

Animoca Brands Corporation Ltd

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Animoca Brands plans to consolidate and manage growth in 2019

- The company has signed an impressive list of partners in the past year
- It is advancing its partnerships focus with a high-profile Australian appointment
- It plans to consolidate and manage growth in 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. It experienced rapid growth in 2018 and has **made a number of high-profile partnerships** over the past year as it looks to now consolidate and manage its growth in 2019 and beyond.

The games company is led by chief executive officer and director 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 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 CEO of One Studio, and former general manager of Metromedia Asia Corp (AMEX:MMG).

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. Yat 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.

Earlier this month, 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, after signing up Stan, Foxtel Play, ABC iView, SBS OnDemand as service providers for the PlayStation digital home entertainment offering. The partnerships recruit is expected to leverage his network to access to sporting and game organisations to collaborate with as Animoca 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.

Price: A\$0.175

Market Cap: A\$147782000M

Share Information

Code: AB1

Listing: ASX

52 week **High** **Low**
A\$0.22 **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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Animoca has reached a series of agreements with partners as it advances its portfolio, adds games and widens its audiences for those games, inking new mutually beneficial deals with organisations representing a variety of corporate interests and technology sectors.

The rapidly growing company classified as a telecommunication services company by the Australian Securities Exchange is both a developer and marketer of new games.

Crazy Defense Heroes and its prequel the tower defence collectable card fantasy game Crazy Kings are among its gaming assets.

The company also has a number of licensed characters in its fold.

These include the characters it picked up with a September quarter 2018 acquisition of independent mobile game company Pixowl Inc for \$US4.875 million.

Games picked up with Pixowl are: The Sandbox, Peanuts: Snoopy's Town Tale, Garfield: Survival of the Fattest, and Goosebumps HorrorTown.

The successful game franchise Sandbox allows gamers to generate their own assets or content.

Who are some of Animoca Brands' collaborators?

In January 2019 Animoca **inked a deal with the overseer of the Amazon-like digital assets trading Worldwide Asset eXchange (WAX).**

WAX overseer Exposition Park Holdings SEZC agreed to let Sandbox users monetise their creations by selling them at the largest blockchain in the world.

In July 2018, WAX had the most blockchain trades globally by transaction volume, with more than 5 million peer-to-peer trades of digital collectable items per day.

Blockchain is one way Animoca is taking forward its commercialisation plans.

In December 2018 Animoca reached a licence agreement with a subsidiary of video gaming pioneer Atari SA (XPAR:ATA) (NASDAQ:PONGF) allowing the blockchain gamer to produce and publish blockchain versions of the popular Atari mobile games RollerCoaster Tycoon Touch and Goon Squad in global markets outside Greater China.

The WAX and Atari deals are two high-profile agreements Animoca has reached with partners designed to increase its audience, grow its portfolio of games and build and strengthen its brands.

As Animoca's co-founder and chairman Yat Siu put it in the company's recent annual report for 2018, "We partner with giants."

Animoca is expected to continue pursuing a high-profile partnership and acquisitions program, appointing the former Sony ANZ managing director as its head of partnerships earlier this month after **acquiring Stryking and Football-**

Stars three days earlier.

The company is also focused on investing in start-up companies and junior players in the gaming and technology industries, investing in 60 start-ups in 2018 through its accelerator Zeroth.

Last October it **made a mutual investment in six blockchain-focused developers and companies** — Datum, LikeCoin, Musicoin, OST, Harmony and I-House — demonstrating its willingness to consider a multitude of arrangements as it partners or moves forward alongside complementary players in the gaming space.

Siu wrote in the company's annual report released on April 1, 2019, the company's "transactions in the first part of 2019 have continued to extend our growth trend."

Among these are a contract with Vigame worth \$12.6 million over a year, fruit of an iClick partnership, and a partnership with Formula 1 that draws the high-profile racing franchise into blockchain gaming.

The contract exceeded original estimates that tipped the iClick deal would generate in new initial revenue in 2019 of \$11 million.

A collaboration with Talenthouse, brand manager for clients include Disney, Google, Amazon, Nike and McDonald's, is expected to grow revenues from digital advertising, and blockchain and non-fungible tokens (NFTs).

Animoca's 2018 revenues were \$12.8 million, a \$6.3 million or 97% increase on the 2017 revenue result.

Total comprehensive losses were down \$5 million, or 62%, to \$3.1 million.

The losses translated to a 0.6 cent loss per share, a 1.4 cents a share or 71% decline on the 2.2 cents a share loss of 2017.

What is Animoca's reporting schedule?

Animoca reports its cash spending and achievements to the market on a quarterly basis.

It ended December 2018 with \$11 million cash and planned \$3.8 million of expenses for the March quarter of 2019.

The company filed its fiscal year 2018 annual report to shareholders on April 1, 2019.

It is expected to continue to report its annual results on a calendar year basis.

Animoca is due to file its next quarterly report at the end of April 2019.

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

Revenues and profit trajectories

Animoca chairman Yat Siu notes strategy to consolidate and manage growth

"We believe gamers are the first and easiest frontier for blockchain adoption," Animoca chairman and co-founder Yat Siu said in a strategy update presentation released last Thursday.

"Animoca Brands is on a mission to use games to onboard the next billion people on to blockchain.

"We believe that the true digital ownership conferred by NFTs has the potential to significantly boost conversion for our products."

Siu had noted in the company's annual report earlier this month: "The company's transactions in the first part of 2019 have continued to extend our growth trend.

"Animoca Brands has never been in a stronger position than it is today.

"The rapid expansion of Animoca Brands in 2017 and 2018 resulted in new subsidiaries and operation centres in Canada, Argentina, and Finland, as well as new products, services, subsidiaries, and investments.

"Our theme for 2018 was growth and market establishment; in 2019 we intend to continue expanding, but — with the assistance of the world-class senior talent that we brought on board during 2018 — we will also focus on consolidating and managing the incredible growth the company has already experienced."

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