



ASX Release

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## Acquisition of award-winning game studio Skytree

### Highlights

- Animoca Brands to acquire a 75% stake in Hong Kong-based mobile games developer Skytree
- Skytree management team includes accomplished entrepreneurs and executives, as well as one of the world's top eSports players of Hearthstone® (most popular trading card game with over 100 million players)
- Acquisition will significantly and cost-effectively increase the Company's development capabilities relevant to its recent licencing arrangements with major international sports brands (F1®, Major League Baseball, Bundesliga, Bayern Munich)
- Skytree has expertise in trading card games (TCG), also known as collectible card games (CCG)
- Skytree is a multiple award-winning game development studio with a portfolio of successful titles including *Hachi Hachi* and *Trillionia*, which have 5 million downloads
- Skytree's flagship game *Trillionia* is a real-time strategy card mobile game inspired by traditional board games such as Monopoly and just last week received the most prestigious technology award in Hong Kong
- The Company will utilise its capabilities in publishing & distribution to maximise revenue of Skytree's current products, which are particularly well suited to blockchain and NFTs
- Skytree generated ~A\$681,000 in revenue in 2018; revenue for Q1 2019 increased by 27.5% (annualised basis) and the acquisition price is only A\$850,000 in cash and shares

Animoca Brands Corporation Limited (ASX:AB1 or the "Company") is pleased to advise that its wholly owned subsidiary Animoca Brands Limited has initiated the acquisition of 75% of the issued capital of Skytree Digital Limited ("Skytree") for an upfront consideration of A\$850,000 in shares and cash (the "Acquisition"), subject to final due diligence, closing conditions, and shareholder approval.



Skytree is a Hong Kong-based mobile game developer and publisher established in 2013 by entrepreneurs Silver Yu and Andy Chan. In addition to producing gamification products for third parties such as SmarTone's *Birdie Farm*, Skytree has developed original award-winning titles including *Hachi Hachi* and *Trillionia*, which together have accumulated 5 million downloads on Google Play and Apple's App Store.



Skytree's current flagship product is Trillionia, a multiplayer real-time strategy card mobile game inspired by traditional board games such as Monopoly. Just last week, on 4 April 2019, *Trillionia* was honoured with the Digital Entertainment Gold Award by the most prestigious technology award scheme in Hong Kong, the HKICT Awards.

Skytree's awards and accolades also include a second Digital Entertainment Gold Award for *Hachi Hachi*, which in addition also won the Grand Award - the most coveted technology award in the territory. Trillionia was selected by Google to represent the Hong Kong indie games industry at G-STAR Busan 2018 for the Google Play All-Star event. Additionally, Deloitte named Skytree one of its 2017 "Technology Fast 20 Hong Kong," recognising remarkable business growth over a period of three years.

Skytree generated HK\$3,823,475.31 (approximately A\$681,000) in revenue in 2018, and revenue in the first quarter of 2019 was HK\$ 1,217,338.43 (approximately A\$217,000), an increase of roughly 27.5% on an annualised basis.

### **Strategic rationale**

The Company believes that the acquisition of Skytree will significantly and cost-effectively increase its development capabilities. Skytree's product portfolio offers noteworthy commercial opportunities for publishing & distribution as well as blockchain integration.

Animoca Brands will work to utilise Skytree's demonstrated expertise in trading card games (TCG), also known as collectible card games (CCG), to leverage additional assets (including branded IPs) in this game genre, which is particularly well suited to blockchain gaming.

Skytree's successful and award-winning games will provide opportunities to produce blockchain products from existing, polished titles, accelerating the time to market and reducing both cost and risk.

The Skytree team confers notable experience and expertise. In addition to the accomplished and proven entrepreneurial founding team of Silver Yu and Andy Chan, other key members include Pak Kan "Shy" Leung, Skytree's lead game designer and ranked #26 among the world's top eSports players of Blizzard Entertainment's Hearthstone® (the most popular digital trading card game, with 100 million players). The Company believes that Mr Leung's skills and insights in digital trading card games - both competitively and professionally - will be of value to its efforts in blockchain gamification and eSports related areas.

### **Transaction details**

The Acquisition grants Animoca Brands a 75% stake in Skytree for an upfront consideration of A\$850,000, of which A\$425,000 is cash and A\$425,000 is payable in fully paid ordinary shares of Animoca Brands.

The number of Animoca Brands shares to be issued will be determined at a price per share of A\$0.14 or the 21-day VWAP, whichever is higher. The Acquisition is expected to be completed by 3 June 2019, subject to due diligence and final closing conditions. The Company intends to seek approval for the Acquisition for the purposes of ASX Listing Rule 7.3 (and all other purposes) at the upcoming AGM.



## Management commentary

Yat Siu, the chairman and co-founder of Animoca Brands, said: "Skytree is a company with a history of delivering high-quality products and who shares our vision on the future of non-fungible tokens (NFTs), so it's a great fit with Animoca Brands. We're extremely excited about the opportunity to bring *Trillionia* to blockchain - not just because it's a polished game that recently won the top digital entertainment award in Hong Kong, but also because its board game and collectible trading card game elements make it an ideal candidate for blockchain and NFTs."

Silver Yu, co-founder and CEO of Skytree, commented: "Yat has been a mentor and supporter of Skytree since our very beginning six years ago. We're excited to grow future businesses with Animoca Brands based on our mutual passion for gaming, and together we will develop exciting products that utilise innovative technologies such as blockchain and AI."

## Images

Screenshots of Skytree products including *Trillionia* and *Hachi Hachi* are available at <https://www.animocabrands.com/animoca-brands-to-acquire-skytree>.

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## About Skytree

Skytree Digital Limited, established in 2013 by Silver Yu and Andy Chan, has the mission to "Game your world" with a focus on developing mobile games, such as *Hachi Hachi* and *Trillionia*, incorporating innovation and entertainment value. The company's strength lies in gamification - the passion and experience as a game studio does not only produce cutting edge experiences for modern gamers, but also proves its effectiveness in collaborations with some of Hong Kong's leading B2C companies in projects such as *Birdie Farm* from Smartone and *myDNA Pro* from Prudential.

## About Animoca Brands

Animoca Brands (ASX: AB1) leverages gamification, blockchain, and artificial intelligence technologies to develop and publish a broad portfolio of mobile products including games such as *The Sandbox*, *Crazy Kings*, and *Crazy Defense Heroes* as well as products based on popular intellectual properties such as Garfield, Snoopy, Thomas & Friends™, Ever After High and Doraemon. Animoca Brands is the exclusive China distributor of *CryptoKitties*. The Company is based in Hong Kong, Canada, Finland, and Argentina. For more information visit [www.animocabrands.com](http://www.animocabrands.com) or get updates by following Animoca Brands on [Facebook](#) or [Twitter](#).

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