



ASX Release

31 January 2019

Animoca Brands Q4 2018 Update: From Strength to Strength, Finishing Up the Company's Strongest Year On Record

Quarter Highlights:

- Core business continues to deliver - \$4.6m of revenue up 188% on Q4 2017.
- Total unaudited revenues for the year are a record \$17.7m, including one-off items
- Cash receipts for the Q4 2018 totalled \$6.89m, up 637% on the same period last year; this is the Company's fourth consecutive quarter with positive operational cashflow
- Well-funded with \$10.9m in cash and cash equivalents
- Strengthened senior management team with the appointment of Gen Kanai (ex-Mozilla, Chinaccelerator & 500 Startups) as head of strategic partnerships, as well as Ed Fries, creator of Microsoft Game Studio and co-founder of the X-box project
- In a landmark move into branded blockchain games, the Company partnered with Atari to make blockchain versions of the popular games *Roller Coaster Tycoon Touch* and *Goon Squad*
- Animoca Brands entered into an Earn-In Agreement to acquire a majority stake in Venture Classic Limited, the operational company of Zeroth SPC for a total consideration is A\$1.5m. Zeroth is Asia's first artificial intelligence ("AI") accelerator
- Cemented strategic partnership and co-investment deals with leading blockchain companies, including Dapper Labs (Cryptokitties), Mind Fund, Helix, Datum, LikeCoin, Musicoin and Simple Token
- Completed the acquisition of PixOwl for an upfront consideration of ~A\$6.65m
- Signed major strategic China partnership agreement with i-Click Interactive Asia Limited (NASDAQ: ICLK)
- Raised \$6m at a price of \$0.098 per share from strategic investors, including Chairman and Co-Founder Yat Siu
- Partnered with Atari to make blockchain versions of the popular games *Roller Coaster Tycoon Touch* and *Goon Squad*

Strategic Partnerships & Investments:

- Animoca Brands entered into an Earn-In Agreement to acquire a majority stake in Venture Classic Limited, the operational company of Zeroth SPC for a total consideration is A\$1.5m, comprised of A\$1m cash contribution earn-in, and A\$0.5m in Animoca Brands shares. Zeroth is Asia's first artificial intelligence ("AI") accelerator, having accelerated 33 startups, and also has investments in eight blockchain-related companies. Animoca Brands will leverage its partners to underwrite up to US\$2m in



cash contribution to Zeroth SPC, which will grant entitlement to claims on proceeds from the startups accelerated by Zeroth.



- The Company partnered strategically with a number of leading companies in the field of blockchain technology to develop games for their platforms and exchanged shares for tokens in each case with these partners, including Decentraland, Datum, LikeCoin, Musicoin, OST, Harmony, Mind Fund, Helix and I-House.
- Invested in the Series A financing of partner Dapper Labs, the company behind CryptoKitties, alongside Venrock GV, Samsung NEXT, Andreessen Horowitz, Union Square Ventures and others
- The Company's AI subsidiary Zeroth entered into a strategic partnership with AI incubator DEEPCORE, a wholly owned subsidiary of global technology player Softbank Group Corp (TYO: 9984)
- Partnered strategically with China-based iClick Interactive Asia Limited (NASDAQ: ICLK) as a reseller, which is expected to generate approximately \$11m per annum for the Company and also give subsidiary Zeroth access to iClick's 780m user profiles. The Company intends to invest up to US\$2m to develop products and services to monetise iClick's China audience data
- Partnered with Atari to make blockchain versions of the popular mobile games RollerCoaster Tycoon Touch and Goon Squad and Atari became a shareholder
Completed the acquisition of PixOwl (first announced on [27 August 2018](#)) for an upfront consideration of US\$4.875m (A\$6.65m), of which US\$519,512 (about A\$709,133, or 10.7%) is cash and the rest is in shares, with a lock-up period of up to 24 months

Animoca Brands Corporation Limited (ASX:AB1, the "**Company**") is pleased to report that Q4 2018 has capped off a year of record results with continued strong performance. In addition, the series of strategic investments and partnerships in the area of blockchain games has positioned the Company to be a global leader in this burgeoning new sector.

Animoca Brands acquired a majority stake in Zeroth for \$1.5m providing Animoca Brands with direct access to market intelligence and open innovation including partnerships with



Softbank's Deepcore and Sun Hung Kai Financial. Subsequent to the end of the quarter, Zeroth has started its 4th cohort which comprises of 30 new AI and Blockchain related startups from all over the world running out of India, Hong Kong and Tokyo.

Financial Results

The Company generated unaudited revenues of \$4.59m during Q4 2018, representing an increase of 188% on the same period last year and bringing the total, unaudited revenues for the year to \$14.88m. Cash receipts for the Q4 2018 totalled \$6.89m, up 637% on the same period last year, and the Company ended the quarter with \$10.9m in cash and cash equivalents.

The total net cash inflow from operating activities for the quarter was positive representing the fourth consecutive quarter in which the Company has been cash flow positive.

The continued performance of the core gaming business, led by titles like *Crazy Kings* and *Crazy Defense Heroes*, as well as the portfolio of branded games, drove revenues and cash flow during the quarter. In addition, as the acquisition of PixOwl was integrated into the group, their portfolio of branded games such as *Peanuts: Snoopy's Town Tale*, *Garfield: Survival of the Fattest*, and *Goosebumps Horror Town*, as well as their leading user-generated content platform *The Sandbox*.

Expenses during the quarter chiefly comprised operating and marketing expenditures related to the heightened activity of development and publishing of mobile games.

Cash Position

During the quarter and in conjunction with the iClick strategic partnership, the Company raised \$6m at a premium of \$0.098 per share from strategic investors including Katherine Yip (founder of Pacific Alliance Group and co-founder and partner of Vina Capital), Moses Tsang (founder of AP Capital and founding Chairman of Goldman Sachs Asia Pacific), Sonny Vu (founder of Misfit), and Yat Siu (chairman and co-Founder of Animoca Brands). This, along with continued strong financial performance, left the Company with \$10.9m in cash and cash equivalents at the end of Q4 2018.

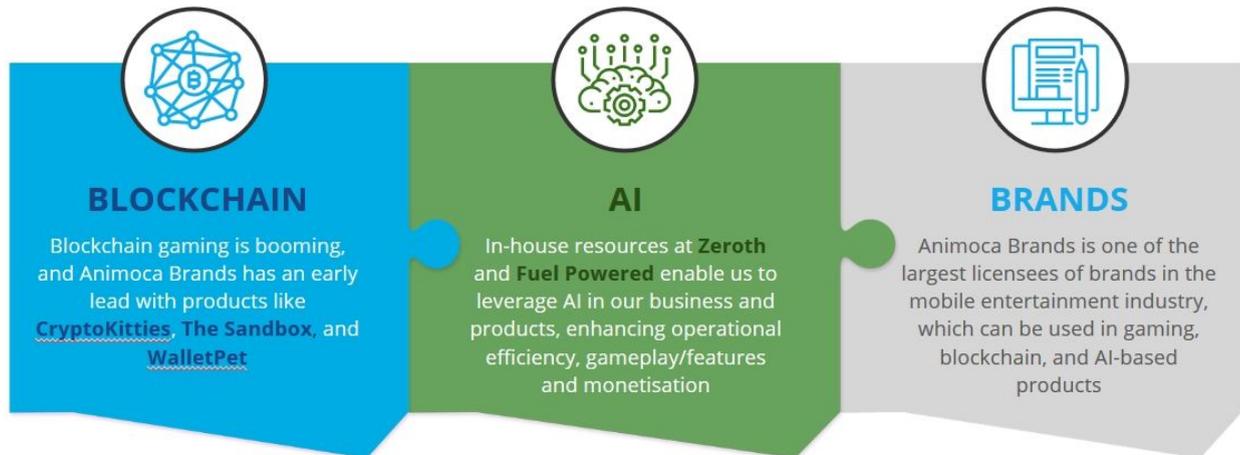
Outlook

Following on a series of major strategic investment partnerships in the areas of blockchain gaming with prominent blockchain companies like Decentraland, Simple Token and Mind Fund and strategic gaming and media companies like Atari and iClick in China, Animoca Brands is well-positioned to capitalise

The additional capital raised around the iClick partnership has bolstered the Company's cash position on top of a record fourth consecutive quarter of positive cash flow generated. Post the quarter, the Company has continued to consolidate its leadership in the area of



blockchain gaming with a partnership with WAX Blockchain, the world's first and largest purpose-built global blockchain e-commerce platform for trading virtual items.



The company expects to continue to execute on its mission in 2019 with a continued emphasis on Blockchain, AI and Brands with our specific target focus on games.

-END-

About Animoca Brands

Animoca Brands (ASX: AB1) leverages gamification, blockchain, and artificial intelligence technologies to develop and publish a broad portfolio of mobile products including games such as The Sandbox, Crazy Kings, and Crazy Defense Heroes as well as products based on popular intellectual properties such as Garfield, Snoopy, Thomas & Friends™, Ever After High and Doraemon. Animoca Brands is the exclusive China distributor of *CryptoKitties*. The Company is based in Hong Kong, Canada, Finland, and Argentina. For more information visit www.animocabrands.com or get updates by following Animoca Brands on [Facebook](#), [Twitter](#) or [Google +](#).

Contact: press@animocabrands.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Animoca Brands Corporation Limited

ABN

29 122 921 813

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...12...months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,886	15,822
1.2 Payments for		
(a) research and development	(489)	(971)
(b) product manufacturing and operating costs	(1,736)	(4,484)
(c) advertising and marketing	(1,910)	(3,509)
(d) leased assets	-	-
(e) staff costs	(1,977)	(4,436)
(f) administration and corporate costs	(70)	(1,909)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	705	522

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(40)	(227)
(b) businesses (see item 10)	(198)	(2,361)
(c) investments	(2,501)	(3,743)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...12...months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(2,739)	(6,331)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	6,090	15,272
3.2 Proceeds from issue of convertible notes	5	213
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	11	(402)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	6,106	15,083

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,648	688
4.2 Net cash from / (used in) operating activities (item 1.9 above)	705	522
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,739)	(6,311)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	6,106	15,083

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...12...months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1,259	1,017
4.6	Cash and cash equivalents at end of quarter	10,979	10,979

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,979	5,648
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,979	5,648

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
16
-

Director fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

n/a

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

n/a

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(81)
9.2 Product manufacturing and operating costs	(374)
9.3 Advertising and marketing	(292)
9.4 Leased assets	-
9.5 Staff costs	(370)
9.6 Administration and corporate costs	(159)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,276)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	1. Tribeflame Oy 2. Fuel Powered Inc 3. Zeroth	-
10.2 Place of incorporation or registration	1. Finland 2. USA 3. Hong Kong	-
10.3 Consideration for acquisition or disposal	1. A\$166k 2. A\$752k 3. A\$963k	-
10.4 Total net assets	1. (A\$556k) 2. (A\$659k)	-
10.5 Nature of business	1 & 2. Mobile app game maker 3. Accelerator	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date:31 January 2019.....

Print name:Yat Siu.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.