

Animoca Brands Corporation Ltd

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Animoca Brands increases revenue amid key acquisitions

Animoca Brands Corporation Ltd (ASX:AB1) is continuing to acquire games developers across the globe as it advances partnerships with gaming companies in the blockchain space.

The company has paid for some of its acquisitions with shares as sellers hang their hats on Animoca's success in the blockchain gaming space.

Animoca has also swapped shares for tokens with some partners.

READ: Animoca Brands' Crazy Kings app to hit Chinese Android handsets, web

Animoca gained value today after reporting an unaudited \$2.97 million, or 283%, increase in revenue to \$4.6 million in the September quarter.

The company's share price climbed during intraday trading as shareholders absorbed news of a third consecutive quarter of positive cash flows from the company.

Animoca's September quarter report revealed its cash receipts were up \$5.7 million, or 73%, to \$12.9 million in the September 2018 quarter, when compared to the September 2017 quarter.

Calendar-year revenues were up \$5.7 million, or 79%, to \$12.6 million, when compared to the corresponding nine-month period in 2017.

The company's 2018 cash-receipts-so-far were up \$3.5 million, or 65%, to \$8.9 million when compared to the January-September 2017 period.

Animoca collected \$6 million with two oversubscribed placements to strategic investors during the quarter, with directors Yat Siu and Holly Liu, strategic advisor Wilhelm Taht, leading Hong Kong conglomerate Sun Hung Kai, and blockchain partners such as Lympo all tipping in.

The company said the September quarter had been "one of both strong financial performance and strategic importance as the company positions itself as a leader in the fields of artificial intelligence and blockchain gaming."

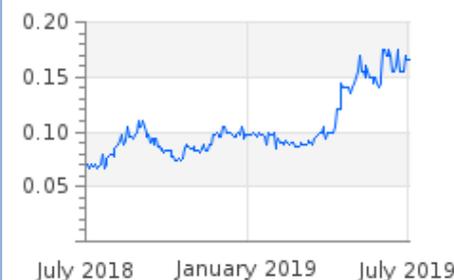
Among the games Animoca has contributed to the global app-gaming marketplace are its most popular game Crazy Defense Heroes and its prequel the tower defence collectible card fantasy game Crazy Kings.

The company ended the quarter with \$5.6 million in cash and cash equivalents, making its total net cash inflow from operating activities for the quarter a positive figure.

Price: A\$0.16

Market Cap: A\$131.36M

1 Year Share Price Graph



Share Information

Code: AB1

Listing: ASX

52 week High Low
A\$0.19 A\$0.06

Sector: Tech

Website: www.animocabrands.com

Company Synopsis:

Animoca Brands Corporation Ltd (ASX:AB1) is listed on the Australian Securities Exchange.

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Acquisitions

In the September quarter, the company agreed to buy independent mobile game company Pixowl, Inc for \$US4.875 million, with 90% of the transaction being in shares and the remaining 10% in cash.

The shares are to be locked up for 24 months, with the acquisition bringing games for a number of licensed characters into the fold, including The Sandbox, Peanuts: Snoopy's Town Tale, Garfield: Survival of the Fattest, and Goosebumps HorrorTown.

A separate \$1.5 million earn-in agreement will allow Animoca to grab a majority stake in Zeroth SPC operating company Venture Classic Limited.

Sixty-seven per cent or \$1 million of the earn-in is in cash, while the remaining \$500,000 is in cash.

READ: Animoca Brands signs multiple deals to launch blockchain products for mass consumer markets

The company's interim financial statements for the June 2018 half-year, published on August 31, 2018, revealed it owned 100% of its British Virgin Islands-headquartered Animoca Brands Corporation, 100% of Hong Kong-incorporated Animoca Brands Ltd, and three wholly-owned Finish subsidiaries.

The Finland subsidiaries are TicBits Oy, Tribeflame Oy and Benji Bananas Oy.

Indie studio Tribeflame owned the Benji Bananas game and other casual games, while TicBits launched Animoca's best success, Crazy Kings which grabbed \$2.6 million sales in its debut quarter, the January quarter.

The company's second June half acquisition was of 60% stakes in Canadian incorporated game makers Fuel Powered Inc and Grantoo Inc.

Fuel Powered, a US developer of blockchain-based gaming services and provider of a cloud features-as-a-service platform that uses AI and machine learning to maximise bottom-line results for game publishers.

Revenue sources

Animoca's core business of gaming underpinned its quarterly results.

The company reported: "The major contributor to revenue during the quarter was the continued strong performance of the core gaming business, including branded games like those featuring Garfield, Doraemon, and various Mattel brands, as well as in-house franchises like Crazy Kings and Crazy Defense Heroes.

"In addition, Q3 2018 saw revenue contributions from blockchain gaming from CryptoKitties, published by the company in Greater China, as well as 100 Squats Challenge, also published by the company and developed by the company's OliveX health and fitness subsidiary."

Animoca decreased its cash flow for operating, making its total net cash inflow

from operations a positive figure.

The company said: "Expenses during the quarter chiefly comprised operating and marketing expenditures related to the development and publishing of mobile games.

"The resulting cash outflow for operations was \$2.9m, representing a decrease of 9% over the same period in 2017, and a decrease of 12% over the previous quarter."

Blockchain partnerships

Animoca reported it increased its involvement in blockchain gaming in the September quarter, as it pursued partnerships with OpenST, Decentraland, Datum, LikeCoin, Musicoin, Harmony, I-House, Mind Fund, and Helix.

The Australian-listed company said: "The company is pursuing a strategy to cement leadership in the blockchain space by building its network of technology and brand partners, driving blockchain adoption and development, enhancing the value and utility of existing digital tokens, and accelerating the progress toward the future of blockchain gaming: mass consumer markets."

Earlier this month the company mutually invested in six blockchain-focused developers and companies - Datum, LikeCoin, Musicoin, OST, Harmony and I-House - engaging in a US\$1 million share-and-token swap that values Animoca shares at 10 cents each.

READ: Animoca Brands partners with tech developer to produce blockchain-powered games

Animoca explained how blockchain partners increased its shareholder value - through direct revenues and the increased value of the partners' tokens that come from their collaboration with Animoca.

As the tokens increase in value, so too does the value of Animoca's token holdings in the partner companies.

The company said its upcoming WalletPet gamified wallet mobile app would be compatible with its partners' tokens "reinforcing the benefits of collaboration with the company and integration with its products."

Outlook

The company said it was "well-positioned to capitalise on the investments in Zeroth and Pixowl as well as its strategic blockchain partnerships" after raising \$6 million from strategic investments and ending the September quarter with \$5.65 million cash and cash equivalents.

The company's share price was 0.7 cents, or 4%, up to 7.8 cents by 3.59pm after reaching an 8.5-cent high earlier in the day.

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