

Animoca Brands Corporation Ltd

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Animoca Brands continues rapid games growth trajectory

The company had \$13 million of cash flow in the June 2019 half-year.

Revenues for the half-year exceeded 2018 takings.

Operating revenue increased by 47% to \$8.3 million, not including \$2.9 million of unearned revenues cash.

The company raised capital during the period and ended the half with \$16.6 million in assets.

More recently the company inked a licensing deal with Dorna Sports to develop and publish the first official MotoGP blockchain game and collected \$1 million from strategic investors.

Share Information

Code: AB1

Listing: Unlisted (AU)

Sector: Software & services

Website: www.animocabrands.com

Company Synopsis:

Animoca Brands is a global game developer with a focus on famous brands and blockchain technology.

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The first half of 2019 has been the most successful in the history of Animoca Brands.

Whether measured by financial performance, M&A activity, strategic partnerships, or expansion into exciting new vertical markets for our core business, the first-half results are unprecedented; (with) cash flow of \$13 million ... the company has already exceeded the full-year cash flow of 2018.

Animoca Brands CEO Robert Yung, September 2019

What does Animoca Brands do?

Animoca Brands Corp Ltd (ASX:AB1) is a games publisher and developer that specialises in popular gaming in the global marketplace.

The blockchain and social gaming specialist experienced rapid growth in 2018 and increased revenues by 46.6% to \$8.3 million in the June 2019 half-year, when compared to the previous corresponding period.

Hong Kong-headquartered Animoca has a partnering and acquisitions model and is connected to a number of high-profile sports and games brands operating in the global marketplace.

Who leads Animoca Brands?

The games company is led by chief executive officer and director Robert 'Robby' Yung and chaired by co-founder and non-executive chairman Yat Siu, a longstanding

technology entrepreneur who founded Asia's first free web page and email provider Hong Kong Cybercity in the 1990s.

Animoca's CEO Yung is the co-founder and former chief financial officer of Inno-Tech Holdings (HK:8002) buy-up Redgate Media, co-founder and former chief strategy officer of One Media Group (HK:0426), founder and former CEO of One Studio, and former general manager of Metromedia Asia Corp (AMEX:MMG).

Animoca chairman Siu has been the CEO of white-label hosted web services company Outblaze for 21 years. Outblaze's client list of some 75 million active users has included global giant IBM.

Siu is also a Typhoon Games director, an advisor to LCX, the Liechtenstein Cryptoassets Exchange, a board member at not-for-profit MIT Media Lab spin-out Cortico and a British Academy of Film and Television Arts (BAFTA) Hong Kong board member.

This year, Animoca recruited former Sony Computer Entertainment managing director for Australia and New Zealand (ANZ) Michael Ephraim as its ANZ head of partnerships, strengthening the company's presence in the region.

Ephraim has a strong network among Australia's content providers, connections Animoca hopes to leverage to form sporting and game collaborations as it matures and continues to grow.

What does Animoca Brands own?

The key asset is the company's portfolio of popular games, with some played over social networks and powered by blockchain.

Among Animoca's longstanding well-known game assets are Crazy Defense Heroes and its prequel tower-defence collectable card fantasy game Crazy Kings and The Sandbox.

The global company also holds products based on the licensed characters Peanuts, Goosebumps, Thomas and Friends and Garfield, Formula 1, Ever After High and Doraemon.

Animoca has reached a series of agreements with partners as it advances its portfolio, adds games and widens its audiences for those games.

The mutually beneficial deals inked over the past few years have spanned a variety of corporate interests and technology sectors.

Among the company's recent deals are the acquisition of Football-Stars creator Stryking Entertainment GmbH.

Stryking holds a licence to a fantasy sports game from top-tier German football league Bundesliga, with the acquisition first announced in the June 2019 half-year.

Developer-licensor Animoca executed a three-year global licensing agreement with Dorna Sports, SL in September 2019 to develop and publish the first official blockchain game based on MotoGP.

Animoca collected \$1 million from strategic investors to advance the MotoGP project.

Strategic investment and acquisitions activity was strong for the company in the June 2019 half-year, with a highlight of the period being Animoca's buy-up in May of all of the interest in Leade.rs, Inc. and Leade.rs France.

The group was co-founded by high-profile Silicon Valley angel investor and technology entrepreneur Loic Le Meur and has the Leade.rs is a networking and event matching platform as a lead asset.

The Leade.rs platform for high-profile tech event speakers is designed to also help people generate new business and progress their investment opportunities.

Another acquisition announced during the period was the buy of Innovations Inc whose GammaNow computing engine is installed on 692,000 computers via the software program Razer SoftMiner.

The deal was to open up access to up to 60 million Razer users.

Animoca also formed a strategic investment and partnership with Talenthouse services in the June half; partnered with esports and gaming accelerator Brinc and Artesian; became exclusive marketing and distribution partner to Major League Baseball partner MLB Champions and Crypto Space Commander (CSC) and CSC Star Trek intellectual property controller Lucid Sight; and invested in CryptoWars and blockchain game developer Experimental.

Other key blockchain investments and partnerships for the company are its link to CryptoKitties creator Dapper Labs, WAX, Harmony, and Decentraland.

Animoca raised \$5.7 million in new capital in the June 2019 half-year while its subsidiaries OliveX and The Sandbox maker TSB Gaming collected \$5.71 million of new capital from strategic investors.

Asset vendors and suppliers took up a further \$2 million in investments in Animoca during the period, as new capital.

After trading at 8.5 cents in early February, the company has steadily increased to reach a new high of 21.5 cents in late July and is now trading at 18 cents. It has a market cap of around \$161 million.

Inflection points

- New partnerships, strategic agreements and significant transactions
- Takeovers and other mergers and acquisition activity
- Revenues and significant addition to gaming audiences and marketing reach
- Profit trajectories for the various businesses

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