



ASX Release

18 December 2017

Strategic Partnership with Leading AI Accelerator and Successful A\$715k Placement to Institutional and Sophisticated Investors

Animoca Brands Corporation Limited (ASX: **AB1**) (the **Company** or **Animoca Brands**) is pleased to announce that it has entered into a binding term sheet to invest in Zeroth.ai, a leading artificial intelligence ("AI") accelerator program, and that it has completed a ~A\$715k placement to institutional and sophisticated investors.

Key highlights

- Animoca Brands has entered into a **binding term sheet to invest in and strategically partner with Zeroth.ai**, Asia's first AI and machine learning-focused accelerator
- The partnership with Zeroth.ai grants Animoca Brands **direct access to industry-leading AI and machine learning expertise**, and **equity exposure to Zeroth.ai's investment portfolio**
- Zeroth.ai will co-locate with Animoca Brands, creating strong potential for **operational and technical synergies** in addition to contributing to the Company's rental overhead
- Animoca Brands expects to realise further benefits from the partnership through new distribution opportunities, the option to partner directly with Zeroth.ai's companies, and direct involvement in one of the most exciting and disruptive areas of technological development
- The Company's initial investment into Zeroth.ai is A\$250k in cash, with further payments of up to A\$750k alongside Zeroth.ai's future investment rounds
- The Company's initial investment is fully funded by a successfully completed **A\$565k placement** to sophisticated and institutional investors and a commitment from Board member and co-founder **Yat Siu to subscribe for A\$150k** of shares subject to the necessary shareholder approvals

Commenting on the deal, Tak Lo, Founding Partner of Zeroth.ai, said:

"I am excited by our new partnership with Animoca Brands. Their investment not only provides us with an anchor investment partner, but also a wealth of resources and experience in mobile development which our start-ups can leverage. We have some of the most exciting AI companies who will be co-located at the Animoca Brands headquarters, and we're looking forward to the ideas and products that will emerge from this partnership."

Strategic investment in Zeroth.ai

Zeroth.ai is an accelerator program based in Hong Kong and focused on AI and machine learning. Zeroth.ai's mission is to invest in select high-potential start-ups and provide operational, strategic, and networking support to investee companies as they rapidly develop and scale their businesses. Zeroth.ai was founded by Tak Lo, previously a Director at Techstars, a prominent New York-based technology accelerator program. To date, Zeroth.ai has successfully invested in its first cohort of start-up businesses, and is currently in the process of interviewing candidates for the second round of investment.

For personal use only



Under the terms of its strategic investment, Animoca Brands will receive an equity interest in Zeroth.ai's first cohort of start-up investments in proportion to the Company's investment in Zeroth.ai. In addition, Zeroth.ai will co-locate its stable of companies in the same premises as Animoca Brands and contribute to rental costs for the premises.

Total consideration for the investment comprises ~A\$1.0m in cash, payable in four tranches of A\$250k each. The first tranche is payable upon signing of the binding term sheet, with the other tranches expected to be payable in the following year in line with Zeroth.ai's investments in its subsequent cohorts.

ASX has been informed of, and is in the process of reviewing, the Company's proposed investment in Zeroth.ai, for the purposes of determining if shareholder approval will be required under Chapter 11 of the Listing Rules. The Company's investment in Zeroth.ai is conditional upon any approvals that may be required by the ASX being obtained. The Company will notify the market once ASX has made a determination in this regard.

Strategic rationale

The Company's strategic investment into Zeroth.ai provides a unique growth opportunity for Animoca Brands complementary with the Company's existing core business of developing apps for the mobile market.

Operational synergies and AI expertise

- Animoca Brands gains direct access to leading AI and machine learning experts
- The Company expects to leverage this access by enhancing Animoca Brands' current portfolio of mobile entertainment products and applications as well as future development initiatives

New distribution channels

- The partnership provides capital-efficient access to distribution networks throughout the Asia-Pacific region, potentially significantly expanding the audience for Animoca Brands' products.
- In addition, Animoca Brands expects benefits from the increased market exposure as it associates with Asia's leading accelerator for disruptive technologies

Significant growth potential

- Animoca Brands immediately gains exposure to a cohort of high-potential start-ups in one of the most exciting technology fields
- Animoca Brands' investment creates the potential for outsized returns as the start-ups develop their businesses and gain traction

Placement details

The Company is pleased to announce that it has successfully raised a total of \$715k through a placement of approximately 55 million new shares to sophisticated and institutional investors at an issue price of \$0.013 per share (**Placement**). The Placement issue price represents a 7% discount to the last closing price of shares of Animoca Brands on the ASX, and a 7% discount to the 5-day volume weighted average price.

Part of the Placement proceeds will be applied towards funding the Company's first tranche of investment in Zeroth.ai.



Under the Placement, the Company will issue:

- approximately 43.5 million shares to a number of sophisticated and institutional investors (**Institutional Placement**); and
- approximately 11.5 million shares to an entity associated with Director Yat Siu, subject to shareholder approval to be sought at an upcoming general meeting (**Director Placement**).

Settlement of the Institutional Placement is expected to occur on or around 19 December 2017, and new shares under the Institutional Placement are expected to be issued on the same day under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1.

The Company will seek shareholder approval for Director Yat Siu to participate in the Director Placement at its next general meeting.

The new Shares issued under the Placement will rank equally with existing Animoca Brands shares, and the Company will apply for quotation of the new shares on ASX.

Outlook

The Company expects its pipeline to progressively incorporate components of AI and machine learning as the partnership with Zeroth.ai evolves. The Company remains focused on continued growth from its streamlined portfolio and business, and on its objective of driving an optimised and sustainable business.

-ENDS

About Animoca Brands

Animoca Brands (ASX: AB1) publishes globally a broad portfolio of mobile games and subscription products including several games and e-books based on popular intellectual properties such as Garfield, Thomas & Friends™, Ever After High and Doraemon. The Company is based in Hong Kong. For more information visit www.animocabrands.com or get updates by following Animoca Brands on [Facebook](#), [Twitter](#) or [Google +](#)

About Zeroth.ai

Zeroth.ai is Asia's first artificial intelligence and machine learning focused accelerator, supporting the best entrepreneurs involved in artificial intelligence and machine learning. Zeroth.ai invests pre-seed capital and works closely with those entrepreneurs to build their team. The company partners with elite investors, founders, and corporates to help build those teams into companies. Current investments include some of Asia's most exciting start-ups in the fields of AI and machine learning, including dishq, FANOLabs, au and Laboratik. For more information visit <http://zeroth.ai/>

For personal use only