



ASX Release

28 February 2018

Animoca Brands Corporation Limited - Appendix 4E commentary

Animoca Brands Corporation Limited (ASX:AB1, "the **Company**") is pleased to announce its Appendix 4E preliminary financial report for the 12-month period ending 31 December 2017.

The year was characterised by restructuring and refocusing, with the Company undertaking initiatives to reduce costs, divest itself of non-core assets, and streamline operations. During the second half of 2017, the Company took the following actions:

- **6 June 2017** – the Company advised about changes to the Board and Director remuneration structure, resulting in lower annual costs
- **10 July 2017** – the Company implemented a cost rationalisation exercise to be achieved primarily through a reduction of headcount, with the full impact being realised during 2018
- **31 July 2017** – sale of 13 non-core games to Maple Media delivering \$1.6 million in upfront cash and up to \$1.9 million in performance fees
- **15 November 2017** – sale of 318 casual game titles to iCandy Interactive Limited for \$5 million in cash and script and up to \$3 million in cash or script in performance fees.

As a result of these actions, the overall headcount was reduced from over 110 people at the end of the first half of the year to less than 70 by the end of the reporting period. Owing to the gradual implementation of these changes over the second half of the year, as well as one-off charges associated with severance and other downsizing costs, employee benefit expenses will fully reflect the significantly lowered overheads in 2018.

Moreover, having reduced the portfolio of games by 331 titles, the Company's software development teams in Hong Kong and Finland now have greater capacity to focus on future game development and the global release of major titles like *Crazy Kings* and *Crazy Defense Heroes*. These games are among the Company's most successful launches, continue to generate significant interest from audiences, and are delivering material revenues for the Company.

In the early stages of 2018, the Company is already benefiting from the impact of the strategic initiatives undertaken the previous year, and as a result it is confident of its continued efforts to expand its revenue base.

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The lowered costs and streamlined operations achieved in the reporting period have allowed the Company to focus on a number of material accomplishments in 2018 including:

- Strong performance of the recently-launched *Crazy Defense Heroes*
- Continued performance of *Crazy Kings*
- The strategic partnership with and investment in Zeroth.ai
- The acquisition of Fuel Powered and the *Benji Bananas* franchise
- License agreements secured with Axiom Zen to launch *CryptoKitties* in China
- The acquisition of Tribeflame in Finland

These initiatives, along with a recapitalised balance sheet following a \$3.3 million placement (see ASX release of 25 January 2018), provide a strong foundation for the Company in 2018 as it executes a strategy that focuses on its midcore gaming business, its ever-stronger brand portfolio bolstered by new licenses such as MasterChef, and future-readiness resulting from strategic investments and/or partnerships relating to artificial intelligence and blockchains via Zeroth.ai, Axiom Zen and *CryptoKitties*, iCandy Interactive (ASX:ICI) and Nitro.

The Company looks forward to updating shareholders as it progresses through the current period.

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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 and Finland. For more information visit www.animocabrands.com or get updates by following Animoca Brands on [Facebook](#), [Twitter](#) or [Google +](#)

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