |

**Note 33 Company Details**

The registered office of the company is:

iCandy Interactive Limited  
Level 4, 91 William Street  
Melbourne Vic 3000

The principal places of business are:

*Corporate HQ*

Level 4, 91 William Street  
Melbourne Vic 3000  
Australia

*Operation HQ*

BO3-C-11 Menara 3A  
No 3 Jalan Bangsar, KL Eco City  
59200 Kuala Lumpur  
Malaysia

*Singapore Office*

71 Ayer Rajah Crescent  
#06-05  
Singapore 139951

*Germany Office*

Cologne Game Haus  
50679 Cologne  
Germany

*Indonesia Office*

Gowork 8th floor, Chubb Square, UOB Plaza, Jl.  
M.H. Thamrin No. 8-10,  
Thamrin, Jakarta Pusat  
10230, Indonesia

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**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 23 to 66, 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 31 December 2023 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 28 March 2024

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

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of iCandy Interactive Limited (“the Company”) and its subsidiaries (“the Consolidated Entity”), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Consolidated Entity’s financial position as at 31 December 2023 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter   | How our audit addressed the Key Audit Matter  |
|--|---|
| <p><b>Revenue Recognition</b></p> <p>During the year ended 31 December 2023, the Consolidated Entity generated revenue of \$26,105,408.</p> <p>Revenue recognition is considered a key audit matter due to its financial significance.</p>   | <p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the design of the key revenue systems and processes;</li> <li>• We reviewed the Consolidated Entity's accounting policies and their contracts with customers and assessed its compliance with AASB 15 Revenue from Contracts with Customers;</li> <li>• Performed audit procedures on a sample basis by verifying revenue to relevant supporting documentation including verification of contractual terms of the relevant agreements, verification of receipts and ensuring the revenue was recognised at the appropriate time and classified correctly;</li> <li>• Performed analytical review over recognised revenue; and</li> <li>• Assessing the adequacy of the related disclosures within the financial statements.</li> </ul> |
| <p><b>Intangible Assets</b></p> <p>As disclosed in note 15 to the financial statements, the Consolidated Entity had intangible assets with a carrying amount of \$44,635,075 as at 31 December 2023. An impairment expense consisting of goodwill and research and development of \$7,460,729 was recognised during the year.</p> <p>The impairment assessment of the Consolidated Entity's intangible assets is a Key Audit Matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the balance to the Consolidated Entity's financial position; and</li> <li>• The presence of impairment indicators and judgement required in assessing the value in use of the cash generating units ("CGU's") to which the intangible assets relate.</li> </ul> | <p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> <li>• Assessed the Consolidated Entity's determination of CGU's;</li> <li>• Assessed management's value in use calculations including analysis of key assumptions and inputs such as discount rates and assessing the reasonableness of the forecasts prepared; and</li> <li>• Review of the disclosures included in note 15 to the financial report.</li> </ul>  |

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards. In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

## Auditor's Opinion

In our opinion, the Remuneration Report of iCandy Interactive Limited, for the year ended 31 December 2023, complies with section 300A of the Corporations Act 2001.

*Hall Chadwick*  
**HALL CHADWICK WA AUDIT PTY LTD**

  
**CHRIS NICOLOFF CA**  
**Director**

Dated this 28<sup>th</sup> day of March 2024  
Perth, Western Australia

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**



The following information is current as at 26 March 2024:

**1. Shareholding**

**a. Distribution of Shareholders**

| Category (size of holding) | No. of Holders | No. of Ordinary Shares |
|----------------------------|----------------|------------------------|
| 1 – 1,000                  | 116            | 9,125                  |
| 1,001 – 5,000              | 497            | 1,924,543              |
| 5,001 – 10,000             | 712            | 5,682,678              |
| 10,001 – 100,000           | 1,608          | 59,214,536             |
| 100,001 – and over         | 629            | 1,251,657,148          |
|                            | <u>3,562</u>   | <u>1,318,488,030</u>   |

b. The number of shareholdings held in less than marketable parcels is 1,744. (2022: 1,249)

c. The names of the substantial shareholders listed in the holding company's register are:

| Shareholder                   | Number                            |                                   |
|-------------------------------|-----------------------------------|-----------------------------------|
|                               | No. of Fully Paid Ordinary Shares | % Held of Issued Ordinary Capital |
| Fatfish Internet Pte Ltd      | 187,500,001                       | 13.94%                            |
| Citicorp Nominees Pty Limited | 142,656,343                       | 10.61%                            |
| Cheng Fei Wong                | 132,682,643                       | 9.87%                             |
| Animoca Brands Limited        | 131,549,937                       | 9.78%                             |
| Ka King Foong                 | 117,661,967                       | 8.75%                             |

**d. Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

**e. 20 Largest Shareholders — Ordinary Shares**

| Name   | Number of Ordinary Fully Paid Shares Held | % Held of Issued Ordinary Capital |
|--|---|-----------------------------------|
| 1. Fatfish Internet Pte Ltd                  | 187,500,001                               | 13.94%                            |
| 2. Citicorp Nominees Pty Limited             | 142,656,343                               | 10.61%                            |
| 3. Cheng Fei Wong                            | 132,682,643                               | 9.87%                             |
| 4. Animoca Brands Limited                    | 131,549,937                               | 9.78%                             |
| 5. Ka King Foong                             | 117,661,967                               | 8.75%                             |
| 6. AIS Digital Life Co. Limited              | 40,528,399                                | 3.01%                             |
| 7. Digital Games Investments Pte Ltd         | 40,528,399                                | 3.01%                             |
| 8. HSBC Custody Nominees (Australia) Limited | 39,775,666                                | 2.96%                             |
| 9. Gregarious Pty Ltd                        | 26,086,957                                | 1.94%                             |
| 10. Bridgeport Enterprises Pty Ltd           | 10,000,000                                | 0.74%                             |
| 11. Mr Dominic Virgara                       | 9,921,000                                 | 0.74%                             |
| 12. Bosswat Pty Ltd                          | 8,000,000                                 | 0.59%                             |
| 13. Mr Michael Broda                         | 6,815,087                                 | 0.51%                             |
| 14. 10 Bolivanos Pty Ltd                     | 6,623,333                                 | 0.49%                             |
| 15. BNP Paribas Noms Pty Ltd                 | 6,183,021                                 | 0.46%                             |
| 16. Mr Steve Baxt                            | 5,000,000                                 | 0.37%                             |
| 17. Fatfish Medialab Pte Ltd                 | 5,000,000                                 | 0.37%                             |
| 18. Hit Pro Pty Ltd                          | 5,000,000                                 | 0.37%                             |
| 19. Mr Mohammed Kassem                       | 4,500,219                                 | 0.33%                             |
| 20. Miss Enid Pui-Him Leung                  | 4,190,625                                 | 0.31%                             |
|  | <u>930,203,597</u>                        | <u>69.15%</u>                     |

**ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES**  
**ABN: 87 604 871 712**  
**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**



2. The names of the company secretary are Mr Andrew Draffin and Ms Jiahui Lan.
3. The address of the principal registered office in Australia is Level 4, 91 William Street, Melbourne Vic 3000.
4. Registers of securities are held at the following addresses  
Link Market Service Limited  
Tower 4, 727 Collins Street  
Melbourne Vic 3008
5. **Stock Exchange Listing**  
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.