



animoca BRANDS

Strategy Update

May 2018

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Success through Innovation, Technology, Motivation

MISSION AND STRATEGY

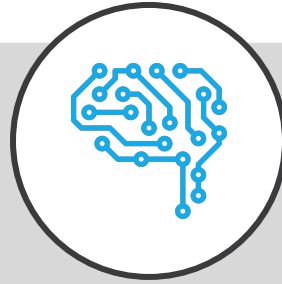
MISSION

Leverage our unique capabilities to make compelling consumer applications based on:



INNOVATION

Combining strategy and technology to **remain ahead of the curve**



TECHNOLOGY

Foundational tech:
Mobile, Blockchain and AI



MOTIVATION

Ensuring applications are fun and engaging: **Games, Gamification**



STRATEGY

Build more great entertainment

Continue to leverage experience and an industry-leading portfolio of licensed brand relationships to make more great mobile games like **Crazy Defense Heroes**

Continuous innovation

Innovation sustains us: we aim to be leaders in blockchain gaming like **CryptoKitties**, while leveraging Machine Learning and AI to optimise products and improve monetisation and user experience

Focused efficiency

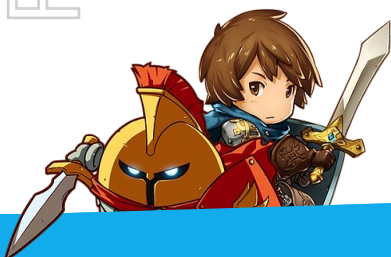
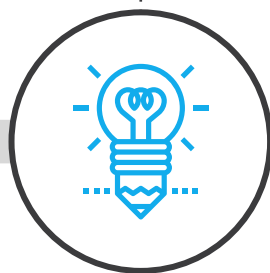
Small dedicated teams or studios focused on specific areas. Each team is focused, nimble and decentralised

Examples:

TicBits for the **Crazy Kings** games

OliveX for health & fitness products

Zeroth.ai companies for AI





Blockchain Gaming, AI

TECHNOLOGY OPPORTUNITIES

BLOCKCHAIN AND GAMING



Gamers understand cryptocurrency

- Virtual currencies have been used in video games for decades
- Gamers are well habituated to virtual/fiat currencies
 - "Gold farming" in World of Warcraft was a black market employing thousands
 - "eBaying" - players exchange virtual goods for real money



Games generated US\$108.4 billion in revenue in 2017

- \$82 Billion is from 'free to play' games (optional in-app purchases)



Blockchain has significant benefits for gamers

- Reduces transaction costs thanks to use of cryptocurrency
- Allows gamers to own their personalised/unique in-game items
- Provides gamers the opportunity to earn money by trading virtual items in the gaming economy



Blockchain and cryptocurrencies let game developers increase revenue opportunities and user engagement

Current Game Revenue

- In-app purchases
 - Including subscriptions
- Advertising

Additional Blockchain Revenue

- ICO / Token sales
 - In-app purchases utilising Tokens
- Revenue clip based on transaction volume over the platform (e.g. **CryptoKitties**)



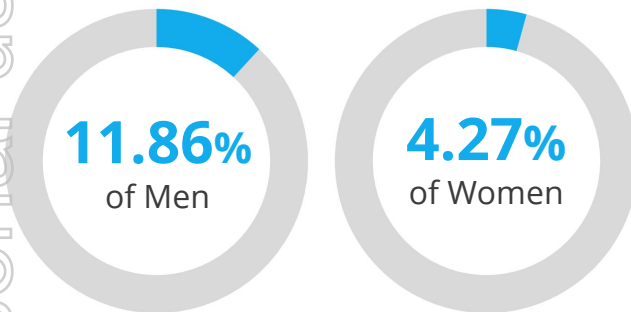
Animoca Brands at forefront of blockchain gaming

- Commercial relationship with **Axiom Zen**, developer of highest grossing blockchain game (CryptoKitties)
- Strategic investment in **Fuel Powered** for capabilities in blockchain, AI
- Strategic investment in **Zeroth** for capabilities in AI, token sales, ICO

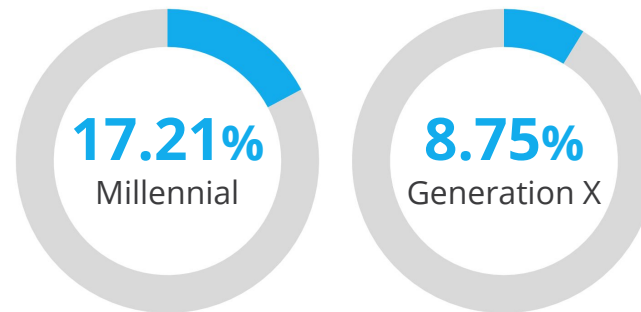
BRINGING THE 95% INTO CRYPTO THROUGH GAMIFICATION

Opportunity to bring cryptocurrency and blockchain to the masses using game mechanics

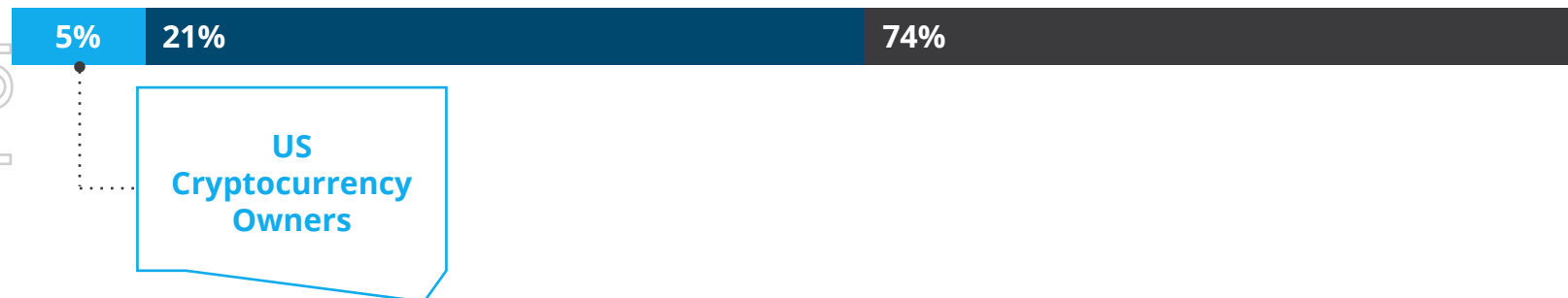
Gender



Generation

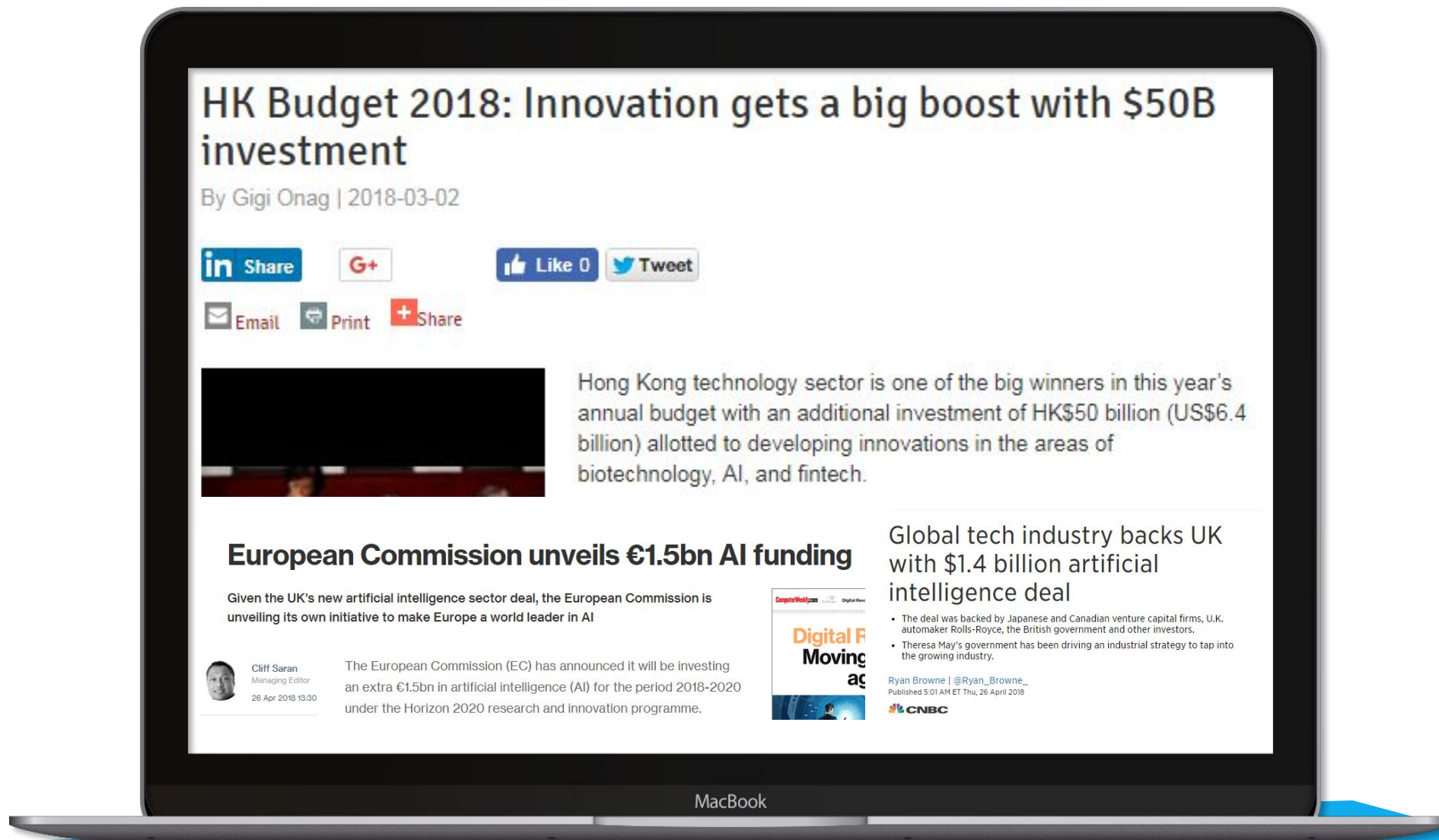


Global Blockchain Business & Survey Monkey



AI WILL POWER THE APPS OF THE FUTURE

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AI WILL POWER THE APPS OF THE FUTURE (cont.)

Gartner projects the AI industry will be worth over \$3.9 trillion by 2022

Birth of current AI architectures

Multiple architectures proposed, but limitations in computing power meant the models couldn't be fully exploited and advantage was marginal

Largest pure AI exit

DeepMind acquired by Google for \$600m

AI is the new electricity

By 2019, 75% of development teams will include AI functionality in applications

By 2025, AI will power 95% of all customer interactions

1965-1989

2009

2014

2017-2018

2018-2025

"Big Bang" of AI

Faster GPUs and Bigger Datasets

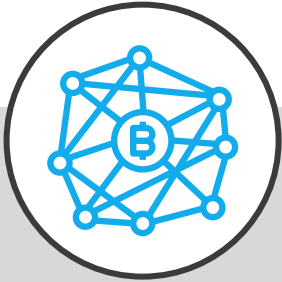
Deep Learning outperforms other AI architectures

Largest applied AI exits to date

Flatiron Health acq. by Roche for \$1.8bn

Cruise acq. by Ford for \$1bn

SUMMARY OF THE OPPORTUNITY



BLOCKCHAIN

Blockchain gaming is booming, and Animoca Brands has an early lead with products like **CryptoKitties** and **WalletPet**



AI

In-house resources at Zeroth.ai and Fuel Powered enable us to leverage AI in our business and products, enhancing operational efficiency, gameplay/features and monetisation



BRANDS

Animoca Brands is one of the largest licensees of brands in the mobile entertainment industry, which can be used in gaming, blockchain, and AI-based products





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Unique Capabilities

**IN-HOUSE AND PARTNER
KNOW-HOW**

UNIQUE CAPABILITIES



Validated gaming experience: established apps, strong revenue



- **Crazy Kings** is a midcore tower defense game for iPhone and iPad developed by TicBits in 2015
- TicBits was acquired by Animoca Brands in 2016
- The sequel **Crazy Defense Heroes** (CDH) launched in 2018, also for iPhone and iPad
- The games leverage successful midcore game types: tower defense, collectible cards, clan strategy
- The Crazy games generated significant revenues: over A\$2.8m in first 3 months following launch of CDH
- CDH is live globally for iOS devices, ex-Middle East. Android version to be completed in Q3 2018
- Now leveraging the game engine to produce new games for popular brands

Brand Advantage

- Broad portfolio of licensed brands
- **MasterChef** mobile game in development
- **Beast Quest** mobile game in development
- Ongoing relationship with **Mattel, Inc.**, including products for **Thomas & Friends™**, **Ever After High™**, **Monster High™**, **Masters of the Universe™**, etc.
- Dozens of other brands including **Star Stable**, **Doraemon**, **Garfield**, **Ben 10**, **Astro Boy**



UNIQUE CAPABILITIES (cont.)

Core Technology: AI



Zeroth.AI

- Asia's first artificial intelligence (AI) and machine learning focused accelerator
- Currently 34 companies are participating in/have graduated from its accelerator program in Hong Kong
- Areas of interest include: Edge Computing, Natural Language, Autonomous Vehicles, AgTech, Human-Machine Interface, Ethical Computing
- Zeroth Founding Partner Tak Lo was formerly managing director of Techstars, the famous New York-based accelerator
- All together, Zeroth advisors have created more than USD\$1.7bn in company value

Core Technology: Blockchain



- Completed the acquisition of 60% of Fuel Powered, technology service provider specialising in AI and blockchain gaming
 - Key clients: SEGA (**Sonic Dash**) and Axiom Zen (**CryptoKitties**)
 - Founder Mikhael Naayem joined Animoca Brands as President of Games and is Director and COO at Axiom Zen
- Partnership with Red Robot K.K. to produce various blockchain and cryptocurrency related products, including **WalletPet**, a gamified instructional wallet mobile app

UNIQUE CAPABILITIES (cont.)

Core Technology: Blockchain (cont.)

AxiomZen



CryptoKitties

- Animoca Brands agreement with Axiom Zen (client of Fuel Powered) to license and publish **CryptoKitties** on mobile in China
- First and most successful consumer product built on blockchain technology; users collect, breed, and trade cryptocollectible digital cats
- In March, **CryptoKitties** raised US\$12m through prominent venture capital firms Andreessen Horowitz and Union Square Ventures. Other strategic investors in the funding round included Coinbase Inc Founder, Fred Ehrsam and AngelList CEO Naval Ravikant
- Leading blockchain game globally, 1.5 million registered users and over US\$40 million in transactions
- Strategically positions Animoca Brands in the field of blockchain gaming with a market leader
- Tuzki creator Momo Wang working with Axiom Zen and Animoca Brands to design limited edition **CryptoKitties**
- Animoca Brands receives a share of revenue generated by the game in Greater China, and worldwide royalties from Momo Wang's designs and associated transactions

SUMMARY: AN INTEGRATED BUSINESS PLAN



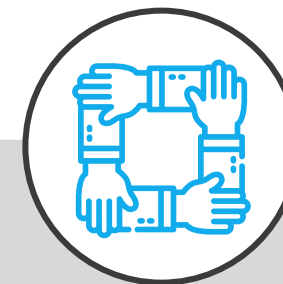
FOCUS ON FOUNDATIONAL TECHNOLOGIES

Blockchain
Artificial Intelligence



OUR ADVANTAGES

Game design and gamification
Software development
Partnerships with major brands
Industry connections
Technology expertise



CONNECTING THE OPPORTUNITIES

Products that utilise AI
and/or Blockchain
Leverage portfolio of brands
Repurpose assets like
game engines for new projects

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A Platform for Growth

FINANCIAL POSITION

FINANCIAL HIGHLIGHTS



Revenue-generating
and strong cash flow
provide a strong
platform for growth

Capital Structure:

(million)

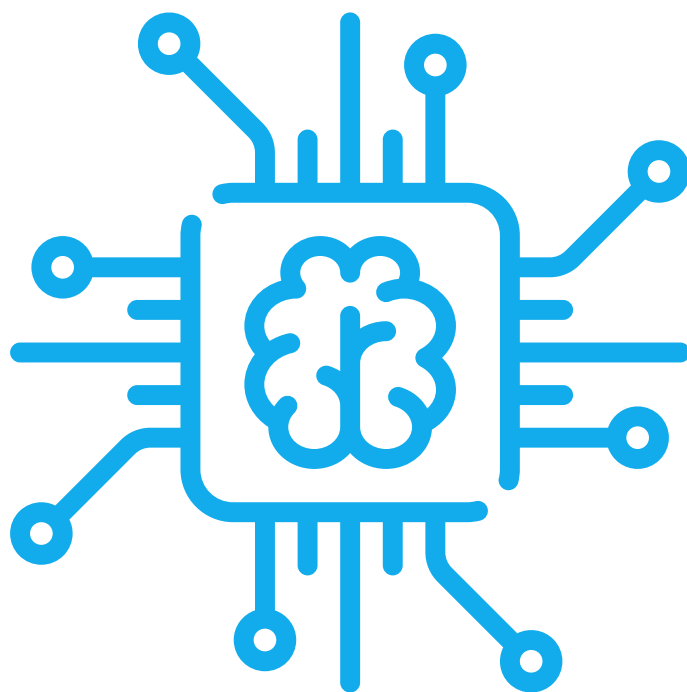
Shares on issue (m)	488.3
Share price (\$) - Close 23-May-18	\$0.041
Market capitalisation at \$0.041/share	~\$20m
Cash at bank at 31-Mar-18	~\$2.2m
Debt	Nil

Q1 FY18 Financial Results: significant growth

- ✓ Q1 unaudited revenue \$3.4 million - QoQ growth 113% (4Q17 \$1.6 million). Revenue for FY2017 was \$6.4 million
- ✓ Cash receipts of \$3.4 million - QoQ growth 264% (4Q17 \$0.9 million)
- ✓ Net operating cashflow \$0.5 million - QoQ growth 163% (4Q17 (\$0.8) million loss)
- ✓ Crazy Kings franchise a strong contributor generating \$2.8 million in the three months following launch of Crazy Defense Heroes (8 Jan - 8 April 2018), or \$2.6 million in the quarter
- ✓ Continued growth for Crazy Kings franchise
 - 'Re-skins' and adaptations (e.g., Beast Quest)
 - Android market
 - Blockchain functionality
 - AI integration for expanded feature set
- ✓ Launching new mid-core games from Finnish development teams to underpin additional revenues

NEAR TERM GROWTH DRIVERS

Multiple developments expected in Q3 2018



- ✓ **OliveX** subsidiary to address market for Health and Fitness apps, estimated to be worth US\$100+ billion by 2023
- ✓ Continue to drive revenue through roll out of **Crazy Kings** franchise:
 - Android version of **Crazy Defense Heroes** expected in Q3
 - New brand adaptations such as **Beast Quest** that leverage existing technology
 - Blockchain functionality to increase ARPU* of games
 - AI integration for expanded feature set
- ✓ Multiple crypto applications pending - projects will leverage capabilities of Fuel Powered
- ✓ Launching new mid-core games internationally to underpin additional revenues
- ✓ Exploring multiple opportunities to leverage blockchain in existing and future products
- ✓ Work ongoing to “tokenise” apps
- ✓ Paradigm shift in software models: build decentralized apps (**Dapps**)

* Average Revenue Per User

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Status and Plans for the Hit Franchise

THE CRAZY KINGS GAMES

THE CRAZY KINGS STORY



Crazy Kings is a midcore tower defense game for iOS devices developed by TicBits in Finland in 2015.



Hearthstone

US\$400M revenue in 2016



Magic the Gathering

US\$300M annual revenue



Clash Royale

US\$1B revenue in first year



Animoca Brands acquires **TicBits**, including the Crazy Kings franchise



Animoca Brands launches sequel **Crazy Defense Heroes** for iOS, pushing the franchise to generate **\$2.8M in 3 months**

2015

2016

2017

2018



Crazy Kings initially published by Wooga, the German gaming giant best known for mega hits like **Jelly Splash** and **Bubble Island**



Animoca Brands updates and enhances **Crazy Kings**, more than doubling ARPDAU*

* Average Revenue Per Daily Active User

CRAZY DEFENSE HEROES (CDH) ROADMAP

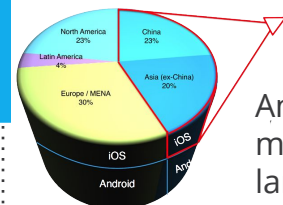
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(iOS) Asia Pacific launch, followed by Oceania, Africa, all of Asia incl. India

Acquired Finnish tablet game pioneer **Tribeflame**, which is fast tracking development of **Crazy Defense Heroes** for Android



(Android) Global launch on Google Play



Android market multiple times larger than iOS



Seek distribution on additional platforms

Adaptations and re-skins (**Beast Quest**)

Marquee branding projects

2018

Q1

Q2

Q3

Q4

2019



(iOS) Launch in the Americas, Europe, Middle East



Seek distribution on alternative app stores such as Amazon and Chinese Android stores

CDH: THE ANDROID OPPORTUNITY

Android market about **4 times larger than iOS**

Development of **Android version underway**

Additional monetisation functions being added

Expected to launch on
Google Play globally in **Q3**



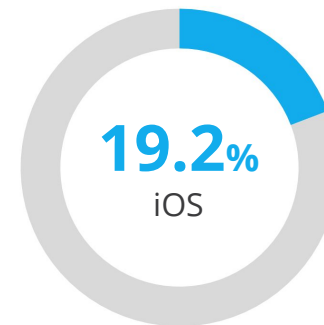
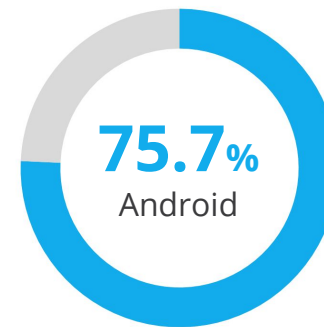
Launch to **increase network effect** for both applications

Company pursuing **additional distribution options** to drive growth

(e.g., Amazon, Chinese app stores)

Adaptations and “re-skins” **underpin additional revenues** (e.g., **Beast Quest**)

Global Mobile OS
Market Share



CDH: VALUE EXTENSION

Adaptations



Re-branding, adapting, “re-skinning” **Crazy Defense Heroes** into new products for brand partners



Maximise value of products by offering brand partners commercially appealing and proven game solutions



Branded strategy accesses large and committed new audiences of fans



Co-investment with brand partners for development and distribution of new products using the **Crazy Defense Heroes** game engine



Leverage the brand partner’s existing fan base and communication channels



The first adaptation is underway with the popular children’s fantasy novels franchise **Beast Quest**. Launch in early 2019.



120+ titles published
Over 18 million
copies sold

CRAZY KINGS FRANCHISE: JUST GETTING STARTED

Crazy Kings & Crazy Defense Heroes Q1 2018*

Downloads: **829,000**

Revenue: **~\$2.8 million**

ARPU: **\$3.4**

** Performance data for 3 months (8 Jan - 8 April 2018)*

Potential audience for CDH adaptations

Beast Quest market: 9+ million downloads



Based on downloads of the previous *Beast Quest* mobile game by Miniclip

Addressable market: 230+ million downloads

Based on two games of similar legacy:

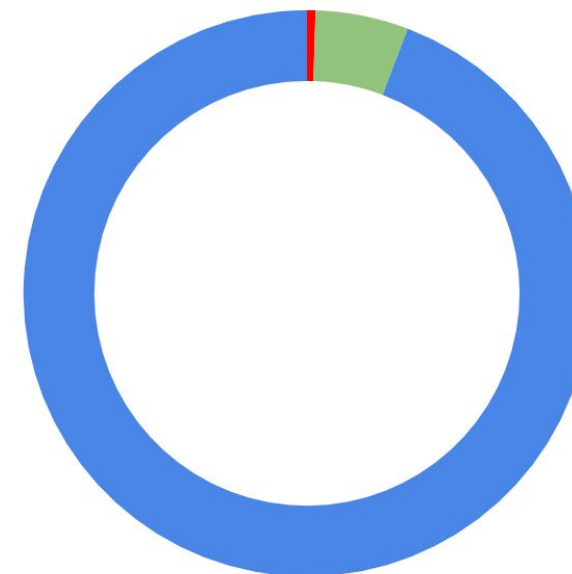


70+ million downloads



160+ million downloads

Market Potential



● Crazy Kings & CDH downloads (Q1 2018) ● Beast Quest market ● Addressable market



ACCESS TO HOUSEHOLD BRANDS

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MasterChef



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The Present and the Near Future

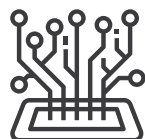
KEY DEVELOPMENTS

CRYPTOKITTIES

Greater China Launch Progress



Beta launch to 5,000 players through the **CryptoKitties** WeChat account in March 2018



Regulatory hurdles being navigated
—**broader rollout expected shortly**



Momo Wang, creator of popular Chinese character Tuzki, has finalised designs for limited edition cats as part of broader launch



China Android launch within 6 weeks



CryptoKitties



Approximately $\frac{1}{3}$ of trading on **CryptoKitties** is conducted in China



Currently only available through web browser
—**mobile launch could potentially drive increased volumes** by improving customer adoption and ease of access



Animoca Brands has **exclusive mobile distribution deal for Greater China** where it receives 30% of net revenue from the app



OLIVEX TARGETS HEALTH AND FITNESS

Subsidiary Develops Gamified Apps for Health and Fitness



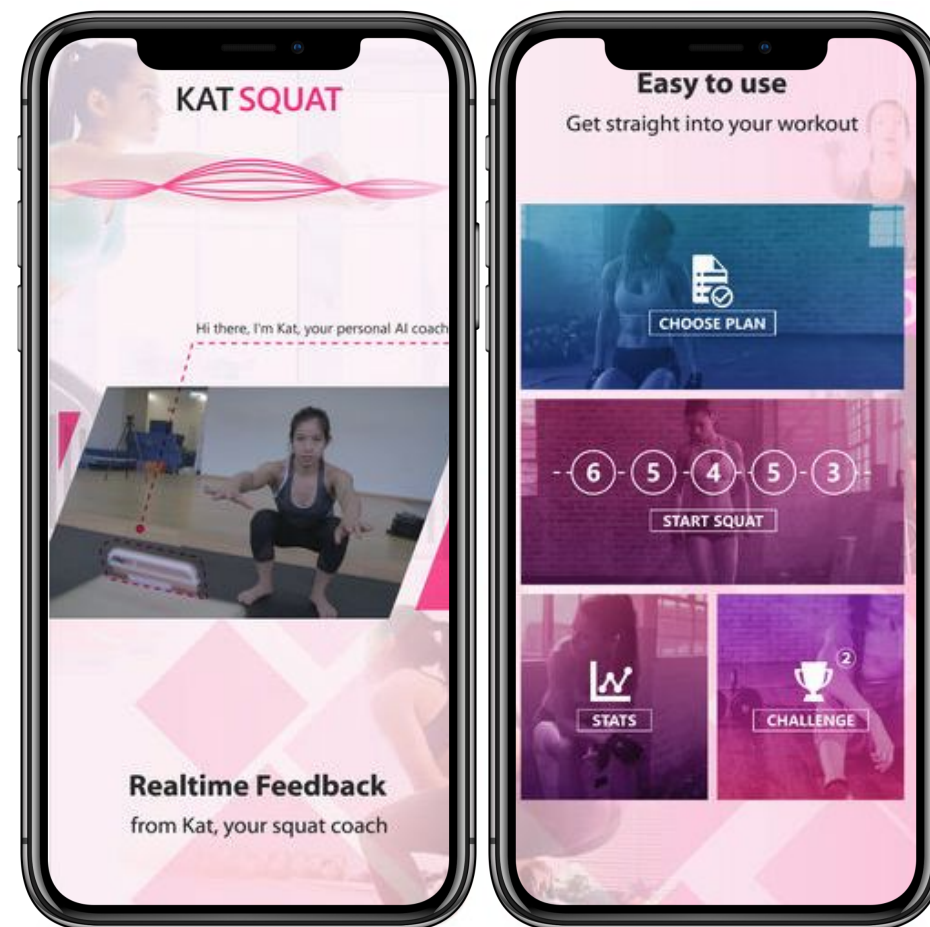
OliveX formed to develop and publish a range of mobile apps, powered by artificial intelligence (AI), that leverage gamification to address the fitness and health of users



Health and fitness apps market size: **US\$28 billion** and projected to grow to **US\$102 billion** by 2023 (*Research and Markets*)

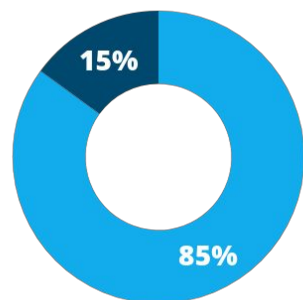
OliveX management includes

Sonny Vu	Director	Founder of MisFit, a wearable tech company acquired by Fossil Group for US\$260 million in November 2015
Keith Rumjahn	Director	CEO of Coachbase, a top-ranked paid app for iOS, Android, and Mac
Dylan Boyd	Advisor	Served as managing director of Techstars' Nike+ accelerator program
Jeremiah Owyang	Advisor	One of the founders of Catalyst Companies and noted tech analyst



OLIVEX TARGETS HEALTH AND FITNESS (cont.)

Subsidiary Develops Gamified Apps for Health and Fitness



Animoca Brands has **85%** ownership
OliveX management has **15%** ownership

OliveX working on a number of products including:



AI-based fitness app for popular Chinese exercise system Baduanjin



AI/wearable diagnostic and monitoring app to address specific health issues



Recently awarded **A\$770k** grant from Hong Kong government to build AI-based exercise app

WALLETPET THE GAMIFIED CRYPTOWALLET



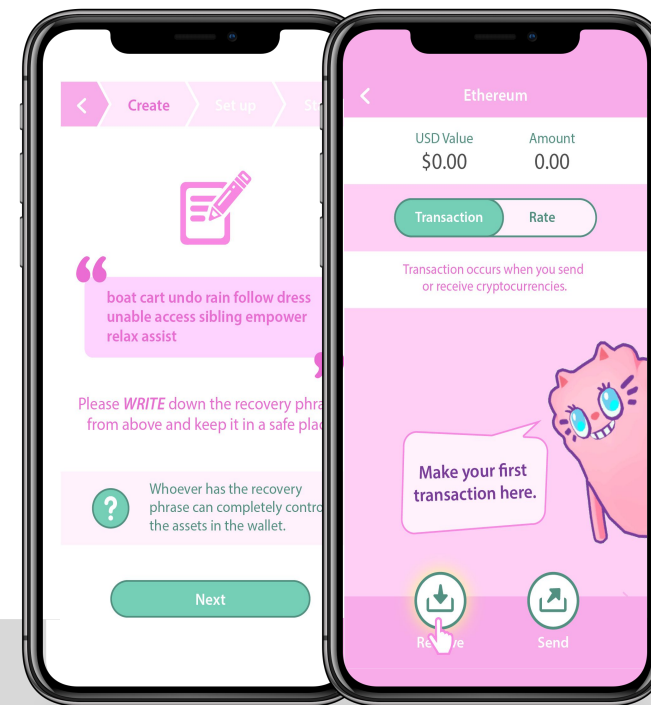
Joint venture with Japanese developer Red Robot K.K.



Product nearing beta launch

US\$ 370 BILLION

Total market cap of all cryptocurrencies



WalletPet: multipurpose gamified mobile cryptowallet



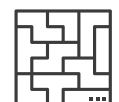
Mobile Wallet App

Store/send/receive multiple digital currencies (ERC-20/ERC-721) and monitor balance



Educational

Teaches consumers to handle cryptocurrencies safely and effectively, including through use of a “mock” currency



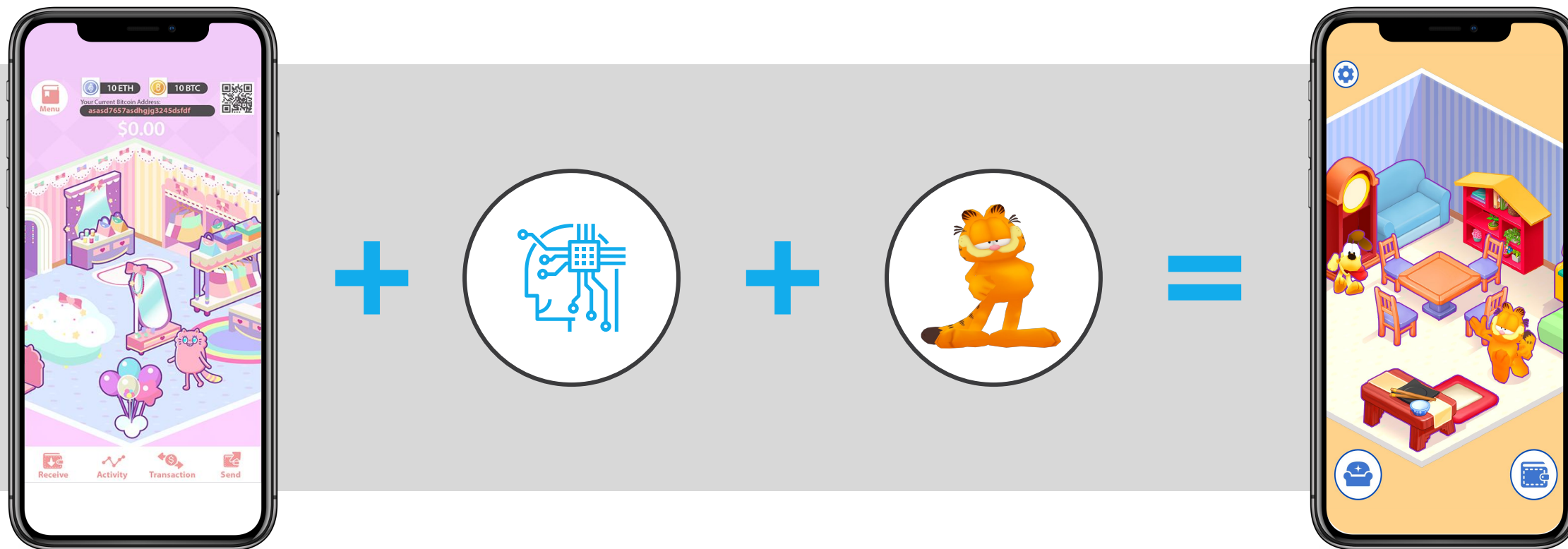
Gamified

Built-in game systems to familiarize users with blockchain and cryptocurrency

Opportunity to gain market share in rapidly growing cryptocurrency and blockchain wallet market by offering a gamified primer on cryptocurrency.

WALLETPET FUTURE TRACK AND SYNERGY

Blockchain applications
AI/Machine Learning functionality
Brands





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Zeroth.AI

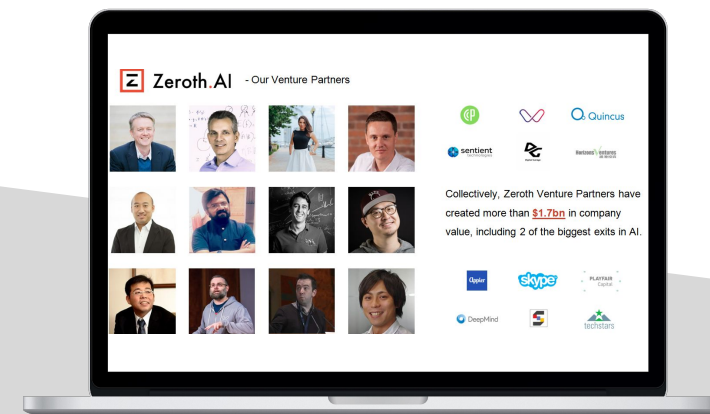
AI CAPABILITY AND OPTIONALITY

WHY ZEROOTH?

Zeroth has full visibility on the AI ecosystem



Zeroth's global reach and consistent dealflow provide a unique perspective on the state of AI across all industries around the world for a key competitive advantage.



Zeroth delivers strategic value

- AI talent is scarce and urgently needed
- Zeroth can deliver prime AI talent
- Almost every company is looking to scale up with AI
- Zeroth informs us about the next disruptions
- The only AI Accelerator in Asia
- High profile, strong management team

ZEROth.AI STRATEGIC RATIONALE

Investment consistent with focus on innovative, cutting-edge technologies and investing for the future

Significant potential upside for both parties to realise strategic value

Value for Animoca Brands...



Strategic partnership for innovation

Gives Animoca Brands access to cutting-edge AI and machine learning technologies



Cost saving opportunities

Zeroth.ai and portfolio companies co-located, developing and sharing intellectual property



Building equity for the future

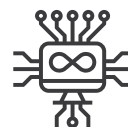
Investment brings strong potential for equity upside in Zeroth.ai companies as they continue to grow, prosper, and aim to spin off

...and value for Zeroth.ai



Strong operating upside

Co-location means direct access to highly experienced mobile development teams

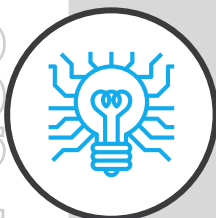


IP and distribution access

Zeroth.ai companies can leverage Animoca Brands' licensed IP portfolio as well as its global audience of gamers

A SAMPLE OF ZEROOTH.AI COMPANIES

The Growing Zeroth.ai family



Zeroth.ai is Asia's first artificial intelligence (AI) and machine learning focused accelerator



Zeroth.ai currently has 34 companies from around the world in its program, with plans for another ~ 65 in the near future

Sample of Zeroth companies

FANO Labs

Hong Kong

FanoLabs is developing Speech & NLP (natural language processing) technologies to help enterprises improve their customer services

PINGPAD

Palo Alto

A Slack bot that organizes your team on Slack



Hong Kong

A white-label chatbot helping banks do customer service

dishq

India

Provides personalisation tech for the online food industry

ROCCO

San Francisco

An AI assistant that does all of your social media marketing

botimize

Taiwan

An analytics platform for developers to track, test and optimize their bots



London

AI that automates software development and business processes

sero

Vietnam

Sero uses AI to diagnose rice crop health issues and predict productivity



Taiwan

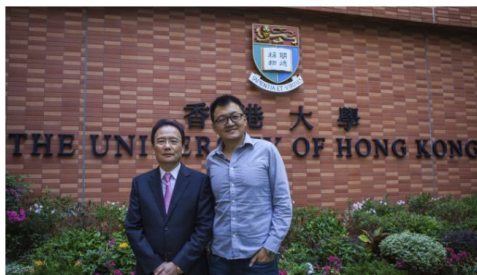
A portable and robust deep learning solution for connected devices

ZEROOTH.AI: SIGNIFICANT SUCCESS

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HK-based AI startup Fano Labs raises Pre-Series A from Li Ka-shing to analyse Chinese dialects

Fano Labs' specialities lie in speech recognition and natural language processing technologies



Hong Kong-based AI startup Fano Labs has raised an undisclosed Pre-Series A round led by Horizon Ventures, the private investment arm of Li Ka-shing.

The company, which is backed by Hong Kong-based AI accelerator Zeroth.ai, develops speech recognition and natural language processing (NLP) technologies that focus on Chinese dialects processing and analysis.

Slackの会話データで社員のエンゲージメント Laboratikが8000万円調達

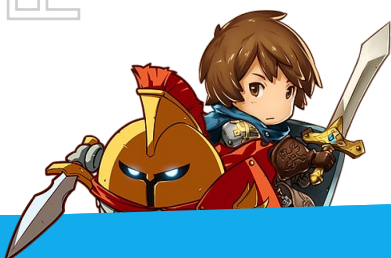
2018年4月16日 by Takuya Kimura

シェア ツイート はてな



写真左がLaboratik代表取締役の三浦豊史氏

Slackなどのコミュニケーションツールから得た会話データをもとに、社内のエンゲージメントを可視化するボットの「A: (エー)」を提供するLaboratikは4月16日、Archetype Ventures、みずほキャピタル、エルデスキャピタル、Zeroth AI、ほか個人投資家を引受先とする第三者割当増資を実施した。調達金額は8000万円だ。





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BRANDS

APPENDIX

APPENDIX 1: BUSINESS STRUCTURE AND OWNERSHIP

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MOBILE APPS

Opportunity

Key Points

TicBits and Crazy Kings game franchise (100%)

Key revenue generator
Further growth through 'reskinning' deals (Beast Quest, development funding from Coolabi), Android release

Tribeflame (100%)

Tablet game pioneer, accelerates development of mobile games. Includes popular Benji Bananas franchise

OliveX (85%)

Health and fitness apps provide significant opportunity - market size expected to exceed \$100B by 2023

Nitro Interactive (50% rev. share)

Blockchain based cryptocurrency system aiming to connect stakeholders in the game industry on one platform

BLOCKCHAIN GAMES

Opportunity

Key Points

[unnamed venture] (50% rev. share) WalletPet

JV with leading Japanese developer Red Robot K.K. Educate and familiarise players with cryptocurrency through gamification

Fuel Powered, Inc. (60%)

US blockchain tech company and service provider focused on maximising game revenues. Commercial relationships with SEGA, Bandai Namco and Axiom Zen (CryptoKitties)

CryptoKitties (licensing)

First game based on blockchain - generated volumes of \$40m in trade in less than 6 months. Animoca Brands holds exclusive distribution rights in greater China

ARTIFICIAL INTELLIGENCE

ZEROTH.AI - Multiple Opportunities

ICO ADVISORY

Unique ability to use ICOs for game funding and marketing off balance sheet

Company has raised over \$300m to date for its fund

INCUBATOR

Strategic access to innovative AI startups, resources, and talent globally

High potential of significant returns as the startups mature