Animoca Brands Corporation Limited
(ACN 122 921 813)

Annual Report for the financial year ended 31 December 2021

Content

Directors

Yat Siu	Executive Chairman
David Lloyd Brickler	Non-executive Director
Christopher Paul Whiteman	Non-executive Director

Executives

Evan Auyang	Group President (appointed on 7 October 2021)
Robert William Hong-san Yung	Chief Executive Officer-North America
Jared Thomas Shaw	Chief Financial Officer (appointed on 12 September 2022)
John Michael Madden	Company Secretary

Auditors
Hall Chadwick (NSW)
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Sydney NSW 2000

Lawyers
Herbert Smith Freehills
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Bankers
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Dear Shareholders and Friends of Animoca Brands,

I am pleased to share the FY2021 annual report for Animoca Brands Corporation Limited ("Animoca Brands" or "the Company"), the completion of which marks a significant milestone toward full compliance with the financial disclosure obligations under the Corporations Act 2001. There are no qualifications to the audit opinion provided by our group auditor, Hall Chadwick, of the FY2021 directors report and consolidation financial statements.

Audit Progress

This report, along with the audit it is based on, addresses complex accounting issues related to our emerging industry, which required an unusually long time to complete and I am deeply grateful for your patience. FY2021 was the first year that Animoca Brands had significant financial results derived primarily from digital assets and blockchain-based business activity, with significant growth in our balance sheet and operating cash flow. Most importantly, I am confident that the completion of FY2021 audited financial statements lays the foundation for more timely completion of the remaining compliance matters outstanding, given that the publication of this report also involved extensive work on the financial statements for subsequent reporting periods.

The significant growth of Animoca Brands that began in 2021 provided validation for our strategy and business model, establishing the Company as one of the most effective digital asset accumulators in the industry – but it also introduced new complexities. Midway through the audit of our FY2021 financial statements we transitioned to Hall Chadwick as our new group auditor; with its expertise and relevant experience in the crypto sector, Hall Chadwick has been instrumental in navigating the new complexities faced by Animoca Brands, and has enabled us to establish a stronger foundation for timely and transparent financial reporting.

Financial Performance

FY2021 was a watershed year for Animoca Brands and our industry as a whole. Many financial metrics for the Company increased by orders of magnitude over FY2020. Net assets grew from negative A$385,000 in FY2020 to A$337 million in FY2021 and bookings for the financial year increased to A$450 million from A$49 million the previous year. Net operating cash inflow increased to A$382 million from net operating cash outflow A$8 million the previous year.

2021 was the year that digital assets, Web3, crypto and blockchain entered mainstream awareness, even if their significance and importance (particularly in the contexts of digital property rights, network effects, and economic freedom) were not particularly well understood. Since FY2021 the Company has delivered annual unaudited bookings that have been consistently in the hundreds of millions even during some very turbulent times for our industry. This performance reflects not only the scale and resilience of our business but also the immense potential of the ecosystem that we are shaping. At the end of FY2024 the Company had a robust asset base comprising cash/stablecoins, tokens (including Bitcoin, Ethereum, Solana, BNB and various others), and a portfolio of investments in over 540 companies, some of which are highly prominent in the spaces of Web3, digital assets, blockchain, and AI. Animoca Brands also had a large amount of off-balance-sheet token reserve assets for tokens launched by the Company. In addition to asset growth, the Company also delivered strong top-line bookings (see announcement of 5 March 2025).

It is important to note that the economics of our business frequently diverge from traditional accounting treatments. For example, in FY2021, our Cash Flow Statement reported A$382 million in positive operating cash flow, while the Profit and Loss Statement recorded a net loss of A$671 million due to **non-cash accounting charges** (see Note 44 to the Consolidated Financial Statements). Accounting standard setters have been slow to address this new industry and the way business is conducted. A similar disparity is observed in other digital frontier companies that report strong bookings and positive cashflow, but significant accounting-based losses because their revenues are recognized over time rather than upfront (a notable example of this is Roblox Corporation). In addition, the Company had several one-time, non-cash accounting charges, namely for derivatives and conversion features attached to convertible notes (totaling over A$231 million), that will reverse and be reported as a gain for FY2022.

Strategy

Since 2021, the fundamentals of our industry have continued to improve despite some serious headwinds, such as the collapse of FTX and Terra Luna in 2022. The current market size of all cryptocurrencies has grown to about US$3.4 trillion, token trading volume averages around US$100-120 billion a day, and NFT sales in the first five months of 2025 averaged nearly half a billion US dollars per month. More than half a billion people around the world now own tokenized digital assets, and that number continues to grow.

Animoca Brands has evolved from a blockchain gaming and metaverse company into a highly regarded operator for digital asset accumulation and tokenization. This asset base and token accumulation strategy have made Animoca Brands one of the most influential companies in the Web3 and digital assets space and a leading proponent of the emerging digital asset industry. Our strategy in growing our digital asset base and revenue is unique in the industry: we not only originate high-value projects but also work with prominent third-party projects as an ecosystem partner, investor, advisor, and publisher.and.

Our institutional-grade capabilities are a testament to the Company's adaptability and vision. Today we are collaborating with Standard Chartered Bank and Hong Kong Telecom (HKT) on a Hong Kong Monetary Authority-regulated stablecoin — the first of its kind involving both a private and central bank. We're also developing proofs of concept with some of the world's largest sovereign wealth funds, underscoring the growing recognition of digital assets as foundational to the global economy.

In parallel, we have significantly streamlined our operations, reducing operating expenses during 2023 and 2024 while continuing to grow revenues. This disciplined approach ensures we stay agile and focused on delivering value to our stakeholders.

The Future

The global regulatory landscape for digital assets is evolving very positively, particularly in the United States. Recent developments indicate growing clarity in policy and a sentiment shift toward fostering innovation in blockchain and digital assets. This momentum is a promising sign for the future of our industry, as it provides a stronger foundation for institutional adoption and public confidence in crypto and blockchain. It was not very long ago that governments around the world expressed hostility toward our industry.

As governments and regulators worldwide increasingly embrace digital property rights, the potential for blockchain technology to serve as a cornerstone of economic transformation has never been greater. The market cap of cryptocurrencies today is more than double what it was in June 2021, and the industry is starting to be bolstered by institutional flows and adoption, particularly in the rapidly growing tokenized real-world assets sector.

The transformative potential of digital property rights and tokenization is only just beginning to be recognized as the industry nears an inflection point of mass adoption – chances are that you now have various people in your close circle who have exposure to (or perhaps are even directly involved in) digital assets. True digital ownership will be the cornerstone of a new era of economic opportunity for creators, gamers, communities, and anyone operating in the digital economy as users begin to own, control, and benefit from the value that they generate online.

As we look to the future, we remain committed to pushing boundaries, unlocking possibilities, and building a more equitable digital economy. Together with our friends and supporters, we are building not just a company but also a movement to create a better and more equitable future in which Animoca Brands will continue to play a pivotal role.

As I reflect on our humble beginnings since we embarked on our mission to deliver digital property rights to the world, as I note how our once small company has blossomed into a global industry leader, I wish to once again extend my deepest appreciation to all those who made that transformation possible: our shareholders, team, group and portfolio companies, and (of course) our customers and stakeholders.

Sincerely, with gratitude,

Yat Siu

Executive Chairman and Co-Founder
Animoca Brands

11 June 2025

The consolidated entity generated record revenues and customer bookings (a non-AASB term) through existing businesses and acquisitions for the financial year:

	$000s
Blockchain revenues	**43,449**
add Change in deferred revenue for the financial year (net of exchange fluctuation)	**406,837**
Bookings for the financial year	**450,286**

The revenues and customer bookings will increase significantly as the consolidated entity grows its blockchain and digital assets businesses, particularly *The SANDBOX*.

The consolidated entity generates bookings from customers buying its tokens and recognises revenue when customers purchase virtual items. The consolidated entity defers virtual items purchased by its customers and recognises revenue from virtual items when it performs its service obligations. The performance obligations represent the purchase of virtual items within the digital game or experiences the virtual items on platforms such as *The SANDBOX*.

The consolidated entity has estimated that its service obligations are performed over life and amortises deferred revenue to the profit or loss over a period of 15-18 months.

Net losses for the consolidated entity increased from A$60,432,000 to A$670,952,000 during the financial year. The increase in the loss can be loosely attributable to four categories:

1. marketing initiatives that drove growth;
2. increase in development resources driven by overall business expansion and acquisitions as the consolidated entity does not defer expenditure on development;
3. non-cash charges to the profit or loss such as amortisation, depreciation, exchange fluctuation and impairment; and
4. fair value accounting in accordance with accounting standards.

The increase in the net loss under these categories is as follows:

		$000s
Consolidated entity net loss for the financial year ended in 2020		**(60,432)**
Increase in Gross Revenue in the financial year		**75,269**
Marketing Growth		
Cost of sales related to more intense marketing to drive revenues	(64,819)	
Marketing expenses	(26,992)	**(91,811)**
Increased Development Resources		
Increased manpower arising from acquisitions and business growth	(17,103)	
Consultants, contractors, and other outsourcing	(20,026)	

Other administrative costs	(2,480)	**(39,609)**
Non-Cash Charges		
Fair value of financial liabilities (conversion rights attached to convertible notes issued in 2020)	(231,778)	
Share-based payments and token-based payments	(229,920)	
Impairment of intellectual property acquired and other assets and impairment of goodwill on acquisition	(56,307)	
Other non-cash charges	(17,315)	
Amortisation of intellectual property associated with acquisitions of Entities	8,707	**(526,613)**
Fair Value Accounting		
Fair value accounting for financial assets	(64,819)	
Profit in the market value of digital assets	46,912	
Finance costs	(10,995)	**(28,902)**
Taxation (COVID-19 relief from various jurisdictions)		**(218)**
Other		**1,364**
Consolidated entity net loss for the financial year		**(670,952)**

From an operating cash flow perspective, operating cash flows were A$382,125,000 compared to negative operating cashflows of A$7,768,000 in the previous year.

	$000s
Net loss for the financial year	**(670,952)**
Proceeds from customers	408,547
Amortisation, depreciation and impairment	82,625
Conversion feature of convertible notes and derivative	230,660
Share-based payments to vendors and employees and token-based payments to employees	235,867
Net trading gains	(50,440)
Fair value changes in financial assets	64,393
Other non-cash charges recognised in profit or loss	65,027
Changes in receivables and payables and other current assets	16,398
Net operating cash inflow/(outflow) for the financial year	**382,125**

The directors present their report, together with the consolidated financial statements of Animoca Brands Corporation Limited (ACN 122 921 813) (hereafter referred to as the “Company”), for the financial year ended 31 December 2021.

Principal Activities

The Company is a leader in digital entertainment, blockchain, and gamification. The Company has established itself as one of the world's leading technology groups by bringing digital property rights to online users, primarily for consumer video game players and the metaverse, through the use of blockchain and non-fungible tokens (NFTs); these technologies enable the true digital ownership of users' virtual assets and data, and offer various play-to-earn capabilities, asset interoperability, and DeFi/GameFi opportunities.

The Company and its controlled entities offer a broad portfolio of game products, both centralized and decentralized, branded and original, with coverage across most primary platforms including mobile devices, game consoles, PC, web, and blockchain. Products include games ranging from hyper-casual to hardcore, as well as collectibles, utility tokens, esports titles, and more.

The Company develops and publishes a broad portfolio of products including the Moca token, the REVV token and SAND token; original games including The Sandbox, Anichess, Crazy Kings, Crazy Defense Heroes and Cosmic Royale (by Motorverse); and, products utilizing popular intellectual properties including The Walking Dead, Formula E, Marvel, WWE, Power Rangers, MotoGP™ Premier, and Doraemon.

In addition to its product development and publishing businesses, Animoca has a growing portfolio of more than 540 investments in some of the world's most meaningful NFT related companies, including OpenSea, Dapper Labs, Bitski, Star Atlas, and Axie Infinity. It also owns multiple game studios including The Sandbox, Blowfish Studios, Quidd, GAMEE, Darewise, Pixelynx, nWay, Pixowl, Lympo and many others.

Operating Results

The net loss after tax attributable to shareholders of the Company for the financial year ended 31 December 2021 was A$624,553,000 (2020: A$59,956,000). The significant increase in the net loss after tax is largely attributable to the recognition of conversion rights granted to holders of convertible notes of A$172,588,000; the recognition, in full, of Tranche 1 and Tranche 2 of performance rights awarded to the Executive Chairman and the Group President of A$149,715,000; the issue of shares for past performance of the Executive Chairman of A$76,598,000; recognition of a derivative related to the issue of token warrants of A$58,072,000; and impairment of goodwill on acquisition, investment in associates and joint ventures, and intellectual property of A$72,938,000.

The conversion rights, performance rights, the issue of shares to the Executive Chairman and the impairment represent non-cash charges that emerge from the application of Australian equivalents to International Financial Reporting Standards.

State of affairs of the Company

During the 2021 financial year, the Company continued its growth strategy and during the course of the financial year the parent entity, the Company, raised A$647,274,000 (2020: A$7,119,000) (including A$339,271,000 in monies raised at balance date for shares that were issued in January 2022) in cash-based new equity and A$183,536,000 (2020: A$31,068,000) in non-cash based new equity for acquisitions, consultants, employees, and strategic partnerships.

The Company issued 443,025,117 fully paid ordinary shares (2020: 269,377,300 fully paid ordinary shares) for both cash-based new equity and non-cash-based new equity.

The Company acquired Fugu Raw Pty Ltd (Blowfish Studios) and Sanrio Digital Corporation during the financial year (see Note 5 in the notes to the consolidated financial statements) for A$5,000,000 in cash and A$57,304,000 by way of fully paid ordinary shares (primarily due to the applicable of accounting standard and the requirement to account for the acquisition of Sanrio at fair value on completion date and not agreement execution date) (2020: Gamee Limited, nWay Inc., Quidd Inc., and Latgala Ou for a total consideration of A$250,000 in cash and A$20,463,000 by way of issue of fully paid shares).

Assignment of equity interest to founders of The SANDBOX
On 27 August 2021, the Company assigned 30% of the shares held by Meta Global Limited to the founders of *The SANDBOX.* Meta Global Limited holds all the ordinary shares on issue in Bacasable Global Limited.

Bacasable Global Limited holds all the shares on issue in the various entities through which The SANDBOX conducts its business in Argentina, the Cayman Islands, Europe and North America.

The net asset value of the equity assigned was A$3,781,000 (see Note 12 in the Notes to the consolidated financial statements).

2021 Acquisitions

Acquisition of Sanrio Digital
During the 2020 financial year, the Company conducted negotiations with Sanrio Digital Corporation and the Company executed the agreement on **4 January 2021** for its controlled entity Animoca Brands Limited to acquire 100% of the issued capital in Sanrio Digital Corporation ("Sanrio"). The acquisition of Sanrio Digital included the rights to use Sanrio intellectual property, including world-famous brands such as Hello Kitty®.

Sanrio had a related party ownership with Animoca, wherein Mr Yat Siu, the Executive Chairman, held an indirect ownership of 33.6% in the vendors, which in turn collectively own 100% of Sanrio. The acquisition by Animoca of Mr Yat Siu's ownership stake was therefore subject to approval by the shareholders of Animoca. Approval was given by shareholders for the related party transaction at the Annual General Meeting of Shareholders held on **22 December 2021**. Under accounting standards; however, the consolidated entity was required to account for the acquisition cost at fair value at the date of completion as some time had lapsed before shareholders approve the related party transaction. The application of accounting standards resulted in the consolidated entity recording the cost of the acquisition at a significant higher amount than previously disclosed to shareholders due to several successful equity raisings and the use of the last equity raising to determine the fair value (A$2.00 per ordinary share). The consolidated entity recorded the cost at A$47,304,000 and impaired, in full, the goodwill on acquisition that emerged between the net assets acquired and the fair value.

Acquisition of Helix Accelerator
On **3 March 2021**, the Company, through its controlled entity Animoca Brands Limited, completed the acquisition of 60% of the issued capital in Helix Accelerator Limited, including Helix Accelerator's 50% share ownership in Helix One Limited ("Helix One"), from Mind Fund Group Limited ("Mind Fund"), for an upfront consideration of US$2,000,000 (equivalent to approximately A$2,557,000) payable in approximately 7,305,403 ordinary shares of Animoca Brands at a price of A$0.35 per share.

The acquisition included 100% of the Helix brand.

Prior to the acquisition, Animoca held 30% of the share ownership in Helix One, and after the acquisition the Company owns 80% of Helix One.

Acquisition of Blowfish Studios
On **29 July 2021** the Company acquired 100% of indie game developer Fugu Raw Pty Ltd (Blowfish Studios) for an upfront consideration of A$4,000,000 in cash and A$5,000,000 in shares, two anniversary payments of A$3,000,000 each plus Earnouts based on revenue/profit outcomes.

The management team of Blowfish continued to operate the Company after the acquisition, working closely with Animoca to align efforts relating to blockchain integration, fungible tokens, non-fungible tokens, play-to-earn capabilities, synergy opportunities, and product launches. The upfront consideration consisted of A$4,000,000 in cash and A$5,000,000 in fully paid ordinary shares of Animoca priced at A$1.10 per share. Additionally, conditional on the continued employment at Blowfish of founders Benjamin Lee and Aaron Grove for two years following the acquisition, up to A$1,000,000 in cash and A$5,000,000 in shares were payable. Finally, the acquisition included performance-based earnout payments of up to A$20,000,000 based on the achievement of certain profitability targets in 2022 and 2023.
As at the date of this report, the performance targets had not been met and no contingent liability is recorded as at 31 Dec 2023.

Acquisition of Prosper and the Prosper Token
On **7 September 2021,** the Company acquired the Prosper platform and its assets including the token reserve of Prosper Tokens (PROS) within Prosper's possession.
Prosper is a non-custodial cross-chain prediction market and hedging platform that allows people to make predictions about the outcomes of various events. Prosper is developing a unique technological infrastructure of on-chain liquidity aggregation to solve problems within the overall prediction and prediction markets. The platform includes interoperability elements from different networks across the blockchain ecosystem.

This acquisition was considered to be strategic in nature in that it offers potentially synergistic use cases for Prosper's prediction services for Animoca's games and NFT-based products.

Acquisition of a majority stake in Bondly
On **14 September 2021**, the Company entered into a binding agreement to acquire a majority stake in Bondly, the premiere NFT solutions provider empowering the next generation of NFT creators. The strategic investment in Bondly was aimed to position both companies to drive mass NFT adoption across Animoca's portfolio companies operating in gaming, sports, entertainment, collectibles, and other areas.

Other Investments by Animoca in 2021
Animoca invested in many other projects during the year, often as lead investor. Some of these investments include Amasa, Cudos, Veloce, Sweet, Realis, Vera, Xverse, Warena, Blockchain Monster Hunt, Cradles, reNFT, Traverse, MADworld, Highstreet, PolkaPet World, Ex Populus, Upland, Kingdom Raids, GuildFi, Good Games Guild, Forte, Talon, OliveX, Blockade Games, Matterless Studios, KlayCity, NFTfi,

2021 Joint ventures
In addition to the acquisitions and investments outlined herein, the Company entered into numerous joint ventures during 2021.

On **15 November 2021**, the Company announced a joint venture with Cube Entertainment of South Korea for K-pop music metaverse and NFTs. The purpose of the joint venture is to build a music metaverse, and issue non-fungible tokens (NFTs) and ecosystem tokens based on the intellectual property rights of Cube Ent's globally popular K-pop music artists and actors.

On **29 October 2021**, the Company entered into a joint venture agreement with Hex Trust Launch to provide institutional digital asset wallets and financial services for online gamers. Under the joint venture, Hex Trust were to provide its highly secure digital asset wallet technology and custody infrastructure to connect seamlessly with Animoca's blockchain-based games to support the growth of the rapidly expanding GameFi ecosystem.

Dividends

No dividends were declared and paid for the financial year.

Events After Balance Date

Capital Raising
In **January 2022**, the Company announced that it had completed a capital raising of US$353,889,000 (equivalent to approximately A$493,339,000) via the issue of 109,630,962 new shares at a subscription price of A$4.50 per share, at a pre-money valuation of approximately US$5,400,000,000 (at the prevailing exchange rate of the time). This capital was to be used to continue funding strategic acquisitions and investments, product development, and licenses for popular intellectual properties.

Acquisition of Notre Games
On **19 January 2022**, the Company announced that it had entered into an agreement to acquire Notre Game sro. Under the terms and conditions of the Share Purchase Agreement, the Company agreed to pay the shareholders of Notre Game €1,116,000 (equivalent to approximately A$1,656,000) with €1,040,000 (equivalent to approximately A$1,543,000) payable in cash and €76,000 (equivalent to approximately A$113,000) payable in fully paid ordinary shares valued at the latest fund-raising price A$4.50. In addition, the Company agreed to pay the founder of Notre Game specific milestone payments for revenues generated by Scratch Lords and, in the event the Company issues tokens for the Scratch Lords game, a percentage of the total tokens minted.

Acquisition of Grease Monkey Games
On **16 February 2022**, the Company acquired 100% of indie game developer Grease Monkey Games (Grease Monkey). Grease Monkey is a Melbourne-based developer of high-quality motorsports games, and is the developer of popular racing games Torque Burnout and Torque Drift.

Consideration for the acquisition was A$8,317,000, payable by a cash component of US$4,000,000 (equivalent to approximately A$5,513,000) and via the issue of 862,719 new fully paid ordinary shares at a value of A$3.25 per share. The Share Purchase Agreement also provides the vendors with the potential to earn out entitlements based on revenue and profit milestones.

Animoca Brands Japan incorporation and funding
On **15 February 2022**, the Company announced it had begun operations in Japan with the launch of its strategic controlled entity Animoca Brands KK ("Animoca Brands Japan"), having completed a capital raise of JP¥1,100,000,000 (equivalent to approximately A$13,374,000) in its seed round. Animoca Brands Japan is building a platform based on blockchain technology to enable intellectual property (IP) holders in Japan to build and expand fan communities via the issue of their own NFTs and fungible tokens and participation in the broader Web3 ecosystem.

Joint Venture with Cube Entertainment
The Company and Cube Entertainment, a South Korean-based entity, established a new joint venture named AniCube Entertainment ("AniCube") on **25 January 2022**. AniCube will build a music metaverse and issue NFTs and ecosystem tokens based on the intellectual property rights of Cube Ent's globally popular K-pop music artists and actors.

Acquisition of Eden Games SAS
On **5 April 2022** the Company acquired Eden Games SAS, a French based entity, for consideration of US$16,000,000 (equivalent to approximately A$23,412,000).

Acquisition of Darewise Entertainment SAS
On **14 April 2022** the Company acquired 70% of the diluted share capital on issue in Darewise Entertainment SAS (Darewise) for US$15,000,000 (equivalent to approximately A$20,110,000) comprising US$9,000,000 (equivalent to approximately A$12,037,000) in cash and US$6,000,000 (equivalent to approximately A$8,073,000) in fully paid ordinary shares at A$3.07 per share. The parties agreed a series of earn-outs based on the launch of Life Beyond NFT and tokens as well as accumulative token sales targets.

Acquisition of TinyTap Limited
On **22 February 2022** the Company acquired 80.45% of TinyTap Limited, an entity incorporated in the state of Israel, for consideration of US$38,875,000 (equivalent to approximately A$52,999,000) in cash and shares. TinyTap is a user-generated content (UGC) educational technology company that provides a no-code platform enabling educators to create and distribute interactive educational content while earning a usage-based revenue share.

Under the terms of the acquisition, the Company issued 2,289,395 fully paid ordinary shares at A$4.50 per share and cash consideration totalling US$27,181,000 (equivalent to approximately A$36,824,000), net of amounts payable to the Company and its controlled entities of US$4,335,000 (equivalent to approximately A$5,873,000). Prior to the acquisition Animoca held a 3.73% stake in TinyTap and now holds 84.13% of the company.

Blowfish launch of Phantom Galaxies NFT
The Company and its controlled entity Blowfish Studios announced on **18 May 2022** that they had successfully closed an oversubscribed Planet Private Sale for Phantom Galaxies, one of the most anticipated AAA blockchain games. A total of 7,734 Planets and Asteroids were sold for a total of US$19,300,000 (equivalent to approximately A$27,438,000).

Exercise of options and the issue of shares to sophisticated shareholders
On **5 May 2022** the Company issued 2,439,686 fully paid ordinary shares for the exercise of options over ordinary shares at A$0.11 per option and the issue of 1,542,556 shares for A$4.50 per share.

Conversion of convertible notes into ordinary shares, the exercise of options and settlement of amounts due to consultants

On **11 July 2022** the Company issued 38,952,584 fully paid ordinary shares on the conversion of convertible notes issued in 2020 and 2021 at a conversion price of an average price of A$0.10. 8,942 options over ordinary shares issued were exercised pursuant to the Long Term Incentive Plan ("LTIP") were to an employee at A$0.90 per option. The Company issued 2,188,782 fully paid shares at an average price of A$0.90 per share.

Capital Raising from Sophisticated and Professional Investors
On **12 July 2022** the Company announced a capital raising of US$75,320,000 (equivalent to approximately A$104,567,000) via the issue of 23,237,058 fully paid ordinary shares at A$4.50 per share, being the second tranche of the funding round announced on 18 January 2022, which was extended to accommodate due diligence processes.

Acquisition of BeMedia
On **16 August 2022** the Company announced it had completed the acquisition of BeMedia Pty Ltd, a digital marketing agency focusing on key opportunities centred around blockchain development within the sports entertainment industry. Under the terms and conditions of the Share Purchase Agreement and the Subscription Agreement, the Company acquired 61% of the shares on the issue on completion of the Share Purchase Agreement and increased its equity in BeMedia to 6% following its subscription to new shares for A$1,000,000.

The Company paid the vendors A$719,000 upfront and a further payment of A$719,000 six months following the date of acquisition. In addition, the Company agreed to pay the vendors of earn-outs on the achievement of specific revenue milestones over three years following the date of acquisition. The Company also committed to lending BeMedia up to A$2,000,000 on an interest-bearing basis.

Animoca Brands KK equity raising
On **26 August 2022** Animoca Brands KK ('ABKK') the Japan focused controlled entity of the Company, raised US$45,000,000 (equivalent to approximately A$65,293,000) from its ultimate parent entity and MUFG Bank, Ltd. which valued ABKK at US$500,000,000 (equivalent to approximately A$725,479,000) on a pre-money basis. The funds raised were to be used by ABKK to continue to secure licenses for popular intellectual properties, develop internal capabilities, and promote the adoption of Web3 to multiple partners.

Issue of Convertible Notes
On **8 September 2022** the Company announced that it had closed a strategic funding round for US$110,000,000 (equivalent to approximately A$163,181,000) through the issue of convertible notes to institutional investors.

The key terms of the convertible notes include a conversion/repayment date of three years from the date of issue with a coupon rate of 10% only payable if the convertible note holder elects not to convert and requests repayment. In addition. there is a down round term that increases the coupon rate from 10% to 15% in the event of the Company raising equity at a price below A$4.50 per fully paid ordinary share.
The convertible note holders entered into a warrant agreement providing access to a 1:2 warrant over ordinary shares of the Company with a three-year expiry date from the date of issue and an exercise price of A$4.50 per warrant.

Investment in Revolving Games
On **9 September 2022**, the Company announced that it and Pantera Capital, Polygon, Dapper Labs, Permanens Capital Partners, Kenetic, Sarmayacar, and DWeb3 Capital agreed to invest

US$13,200,000 (equivalent to approximately A$19,332,000) in Revolving Games, a AAA Web3 blockchain game studio.

Membership Interest Purchase Agreement with WePlay Media
On **16 September 2022** the Company entered into a Membership Interest Purchase Agreement for the acquisition of WePlay Media Holdings LLC, the sole shareholder of XXL Racing LLC, an official licensee of MotoGP™, and WePlay Media LLC, the developer of the highly popular MotoGP™ Championship Quest. The Company agreed to pay the sellers of the membership Interest (the equity security underlying a limited liability company) in WePlay Media Holdings LLC US$50,000 (equivalent to approximately A$75,000).

Investment in Roboto Games
The Company led and contributed to a fundraising for Roboto Games which closed on **29 November 2022**. The funds raised, US$15,000,000 (equivalent to approximately A$22,368,000), was to be used by Roboto Games to advance its games on the Web3 platform including Stormforge and Last Mage Standing.

Acquisition of PIXELYNX
On **6 December 2022** the Company announced it had acquired a controlling interest (61%) in PIXELYNX.

Under the terms of various documents that formed the basis of the acquisition, the Company agreed to:

- convert a series of Convertible Promissory Notes held by entities controlled by the Company into Series A Preferred Stock;

- inject US$6,000,000 (equivalent to approximately A$8,914,000) into PIXELYNX by way of the issue of Series A Preferred Stock;

- purchase US$3,000,000 (equivalent to approximately A$4,457,000) of Common Stock held by the founders for both cash and shares in the Company; and

- provide PIXELYNX with US$26,500,000 (equivalent to approximately A$39,370,000) with the principal amount collateralised by crypto tokens of an equivalent amount.

The various transaction between the Company and PIXELYNX have resulted in the Company holding around 61% of the Capital Stock on a diluted basis and three of the five directors of PIXELYNX are representatives of the Company.

Loan from Outblaze Limited
In December 2022, a controlled entity entered into an agreement with Outblaze Limited to borrow US$10,000,000 (equivalent to approximately A$14,760,000). The loan carries an interest rate of 1% per annum and a maturity date of one year from the drawdown date. The loan arrangement is subject to subsequent approval by the Board of Directors.

Animoca Brands Japan
On **13 January 2023**, the Company announced that its controlled entity, Animoca Brands KK, had made a strategic investment of JP¥100,000,000 (equivalent to approximately A$1,113,000) into Psychic VR Lab's JP¥1,000,000,000 fundraising round in December 2022.

Acquisition of WePlay Media
On **17 January 2023** the Company announced that it had completed the acquisition of the Membership interests in WePlay Media Holdings LLC, the digital property rights for gaming and the open metaverse, for US$3,500,000 (equivalent to approximately A$5,019,000) .

Investment in Intella X
On **18 January 2023** the consolidated entity announced that it had contributed to the US$12,000,000 (equivalent to approximately A$17,158,000) equity raising by Intella X.

OP3N financing
The Company announced on **21 March 2023** that it had led the US$28,000,000 (equivalent to approximately A$41,847,000) Series A Financing for OP3N, a Web3 AI-powered chat Superapp that is bridging the differences between Web2 and Web3 technologies by using blockchain and decentralised technologies to build a cohesive consumer-friendly Web3 platform. The Company agreed to provide OP3N with US$5,000,000 (equivalent to approximately A$7,473,000) in funding and at the date of this Directors' Report has provided OP3N with US$2,000,000 (equivalent to approximately A$2,989,000).

Remuneration for Animoca Brands Limited executives
The Company issued 120,042 fully paid ordinary shares to executives at the principal-controlled entity, Animoca Brands Limited, for a fair value of A$4.50 per fully paid ordinary share on **21 April 2023**. Executives received the shares for zero consideration; however, under AASB 2 Share-based Payments were valued at a fair value of A$4.50 per fully paid ordinary shares. Settlement of contractual arrangements by way of issue of fully paid ordinary shares for A$4.50 per fully paid ordinary share

The Company issued 444,117 fully paid shares at A$4.50 per share to Alpha Bravo 1 Limited for equity raising services and 110,558 fully paid ordinary shares at A$4.50 per share to Sun Life Capital LLC for strategic and business development services on **21 April 2023**.

Loan to OneFootball
On **17 May 2023** Animoca Brands Limited, a controlled entity of the Company provided OneFootball with €12,000,000 (equivalent to approximately A$19,617,000) unsecured loan as part of a restructuring arrangement. The Company had previously subscribed to €30,000,000 (equivalent to approximately A$49,044,000) in convertible securities.

Mitsui Subscribes to Convertible Notes
On **19 May 2023**, Mitsui subscribed to US$5,000,000 (equivalent to approximately A$7,537,000) in convertible notes on the same terms and conditions as subscribers to the 2022 Convertible Note Issue announced on 8 September 2022.

Subsequent to the closing of the investment, on **19 June 2023**, the Company entered into a memorandum of understanding for a strategic partnership with Mitsui & Co., Ltd. Mitsui and Animoca aim to create new business that contributes to innovation and the uptake of Web3 in the Japan market, by utilizing Mitsui's extensive assets ranging from industrial businesses to consumer businesses, as well as its extensive partner and customer networks.

Exercise of Options
On **31 May 2023** the Company issued 20,693,132 fully paid ordinary shares at A$1.10 per share following the exercise by option holders of options over ordinary shares pursuant to the 2021 capital raising initiatives.

SANDBOX Entities
The SANDBOX entities entered into the following post-balance date agreements:

- Service Agreement with Binance Holdings Limited to pay US$100,000 (equivalent to approximately A$154,000) in advertising and promotions and issue 48,000,000 units of SAND tokens as a success fee and 72,000,000 units of SAND tokens as an Advisory Fee

- Service Agreement with WoW Studio Limited to support the creation of content for women in the SANDBOX where the SANDBOX entities paid US$1,000,000 (equivalent to approximately A$1,540,000) in SAND tokens and an additional payment of US$5,000,000 (equivalent to approximately A$7,689,000) in SAND tokens prior to termination of the agreement

- Education Services Agreement with Coinbase Inc where the SANDBOX entities agreed to pay 3,000,000 units of SAND tokens to Coinbase in exchange for the distribution of 7,000,000 units of SAND tokens to users of the Coinbase educational tools.

- Loan Agreement with Odyssey Technologies Limited where the SANDBOX entities loaned US$3,000,000 (equivalent to approximately A$4,619,000) in SAND tokens for the purposes of facilitating liquidity and marketing of SAND across exchanges.

- Services Agreement with Unity Technologies ApS to provide dedicated engineering services and resources related to the development of a mobile version of the SANDBOX for US$2,600,000 (equivalent to approximately A$4,003,000) over 11 months

- Content Distribution License and Services Agreement with Skybound Interactive LLC to licence certain marks and intellectual property associated with The Walking Dead for US$2,000,000 (equivalent to approximately A$3,079,000) as well as royalties comprising 50% of gross revenue from sales of the non-fungible tokens

- Development Services Agreement with Firefly Games Inc for US$1,372,000 (equivalent to approximately A$2,112,000) for software development services

- 10-year lease agreement for office space in Los Angeles

Partnership with Hi.Com
On **27 July 2023** Animoca Brands announced a strategic partnership with hi.com the Web3 financial super app and ecosystem. The two parties entered into a memorandum of understanding (MoU) for strategic partnership under which, subject to agreement of definitive terms, Animoca Brands will invest US$30,000,000 (equivalent to approximately A$44,163,000) in hi.com and collaborate on a number of initiatives. The two companies' shared vision aims to amplify the utility of fungible tokens and NFTs within the Web3 space.

Capital Raising
On **11 September 2023** the Company announced it had raised US$20,000,000 (equivalent to approximately A$31,070,000) via various SAFE Agreements involving the issue of new ordinary shares in Animoca Brands at a price per share of A$4.50. The Company has granted to the investors in the round utility token warrant.

Further to the capital raising of September, on **8 December 2023**, the Company announced a second tranche of funding of US$11,889,000 (equivalent to approximately A$18,470,000) via SAFE Agreements on the same terms. The number of new shares to be issued will be determined by the AUD:USD exchange rate at the time of settlement. As part of each raise, the Company granted to the investors in each round utility token warrant to acquire Moca Coin with a 30-month vesting schedule.

As at the date of this report, the Company had raised, in total, US$37,507,000 from the issuance of SAFE Agreements and attaching-MOCA tokens.

Darewise Token Pre-Sale
On **17 October 2023** Darewise Entertainment ("Darewise"), a controlled entity of Animoca and the company behind Life Beyond, announced that it had raised US$3,500,000 (equivalent to approximately A$5,507,000) via a presale of the upcoming token to further build the Bitcoin metaverse ecosystem being facilitated by Darewise.

NEOM partnership
On **30 October 2023** the Company announced that it had entered into a Strategic Partnership Memorandum of Understanding ("Strategic Partnership") with NEOM Company ("NEOM") to drive regional Web3 initiatives in line with the Saudi Vision 2030 plan.

As part of the strategic relationship, Animoca will work with NEOM on building Web3 enterprise service capabilities with global commercial applicability, which will be deployed to support technology advancements in Riyadh and the NEOM region.

Performance rights issued to executives
On **10 November 2023** 83,150,000 performance rights were granted to key members of the execute team with the performance milestone being based on continuation of employment and on **24 September 2024** the expiry date was extended by the board of directors from 5 years to 10 years from the date of award of the performance rights.

The SANDBOX announces US$20,000,000 (equivalent to approximately A$30,030,000) *funding*
On **6 June 2024** the Company and its controlled entity Bacasable Global Limited, operator of The Sandbox, a leading user-generated content (UGC) metaverse platform, announced that The Sandbox had raised US$20,000,000 (equivalent to approximately A$30,030,000) of convertible promissory notes.

Strategic partnership with mutual investment with Futureverse
On **28 June 2024**, Futureverse, a leader in AI and metaverse technologies, and the Company announced they had entered into a Memorandum of Understanding (MoU) for a strategic partnership to enhance the reach and capabilities of Futureverse's advanced metaverse technology stack by leveraging Animoca's extensive ecosystem of blockchain-based products, including games and other forms of digital entertainment. The partnership will also accelerate the growth of the Futureverse token ecosystem, which includes The Root Network's ROOT token, the ASTO token powering Futureverse's AI protocol, and the SYLO token facilitating SYLO's communication and social graph protocol.

Stablecoin Joint Venture ("JV")
On **17 February 2025**, the Company announced the establishment of a JV with the intention to apply for a license from the Hong Kong Monetary Authority ("HKMA") in order to issue a Hong Kong dollar-backed stablecoin. The JV is in partnership with Standard Chartered Bank and Hong Kong Telecom.

Investment in Igloo Inc.
The Company invested a total of US$1,700,000 (equivalent to approximately A$2,566,000) in a SAFE instrument and common stocks issued by Igloo Inc. Igloo is a developer of intellectual property to the Pudgy Penguins platform. Igloo is also a participant in the Abstract project developing consumer0-based crypto applications.

Purchase of preference shares from and issuance of convertible notes to SVF II APAC Aggregation (DE) LLC
On **18 April 2025**, the Company entered into a share purchase agreement with SVF II APAC Aggregation (DE) LLC via a controlled entity to purchase all the Series B preference shares issued to SVF II APAC Aggregation (DE) LLC by another controlled entity of the Company on 27 October 2021 (Note 39 refers) for a subscription price US$25,000,000 (equivalent to approximately A$39,203,000).

On the same day, the Company entered into a note subscription agreement with SVF II APAC Aggregation (DE) LLC under which SVF II APAC Aggregation (DE) LLC agreed to purchase convertible notes with a principal amount of US$25,000,000 (equivalent to approximately A$39,203,000) and a maturity date of 3 years after the issuance of the notes. The notes carry an interest rate of either 10% or 15% subject to the conditions specified in the convertible notes deed poll dated 16 April 2025.

The Company, the controlled entity which purchased the Series B preference shares and SVF II APAC Aggregation (DE) LLC have agreed that the controlled entity's obligations to pay the purchase price under the share purchase agreement shall be set off against SVF II APAC Aggregation (DE) LLC's obligation to advance the principal amount under the note subscription agreement.

Investment in zkME Labs
On **25 April 2025**, Crowd Education Limited, a controlled entity of the Company, entered into a Share Purchase Agreement to acquire 20% equity interest in zkME Labs, a company incorporated in Cayman Island. The consideration is to be settled in $MOCA token and ordinary shares.

Summary table of equity issues

The following Table sets out the number of shares issued, and the equity raised since 31 December 2021 up to 11 June 2025:

		Number	$
Balance as at 31 December 2021		1,646,517,416	581,458,663
Date of issue:			
4 Jan 2022	a	7,713,162	14,267,035
31 Jan 2022	b	63,304,964	271,828,014
17 Feb 2022	c	8,611,221	37,523,869
14 Mar 2022	d	40,498,442	182,242,989
26 Apr 2022	e	2,629,634	8,072,974
5 May 2022	f	2,439,686	7,928,345
12 May 2022	g	2,314,590	10,415,657
7 Jun 2022	h	(2,274,147)	(226,050)
6 Jul 2022	i	41,150,308	8,825,614
13 Jul 2022	j	23,237,058	104,566,756
13 Oct 2022	k	200,000	220,000
9 Nov 2022	l	8,560,817	19,372,496
12 Dec 2022	m	14,221	24,006
30 Dec 2022	n	7,899,502	4,492,723
4 Jan 2023	o	30,545,798	14,955,500
23 Feb 2023	p	73,210	80,531
6 Mar 2023	q	2,123,087	2,335,741
14 Mar 2023	r	732,099	805,309
22 Mar 2023	s	292,840	322,124
4 Apr 2023	t	398,086	437,895
11 Apr 2023	u	146,420	161,062
20 Apr 2023	v	146,420	161,062
24 Apr 2023	w	598,086	657,895
26 Apr 2023	x	897,128	986,842
2 May 2023	y	5,318,506	5,850,357
9 May 2023	z	2,804,585	3,085,044
12 May 2023	aa	1,355,634	1,491,197
24 May 2023	ab	11,138,338	13,641,062
14 Jun 2023	ac	4,450,192	4,895,211
16 Jun 2023	ad	158,889	715,001
10 Aug 2023	ae	98,338	442,521
6 Sept 2023	af	426,304	1,918,357
9 Sept 2023	ag	84,838	66,425
28 Sept 2023	ah	690,000	3,105,000
16 Oct 2023	ai	4,557,760	5,436,109
9 Nov 2023	aj	1,020,083	524,783
31 Dec 2023	ak	1,326,700	5,970,150
15 Jan 2024	al	500,000	550,000
19 Jan 2024	am	444,117	1,998,527

19 Feb 2024	an	168,888	760,000
19 Mar 2024	ao	557,663	713,811
26-Mar-24	ap	5,122,688	23,052,096
06-May-24	aq	277,533	1,248,899
31-May-24	ar	15,720	70,740
27-Jun-24	as	101,590	457,155
10-Jul-24	at	183,333	824,999
16-Aug-24	au	7,456,091	33,552,410
28-Aug-24	av	499,671	549,638
24-Sep-24	aw	295,623	1,278,031
04-Nov-24	ax	417,403	1,878,314
19-Dec-24	ay	4,609,205	20,741,407
23-Dec-24	az	51,249	230,621
21-Feb-25	ba	772,644	3,476,896
14-Apr-25	bb	277,776	50,000
15-Apr-25	bc	750,000	390,000
		298,183,993	829,423,150
		1,944,701,409	1,410,881,813

The issue of shares on the above dates relates to the following:

a	Shares issued for acquisition of Sanrio Digital Corporation and shares issued to directors in lieu of services approved at the annual general meeting
b	Shares were issued to strategic and institutional investors and for the payment of vendors
c	Shares were issued for the acquisition of controlled entity and institutional investors
d	Shares issued to institutional investors
e	Shares were issued for the acquisition of control entities and institutional investors
f	Shares were issued for the exercise of options and the issue of shares to sophisticated and professional investors
g	Shares were issued for the acquisition of TinyTap and Notre Game and issued as part of strategic deal
h	Cancellation of shares issued to institutional I investors
i	Shares were issued to employees under LTIP, conversion of convertible notes by convertible noteholders into fully paid shares and settlement of amounts due to consultants by way of the issue of fully paid shares
j	Shares were issued as part of placement to sophisticated and professional investors
k	Shares were issued for the exercise of options
l	Shares were issued for the Tranche 2 Blowfish Consideration, the conversion of convertible notes, the exercise of options, payment to advisors and consultants and retention bonus to nWay executives
m	Shares were issued for the exercise of options
n	Shares were issued for the exercise of options, for a cash subscription for convertible Notes conversion and repayment of loan
o	Shares were issued for advisory services on equity raising

p	Shares were issued for exercise of options
q	Shares were issued for exercise of options
r	Shares were issued for exercise of options
s	Shares were issued for exercise of options
t	Shares were issued for exercise of options
u	Shares were issued for exercise of options
v	Shares were issued for exercise of options
w	Shares were issued for exercise of options
x	Shares were issued for the exercise of options
y	Shares were issued for exercise of options
z	Shares were issued for exercise of options
aa	Shares were issued for the exercise of options
ab	Shares were issued for exercise of options and issued to strategic investors
ac	Shares were issued for exercise of options
ad	Shares were issued for strategic investments
ae	Shares were issued for the acquisition of tokens and for consultancy services
af	Shares were issued for staff performance, advisory service and as retention bonus to nWay executives
ag	Shares were issued for payments in lieu of obligations to advisors
ah	Shares were issued to employees of portfolio company
ai	Shares were issued to strategic and institutional investors
aj	Shares were issued for advisory service
ak	Shares were issued for a cash subscription
al	Shares were issued for the exercise of options
am	Shares were issued for consultancy services
an	Shares were issued for investments
ao	Shares were issued for directors' service, for the conversion of convertible bonds, for the exercise of options and payments in lieu of obligations to advisors, Company Secretary and consultants
ap	Shares were issued for strategic investments
aq	Shares were issued for strategic investments
ar	Shares were issued for directors' service
as	Shares were issued for consultancy services
at	Shares were issued for strategic investments
au	Shares were issued for the MOCA fundraise project
av	Shares were issued for acquisition of tokenx and directors' service
aw	Shares were issued for investments and consultancy service
ax	Shares were issued for strategic investments
ay	Shares were issued for strategic investment and MOCA fundraise project
az	Shares were issued for directors' service
ba	Shares were issued for strategic investments and MOCA fundraise project
bb	Shares were issued for advisory service
bc	Shares were issued for executives' performance rights

Composition of capital raised after the financial year ended 31 December 2021

	31 December	
	Shares No	$
Cash proceeds from issue of shares	**137,191,904**	**496,496,823**
Non-cash issue of shares for various purposes including acquisitions, investments and settlement of amounts due to vendors	**160,992,089**	**332,926,327**
	298,183,993	**829,423,150**

Likely developments and expected results of operations

As set out in 'Events after balance date' the Company has raised significant new equity and debt instruments (convertible notes and unsecured loans) and has made a number of acquisitions and investments.

In addition, the Company acquired Grease Monkey Pty Ltd, DareWise SAS, Pixelyxn Inc and Tiny Tap Limited and has made a number of investments in other entities.

Risk management

The board of directors in conjunction with management risk assessment of the key business, operating, and financial risks.

The key risks identified by the board of directors and management that may impact by the consolidated entity are set out below.

A. *Cryptocurrencies are subject to an extensive and highly evolving regulatory landscape with changes to legislation and regulation potentially impacting the consolidated entity*

Notwithstanding initiatives in the United States of America to ease regulations. the global business of the consolidated entity is subject to laws, rules, regulations, policies, orders, determinations, directives, treaties, and legal and regulatory interpretations in a number of jurisdictions in which the consolidated entity operates.

Many of these legal and regulatory regimes were developed prior to the advent of the internet, mobile technologies, cryptocurrencies and related technologies such as blockchain. As a result, some laws and regulations do not contemplate or address unique issues associated with cryptocurrencies and are subject to uncertainty.

The complexity and evolving nature of the business of the consolidated entity and the uncertainty surrounding laws and regulations of cryptocurrencies requires the consolidated entity to exercise judgment as to whether certain laws, rules and regulations apply. In addition, new interpretations of existing laws and regulations may be issued to policymakers and the judiciaries in which the consolidated entity operates.

B. *Cryptocurrency's status as "securities" in some jurisdictions is subject to a high degree of uncertainty and if the consolidated entity is unable to characterise a cryptocurrency asset with such an outcome properly may adversely affect the business of the consolidated entity*

The legal test for determining whether any given cryptocurrency asset is a security is a highly complex, fact-driven analysis that evolves over time and the outcome is difficult to predict. Various jurisdictions do not provide advance guidance or confirmation on the status of any particular cryptocurrency asset as a security.

The consolidated entity has issued fungible tokens which are utilised in its games to 'play games' as well as buy non-fungible tokens and accordingly, believes its tokens are not securities.

C. *The consolidated entity needs to ensure that it has developed and implemented safeguards to manage cryptocurrencies to ensure its business, results, and financial conditions are not impacted.*

The consolidated entity deposits, transfers and holds custody of customer cryptocurrency assets in various jurisdictions. In such circumstances, the consolidated entity needs to safeguard customers' cryptocurrency using bank level-security standards applicable to wallets and maintain systems of the consolidated entity as well as financial management systems related to custodian activities.

The consolidated entities acquire, design and develop technologies to prevent, detect and mitigate inappropriate access to the consolidated entity through both internal and external threats. The consolidated entity has appropriate systems to safeguard deposits, transfers and custodian cash and cryptocurrencies to industry best practices and continues to further enhance these security systems.

D. *Although the consolidated entity has reduced the number of acquisitions of businesses when compared to previous years, its portfolio investment strategy where it can provide additional services (advisory and market making for tokenisation) has increased significantly which requires significant management resources to oversee and drive successful launches of blockchain/tokenisation entities and may result in dilution to existing shareholders as the investments are largely undertaken by way of the issue of ordinary shares..*

The consolidated entity has made a limited number of acquisitions since balance date 31 December 2021. A revised strategy has been adopted where the focus of its investments has been on portfolio opportunities where it can add value and utilised its skills more effectively and efficiently.

The consolidated entity evaluates opportunities for possible acquisition, strategic portfolio investments, entries into new businesses, joint ventures and other transactions.

Some of these acquisitions, strategic portfolio investments, joint ventures, and other transactions may not achieve the goals for return on investments and result in recognition of losses on financial assets and impairments of acquisitions that investors may view negatively.

Management believes; however, that the focus of the consolidated entity on investing in portfolio opportunities maximises capital allocation and aligns with its skill-base for advisory and market making services.

The issuance of equity to fund acquisitions, portfolio investments, joint ventures and other transactions is dilutive may be viewed negatively by investors.

E. The business of the consolidated entity requires the application of complex financial accounting rules, and there needs to be more guidance from accounting setting bodies such as the International Accounting Standards Board and the Australian Accounting Standards Board and changes to accounting standards may affect operating results.

The consolidated entity must comply with accounting rules and regulations set by the IASB and the Australian equivalent of International Financial Reporting Standards.

The concept that "one size fits all" can result in significant judgments on the application of accounting standards to the consolidated entity. For AASB 15 requires recognition of revenue based on the delivery by the consolidated entity of services. The service obligations relate to how users realise gratification in digital games and the utilisation of platforms. The holders of cryptocurrencies of the controlled entities, in many instances, hold the SAND tokens without utilisation on the SAND platform. Accordingly, the amortisation of deferred revenue to the profit and loss cannot be achieved in an orderly manner.

With the strategic direction moving from being a game developer and publisher to a provider of advisory and market making services, the complexity of accounting will decline in the future as the services-focus strategy is simpler.

F. The consolidated entity has the potential to suffer losses due to exogenous shocks to market conditions

The cryptocurrency market has been characterised by significant volatility and unexpected price movements as was seen in previous years with the failure of entities such as FTX, BlockFi, Three Arrows Capital, Voyager Digital and Celsius Network (following the Terra and Luna collapses).

The recent failures of cryptocurrency entities have caused significant volatility in the prices of cryptocurrencies across the entire market, which may negatively impact the valuation of the consolidated entity's cryptocurrencies traded in primary and secondary markets by gamers and the valuation of third-party cryptocurrencies held by the consolidated entity.

Negative market sentiment for blockchain/tokenisation will also impact the opportunities for the consolidated entity to generate serviced-based revenues as the number of new listings of cryptocurrency/tokens are undermined by declining prices and the failure of entities.

G. The consolidated entity has in the past and is likely in the future to enter into collaborations, joint ventures, and strategic alliances with third parties and these arrangements and the relationships with third parties could be undermined if the arrangements do not have organisation and business structures to achieve operating results

The consolidated entity has entered into collaborations, joint ventures, partnerships and strategic alliances with third parties to develop, operate and enhance its platforms and products, acquire tokens and provide services.

Counterparties to any relationship may have economic or business interests or goals that are, or become, inconsistent with those of the consolidated entity's business interests or goals and therefore, risks may emerge to the extent that conflicts may arise in the interpretation of terms and conditions of agreements, the strategic direction of the arrangement, the decision-making processes and more importantly, the successful launch of the cryptocurrency.

H. The consolidated entity operates in a highly competitive industry and it competes against unregulated or less regulated entities and entities with greater financial and other resources accordingly, the business, results and financial position of the consolidated entity may be adversely impacted if the consolidated entity cannot respond to competitors effectively.

The cryptocurrency market is highly innovative, rapidly evolving and characterised by competition, experimentation, changing customer needs, and the constant flow of new products and services and subject to uncertain and evolving industry and regulatory requirements.

Competition is expected to increase as existing and new competitors introduce new or enhanced existing products and accordingly, the consolidated entity needs to compete and continually invest in the various businesses of the consolidated entity in order to make develop similar or superior products and technologies.

I. The consolidated entity has made significant portfolio investments at various stages of development of new blockchain products and new technologies and the carrying value of these investments is difficult to assess due to a lack of market-based information to assess values

The consolidated entity has around 500 portfolio investments at the date of this Directors' Report and will continue to make such investments in the future and the success of these entities underlying the portfolio investments will depend on these entities advancing their strategies and the continued financial support of the consolidated entity as well as other industry-based institutions.

The portfolio entities that the consolidated entity has made in must continually attract new monies to advance their development of products and technologies and therefore, exogenous shocks to the industry through failures and negative publicity undermine the capacity of start-ups to attract new monies. The consolidated entity can proactively assist through its own funds and its network of investors; however, there are limitations to assistance where dislocalities in the market can impact our industry for extended periods of time.

J. The consolidated entity may not be able to generate sufficient cash to service debt and other obligations and accordingly, be forced to exit its cryptocurrency balances on- and off-balance balance sheet and lucrative financial assets earlier than it would otherwise wish to do

The ability of the consolidated entity to service its obligations as and when they fall due depends on its operating performance which is subject to the prevailing economic and competitive conditions and financial, business and other factors beyond the control of the consolidated entity.

The consolidated entity has significant cryptocurrency positions which are recognised on its balance sheet and off its balance sheet due to accounting standards and the servicing of debt instruments and the extinguishment of other obligations may require exiting cryptocurrency positions on unfavourable terms in order to ensure the continuation of the consolidated entity's business.

K. The operating costs of the consolidated entity increase in future years and the consolidated entity may not be able to achieve profitability or positive cash flow on a consistent basis

Notwithstanding the implemented by the consolidated entity of its reduce cost as part of a reduction programme to reduce its cash "burn" rate, the operating costs of the consolidated entity may increase in the future as the board of directors seek to attract and retain talent, expand sales and marketing efforts as well as continue to expand its portfolio investments and limited acquisitions.

Operating costs could remain high or increase due to the need for the consolidated entity to address the managerial skills of the enlarged consolidated entity. The award of cash-based incentives as well as non-cash incentives such as the award of performance rights to key executives and the application of specific accounting standards for financial liabilities that have the potential to increased operating costs in future years.

L. Investors' expectation of the consolidated entity's performance with regard to environmental, social, and governance factors may impose additional costs and expose new risks

Institutions, globally, are increasingly focused on corporate responsibility despite some short-term political driven undermining of some 25 years of advancement in ESG policies and practices. Long-term some investors may use these non-financial performance factors to guide their investment strategies and, in some cases, may choose not to invest in the consolidated entity if they believe the policies and actions relating to corporate responsibility by the consolidated entity need to be revised.

The consolidated entity is aware of its corporate responsibilities and is presently specifically focused on governance and compliance and has put in place a process to address its shortcomings in compliance with Australian regulators during the current financial year.

M. The consolidated entity is likely to require additional capital to support business growth

The consolidated entity has funded its growth largely via equity issues and the use of equity to acquire controlled entities as operating cash flows have been negative for some years.

Additional funding by way of equity issues may not be available on the terms that the board of directors' view as favourable due to investors' the valuation of equity being less than that assessed internally.

With the ultimate parent entity, Animoca Brands Corporation Limited unlisted on an exchange, some investors may be unwilling to subscribe to equity due to the lack of liquidity and in such circumstances reduce the opportunities available to the board of directors to issue new equity.

Favourable equity raising conditions that existed during and following the COVID pandemic with central banks reducing interest rates have changed. Supply-side shortages that emerged after most economies opened after the pandemic have resulted in central banks reversing previous interest rate settings due to inflation.

The increases in global interest rates and particularly, US interest rates have made the cost of borrowings increase significantly and other terms required by lenders are far more onerous. Accordingly, debt financing may not be available for the consolidated entity on terms and conditions attractive to the board of directors.

N. *Intellectual property rights of the consolidated entity are valuable and the inability of the consolidated entity to protect these rights could adversely impact business, results, and financial position.*

The business of the consolidated entity depends on its proprietary technology and brands. The consolidated entity relies on and will continue to rely on, on a combination of trademarks, domain names, developed technology trade secrets as well as confidentiality and licensing agreements with employees, contractors, consultants and third parties with whom the consolidated entity has developed relationships.

The consolidated entity has in place processes for the protection of intellectual property; however, more may be needed as a result of misappropriation or breach of confidentiality and licensing agreements.

O. *The loss of key executives or failure to attract and retain highly qualified personnel could adversely impact the consolidated entity's business, results, and financial position*

The consolidated entity operates in a relatively new industry that requires highly skilled and technical personnel.

The success of the consolidated entity has largely been driven by the management team led by Mr Yat Siu, the Executive Chairman of Animoca Brands Corporation Limited, and members of the Executive Committee.

The future performance of the consolidated entity is dependent on continuing to motivate and reward the existing executive team as well as attract and develop new employees in an industry where the pool of qualified personnel is extremely limited.

Information on directors

Yat Siu	Executive Chairman (appointed on 27 September 2020)
Qualifications	
Experience	Mr Yat Siu is the founder and Chief Executive Officer of Outblaze Limited, a digital media company specialising in gaming, cloud technology and smartphone/tablet software development. In 2009, Mr Yat Siu sold the messaging division of Outblaze Limited to IBM and successfully turned Outblaze Limited from B2B messaging services to B2B digital entertainment. Mr Yat Siu is a director of Turn-out Ventures Limited, a partnership between Outblaze Investments Limited and Turner Entertainment Holdings Asia-Pacific Limited. Mr Yat Siu is a co-founder of Appionics Holdings Limited from which Animoca Brands Corporation Limited emerged. In 2012, Mr Yat Siu set up ThinkBlaze, a division of Outblaze Limited dedicated to investigating socially meaningful issues related to technology.
Interest in shares and other equity instruments	103,185,627 fully paid ordinary shares (On 22 December 2021 shareholders approved the issue of 38,298,973 fully paid ordinary shares to Mr Yat Siu in lieu of past performance and 89,364,270 performance rights. In addition, shareholders approved the acquisition by the Company of Sanrio Digital Corporation which resulted in entities related to Mr Yat Siu being issued 7,585,197 fully paid ordinary shares as consideration

	for the acquisition; 15,720 in lieu of directors fees on 15 December 2023 and 17,083 fully paid ordinary shares in lieu of directors fees on 23 December 2024.)
Directorships held in other listed entities in the last three years	OliveX Holdings Limited (appointed on 24 August 2021). Olive X Holdings was listed on the New Securities Exchange, Sydney until 21 July 2023.
David Lloyd Brickler	Director (Non-executive) (appointed on 24 December 2014)
Qualifications	BA (Princeton), EMBA (Kellogg-HKUST)
Experience	Mr Brickler provided IT software integration and technical support for several not-for-profit entities in Australia. Mr Brickler served as the ICT Manager for Baptcare – a provider of healthcare and family and community services throughout Victoria and Tasmania. Prior to this role, Mr Brickler was Senior Director of Applications for World Vision International, one of the largest not-for-profit organisations in the world. Before entering the not-for-profit sector, Mr Brickler held several executive technology-based roles throughout the Asia-Pacific region including CIO for Mizuho Securities Asia Ltd, Executive Director for Ernst & Young Hong Kong. Global CIO for Noble consolidated entity, one of the largest commodities traders in the world, Vice-President-Equity Technology at Goldman Sachs Securities Co Ltd, Japan and engineering roles at EDS and Fujitsu. Mr Brickler is fluent in Chinese and Japanese.
Interest in shares and other equity instruments	567,634 fully paid ordinary shares (On 22 December 2021, shareholders approved the issue of 426,831 fully paid ordinary shares in lieu of directors' fees; 15,720 in lieu of directors fees on 15 December 2023; and, 17,083 fully paid ordinary shares in lieu of directors fees on 23 December 2024.)
Directorships held in other listed entities in the three years	None
Christopher Paul Whiteman	Director (Non-executive)
Qualifications	BEc (Adelaide) Grad Dip Finance and Investment (FINSA)
Experience	Mr Whiteman is an executive with over twenty years of experience in commercial management, finance and strategic advisory roles across various industries including gaming and app development, energy and resources, and investment management. Mr Whiteman has a Degree in Economics from the University of Adelaide, a graduate diploma in Applied Finance and Investment from FINSIA. He is well versed in international affairs and has extensive experience in the culture and business dealings of Asia. Mr Whiteman has specific expertise in equity markets and deals structuring, investor and public relations and strategic planning in both the public and private entities in Australia, China, and the United

	Kingdom.
Interest in shares and other equity instruments	1,150,035 fully paid ordinary shares (On 22 December 2021, shareholders approved the issue of 617,561 fully paid ordinary shares to Mr Whiteman in lieu of directors fees, 15,720 in lieu of directors fees on 15 December 2023 and 17,083 fully paid ordinary shares in lieu of directors fees on 23 December 2024.)
Directorships held in other listed entities in the last three years	iCandy Limited (appointed on 2 March 2021)

Meetings of directors

During the financial year, the board of directors held five meetings (including committee meetings of directors) with the remainder of the meetings conducted by way of written resolution. Attendances by each director for the financial year were as follows:

			Committee Meetings			
	Directors Meetings		Audit & Risk Committee Meetings		Remuneration Committee Meetings	
	No	Attended	No	Attended	No	Attended
Yat Siu	5	5	2	2	-	-
David Brickler	5	5	2	2	-	-
Holly Liu	5	5	-	-	-	-
Chris Whiteman	5	5	2	2	-	-

Audit services

DFK Collins was appointed auditor on 22 December 2021 at the above-mentioned general meeting of shareholders with Mr Simon Bragg, the partner in charge of the audit. DFK Collins has retained other auditors to undertake specific scopes of work in Hong Kong and other jurisdictions.

DFK Collins was removed as the auditor on 23 December 2024 by way of a general meeting of shareholders and Hall Chadwick (NSW) was appointed as the auditor on the same day.

Non-Audit services

Hall Chadwick, in its capacity as an auditor for the Company, has yet to provide any non-audit services during the financial year. The Auditor's Independence Declaration for the financial year ended 31 December 2021 is set out on page 34 as required by s.307C of the Corporations Act 2001 (*Commonwealth*).

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is wilful negligence.

During the financial year, the Company paid a premium in respect of a contract to provide insurance to the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001 (*Cth*). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Environmental regulations

The consolidated entity's operations are not subject to any significant environmental regulations under the government legislation of the countries it operates in. The consolidated entity's environmental footprint is small and arises primarily from the energy used and materials consumed in its offices. The board of directors believe that the consolidated entity has adequate systems in place for the monitoring of environmental regulations.

Options and performance rights

At the date of this report, the unissued ordinary shares of the Company under options (listed and unlisted) are as follows:

Options over ordinary shares outstanding:

Grant date	Expiry date	Exercise Price	Option Number
Employee options			
4 April 2018	Perpetual	$0.1050	1,067,502
4 April 2019	Perpetual	$0.1550	1,307,564
4 April 2020	Perpetual	$0.1800	272,433
4 April 2021	Perpetual	$1.1000	170,115
4 April 2022	Perpetual	$4.5000	42,860
			2,860,474

Performance rights outstanding:

Award date	Expiry date	Performance Rights Price	Performance Rights Number
Tranche 1	21 December 2026	Zero consideration	35,944,386
Tranche 2	21 December 2026	Zero consideration	42,739,826
Tranche 3	21 December 2026	Zero consideration	29,973,501
Tranche 4	21 December 2026	Zero consideration	23,178,061
EEIP	1 January 2034	Zero consideration	82,400,000
			214,235,774

On 22 December 2021, shareholders approved a revised Long-term Incentive Plan which provided the capacity for the board of directors to award performance rights. Mr Yat Siu, the Executive Chairman, was awarded 89,364,270 performance rights by shareholders. The performance rights are convertible into fully paid ordinary shares on achievement of various milestones. On 24 December 2021, Mr Evan Auyang, the consolidated entity President, was awarded 42,471,504 performance rights on the same terms and conditions of Mr Yat Siu.

At balance date, 31 December 2021, Tranche1 and Tranche 2 milestones had been achieved; however, the Company and the Executive Chairman and Group president have mutually agreed to defer the converted the performance rights into fully paid ordinary shares until such time as agreed. The number of fully paid ordinary shares issued on conversion of Tranche 1 and Tranche 2 performance rights were 35,944,386 fully paid ordinary shares and 42,739,826 fully paid ordinary shares, respectively.

The cost of the performance rights recognised in the consolidated statement of profit or loss for the financial year ended 31 December 2021 was A$149,715,000 (2020: Nil).

On **10 November 2023** 83,150,000 performance rights were granted to key members of the execute team with the performance milestone being based on continuation of employment and on **24 September 2024** the expiry date was extended by the board of directors from 5 years top 10 years from the date of award of the performance rights. As at the date of this report, 7,818,750 performance rights have been exercised.

Proceedings on behalf of the consolidated entity

No person has applied to the court under s.237 of the Corporations Act 2001 (Commonwealth) for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 34.

Remuneration

Policy

The remuneration policy of the consolidated entity has been designed to align director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the consolidated entity's financial results. The board of directors believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the consolidated entity, as well as create goal congruence between directors, executives and shareholders.

The policy of the board of directors for determining the nature and amount of remuneration for board members and senior executives of the consolidated entity is described in the following paragraphs.

The remuneration policy of the consolidated entity sets the terms and conditions for executive directors and other senior executives. Due to the rapidly changing circumstances of the consolidated entity in recent years, the policy is reviewed annually by the board of directors with the purpose of maintaining alignment of the board and management with the consolidated entity's strategic objectives. Management is also entitled to participate in employee share and option arrangements. All executives receive a base salary that takes into account such factors as length of service and experience and share based incentives such as options.

The board of directors review executive packages annually by reference to the performance of the consolidated entity, individual executives and relevant comparable remuneration data from similar listed companies and appropriate industry sectors.

Remuneration details for the financial years ended 31 December 2021 and 2020

Group KMP	Short-term benefits				Post-Employment Benefits	Long-term Benefits	Share-based payments		Total
	Salary/Fees	Profit share/ Bonuses	Non-monetary	Other	Super-annuation	Other	Equity	Options/ Performance Shares	
	$	$	$	$	$	$	$	$	$
For Financial Year Ended 31 December 2021									
Yat Siu	**-**	**-**	**-**	**-**	**-**	**-**	**76,597,945**	**109,455,366**	**186,053,311**
David Brickler	**15,000**	**-**	**-**	**-**	**-**	**-**	**43,750**	**-**	**58,750**
Chris Whiteman	**102,500**	**-**	**-**	**-**	**-**	**-**	**75,833**	**-**	**178,333**
	117,500						**76,717,528**	**109,455,366**	**186,290,394**
For Financial Year Ended 31 December 2020									
Yat Siu	-	-	-	-	-	-	-	-	-
David Brickler	23,959	-	-	-	-	-	-	-	23,959
Chris Whiteman	87,510	-	-	-	-	-	-	-	87,510
	111,469		-	-	-	-	-	-	111,469

Notes to KMP Remuneration Table:

Mr Yat Siu waived his entitlement to Director's Fees in 2020.

Service Agreements

All non-executive directors have been appointed pursuant to Letters of Appointment with the Company. Mr Yat Siu, the Executive Chairman, has not executed at this time, any formal agreement with the Company.

Share-based compensation

a. *Employee Share Option Plan*

In 2017, the Company adopted an Employee Share Option Plan ("ESOP") to provide incentives to eligible employees of the consolidated entity, including management and directors of the Company. The purpose of the ESOP is to retain and motivate key employees and management within the consolidated entity.

Under the LTIP, the board of directors have the capacity to issue up to 5% of the issued capital of the Company as options over ordinary shares, performance rights and shares issued under other employee incentive schemes.

During the financial year, 175,789 (2020: 2,275,377) options were granted to the employees of the consolidated entity, at an exercise price of A$1.1 (2020: A$0.18) per option over ordinary shares.

During the financial year, as a result of the exercise of share options, a total of 9,797,475 (2020: 1,120,911) shares of the Company were fully paid and issued with a weighted average exercise price of A$0.11(2020: A$0.08) per option over ordinary shares.

At the balance date of 31 December 2021, the number of options outstanding over ordinary shares is 2,817,614 with a weighted average exercise price of A$0.17 per option over ordinary shares.

b. *Director and Key Management Personnel Options*

The Company has not issued any options over ordinary shares to directors and management of the Company under the LTIP. The options over ordinary shares set out in the Table below relate to options granted to directors and management in their capacity as shareholders participating in offers made by way of placements and offerings to all shareholders.

c. *Options of Animoca Brands Corporation Limited held by each KMP*

Group KMP	Balance at start of year No	Granted during the year No	Exercised during the year No	Other changes during the year No	Balance at end of year No	Vested and exercisable No
2021						
Yat Siu	**7,144,006**	**-**	**(4,394,006)**	**(2,750,000)**	**-**	**-**
David Brickler	**-**	**-**	**-**	**-**	**-**	**-**
Chris Whiteman	**-**	**-**	**-**	**-**	**-**	**-**
	7,144,006	**-**	**(4,394,006)**	**(2,750,000)**	**-**	**-**
2020						
Yat Siu	3,000,000	4,144,006		-	7,144,006	-
David Brickler	-	-	-	-	-	-
Holly Liu	200,000	-	-	-	200,000	-
Chris Whiteman	-	-	-	-	-	-
	3,200,000	4,144,006	(250,000)	-	7,344,006	-

d. *Performance rights issued as remuneration held by each KMP*

Group KMP	Balance at start of year No	Granted as remuneration during the year No	Exercised during the year No	Other changes during the year No	Balance at end of year No	Vested and exercisable No
2021						
Yat Siu	**-**	**89,364,270**	**-**	**-**	**89,364,270**	**57,623,246**
David Brickler	**-**	**-**	**-**	**-**	**-**	**-**
Chris Whiteman	**-**	**-**	**-**	**-**	**-**	**-**
	-	**89,364,270**	**-**	**-**	**89,364,270**	**57,623,246**
2020						
Yat Siu	-	-	-	-	-	-
David Brickler	-	-	-	-	-	-
Holly Liu	-	-	-	-	-	-
Chris Whiteman	-	-	-	-	-	-
	-	-	-	-	-	-

Equity holdings of each Key Management Personnel

Group KMP	Balance at start of year No	Received during the year as compensation No	Conversion of options during the year No	Subscriptions to issues of shares No	Other changes during the year No	Balance at end of year No
2021						
Yat Siu	**64,209,161**	**38,298,973**	**4,144,006**	**1,984,694**	**(1,635,600)**	**107,001,234**
David Brickler	**108,000**	**426,831**	**-**	**-**	**-**	**534,831**
Chris Whiteman	**-**	**617,561**	**-**	**-**	**-**	**617,561**
	64,317,161	**39,343,365**	**4,144,006**	**1,984,694**	**(1,635,600)**	**108,153,626**
2020						
Yat Siu	64,073,561	-	-	-	135,600	64,209,161
David Brickler	108,000	-	-	-	-	108,000
Holly Liu	200,000	-	-	-	(200,000)	-
Chris Whiteman	-	-	-	-	-	-
	64,381,561	-	-	-	(64,400)	64,317,161

Notes to equity holdings of each KMP

- *Mr Yat Siu was exercised and converted the option into 250,000 fully paid ordinary shares at A$0.07.*
- *Aslya Investment Limited, an entity incorporated under the laws and regulations of the British Virgin Islands, is an entity controlled by Mr Siu and holds his interest in the Company. At the annual general meeting of shareholders on 16 July 2020, the Company secured shareholder approval for Mr Yat Siu to subscribe to 1,984,694 fully paid ordinary shares at A$0.10 per share in the Company pursuant to his participation in a Share Placement on 25 January 2020 (see ASX Announcement).*
- *At the general meeting of shareholders on 22 December 2021, shareholders approved to issue 426,831 fully paid ordinary shares to Mr Brickler, 617,561 fully paid ordinary shares to Mr Whiteman and 38,298,973 fully paid ordinary shares to Mr Yat Siu in lieu of services as directors of the Company.*
- *On 20 December 2021, Ms Michelle Siu Chi Ging, the wife of Mr Yat Siu was exercised and converted the option into 4,144,006 fully paid ordinary shares at A$0.05.*
- *On 31 December 2021, the Company issued 426,831 fully paid ordinary shares to Mr Brickler in lieu of A$43,750 outstanding director's fees.*
- *At the general meeting of shareholders on 22 December 2021, shareholders approved the acquisition by the Company of Sanrio Digital Corporation which resulted in entities related to Mr*

Yat Siu being issued 7,585,197 fully paid ordinary shares as consideration for the acquisition. The entire number of shares is not included in the table above.

Interest-free loans (to)/from Key Management Personnel

There were no loans made to KMP of the Company at the balance date of 31 December 2021 (2020: nil). At the balance date of 31 December 2021 and 31 December 2020, the following amounts were due to KMP A$215,884 (2020: A$276,386).

	31 December	
	2021	**2020**
	$	**$**
Yat Siu	**-**	59,264
David Brickler	**35,040**	23,959
Holly Liu	**-**	105,653
Chris Whiteman	**180,844**	87,510
	215,884	276,386

Notes to the Loans to/from Key Management Personnel:

- *The amounts due from Mr Yat Siu represents amounts paid for and on behalf of the consolidated entity as well as out-of-pocket expenses for travel.*
- *The amounts due to Messrs Brickler and Whiteman and Ms Liu represent directors' emoluments.*

Interest-bearing loans from Key Management Personnel

On 16 December 2019, the Company announced that it had entered into a series of unsecured loans with sophisticated and professional investors. Mr Yat Siu contributed A$225,000 to the unsecured loan raising of A$3,444,614, in total.

Under the terms and conditions of the unsecured loan agreement all contributors were entitled to 8% per annum on monies provided to the Company. The loan monies contributed by Mr Yat Siu accrued interest from 1 January 2020 and accordingly, shareholders on 22 December 2021 approved the payment of interest to Mr Yat Siu for the monies loaned at 8%.

On 22 December 2021, shareholders approved a resolution that enabled Mr Yat Siu to receive interest payments on the loan monies he had advanced as part of the unsecured loan agreement.

	31 December	
	2021	**2020**
	$	**$**
Yat Siu	**225,000**	225,000

Other transactions with Key Management Personnel

Other Transactions with KMP relate to entities associated with Mr Yat Siu.

The Company entered into a Service and Management Services Agreement with Outblaze, a company in which Mr Yat Siu is a director. Under this agreement Outblaze provides the following services:

- Use of telephones, facsimile machines, broadband internet connection, photocopiers and printers at the principal office for Cyberport, Hong Kong; and

- Use computer workstations, information systems, furniture and fillings, fixtures, office equipment and pantry supplies.

Both Animoca Brands Limited, an entity controlled by the Company, and Outblaze Limited are joint signatories to the lease agreement for the principal business premises at Cyberport Hong Kong. The growth of the Animoca business has resulted in Animoca being responsible for 67% of the lease agreement and Outblaze the balance.

A number of transactions were undertaken between the consolidated entity and entities related to Mr Yat Siu and are as follows:

	31 December	
	2021	**2020**
	$	**$**
Office services and management services fee		
Outblaze Limited	**316,670**	282,274
Marketing and commissions		
Outblaze Venture Holdings Limited	**1,566,519**	2,775,563
	1,883,189	3,057,837
Receivables and (payables)		
Outblaze Limited	**5,429,846**	370,891
Outblaze Ventures Holdings Ltd	**(2,767,907)**	(1,060,006)
	2,661,939	(689,115)

Mr Yat Siu is the Chief Executive officer of Outblaze Limited. Mr Yat Siu resigned as director of Outblaze Venture Holdings Limited on 1 July 2020; however, documentation setting out his resignation as a director was not lodged with authorities in Hong Kong until 2021.

OliveX Holdings Limited
As part of the listing of OliveX Holdings Limited on the new Securities Exchange, non-executive directors were granted options over ordinary shares in lieu of cash-based remuneration. The board of directors of the Company provided approval for OliveX Holdings Limited to issue to Mr Yat Siu, directly, 750,000 options over OliveX Holdings Limited's ordinary shares. The options have an exercise price of A$0.20 and a three-year expiry from the date of the grant.

Sanrio Digital Corporation
During the 2020 financial year, the Company conducted negotiations with Sanrio Digital Corporation and the Company executed the agreement on 4 January 2021 for its controlled entity Animoca Brands Limited to acquire 100% of the issued capital in Sanrio Digital Corporation ("Sanrio"). The acquisition of Sanrio Digital included the rights to use Sanrio intellectual property, including world-famous brands such as Hello Kitty®.

Sanrio had a related party ownership with Animoca, wherein Mr Yat Siu, the Executive Chairman, held an indirect ownership of 33.6% in the vendors, which in turn collectively own 100% of Sanrio. The acquisition by Animoca of Mr Siu's ownership stake was therefore subject to approval by the shareholders of Animoca. Approval was given by shareholders for the related party transaction at the Annual General Meeting of Shareholders held on 22 December 2021.

The consolidated entity recorded the cost at A$47,304,000 and impaired, in full, the goodwill on acquisition that emerged between the net assets acquired and the fair value.

Mr Whiteman
Mr Christopher Whiteman is a subscriber to the Zeroth Fano Ventures Limited SAFE Agreement and invested US$25,000 (equivalent to approximately A$34,000) through his superannuation fund. Mr Whiteman has also invested US$10,000 (equivalent to approximately A$14,000) in REVV Tokens.

This report of the directors is signed in accordance with a resolution of the Board of Directors.

Yat Siu	David Lloyd Brickler	Christopher Paul Whiteman
Executive Chairman	Non-executive director	Non-executive director
Date 11 June 2025	Date 11 June 2025	Date 11 June 2025

HALL CHADWICK
Chartered Accountants & Business Advisors

ANIMOCA BRANDS CORPORATION LIMITED
ACN 122 921 813
AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ANIMOCA BRANDS CORPORATION LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Animoca Brands Corporation Limited. As the lead audit partner for the audit of the financial report of Animoca Brands Corporation Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 11 June 2025

	Note	31 December 2021 $	31 December 2020 $
Net revenue			
Revenue from operating activities	**6**	**103,584,037**	28,315,385
Direct costs of revenue from operating activities		**(77,418,198)**	(12,599,120)
		26,165,839	15,716,265
Other income	**7**	**51,437,799**	4,055,751
Costs			
Impairment of goodwill on acquisition	**26**	**(54,342,005)**	-
Impairment of associates and joint ventures	**22-23**	**(8,597,245)**	-
Impairment of intellectual property	**25**	**(9,998,989)**	(16,631,130)
Write-off of long-term crypto assets	**27**	**(2,726,114)**	-
Amortisation of intellectual property	**25**	**(5,839,125)**	(14,546,313)
Depreciation	**24**	**(1,121,265)**	(985,422)
Marketing		**(34,518,225)**	(7,525,875)
Research and development		**(2,975,649)**	(3,617,065)
Office costs		**(4,096,442)**	(975,365)
Allowance for doubtful debts	**16**	**(815,119)**	941,996
Consultants and contractors		**(30,766,841)**	(10,741,139)
Employee benefits	**8**	**(113,922,841)**	(20,102,433)
Share-based payments		**(149,715,407)**	(294,330)
Assignment of 30% equity interest in controlled entity	**12**	**(3,781,065)**	-
Token-based payments to employees	**32**	**(14,211,234)**	(2,804,357)
Fair value of financial assets recognised through profit and loss	**19**	**(64,393,604)**	425,812
Fair value of financial liabilities recognised through profit and loss	**33-36**	**(230,660,443)**	1,117,362
Write-off of trade and non-trade receivables	**16**	**(1,289,406)**	-
Exchange fluctuation		**1,583,906**	1,582,291
Finance costs	**9**	**(13,398,341)**	(2,403,130)
Other expenses	**10**	**(3,343,191)**	(4,482,279)
		(748,928,645)	(81,041,377)
Loss before income tax		**(671,325,007)**	(61,269,361)
Income tax benefit	**11**	**1,819,314**	2,037,331
		(669,505,693)	(59,232,030)
Share of net loss after tax on investments accounted for under equity accounting		**(1,446,706)**	(1,199,589)
Net loss after tax		**(670,952,399)**	(60,431,619)
Loss attributable to			
Owners of Animoca Brands Corporation Limited		**(624,552,657)**	(59,956,282)
Non-controlling interests		**(46,399,742)**	(475,337)
		(670,952,399)	(60,431,619)
Earnings (loss) per share (cents)			
Basic	**13**	**(45.58)**	(5.60)
Diluted	**13**	**(45.58)**	(5.60)

The consolidated statement of profit or loss is to be read in conjunction with the accompanying notes

	Note	31 December 2021 $	31 December 2020 $
Loss for the year		**(670,952,399)**	(60,431,619)
Other comprehensive income (expense)			
Exchange fluctuation on translation of foreign currency financial statements		**7,366,437**	(48,504)
Fair value of adoption of AASB 128 equity-based accounting for an associate	**22**	**-**	3,077,575
Fair value of financial assets recognised in comprehensive income	**19**	**(3,130,979)**	9,291,833
Deconsolidation of previous recorded controlled entity accounted for on equity basis		**-**	3,262,093
Transfer of other financial liabilities on settlement to accumulated losses		**5,571,688**	39,693
Other movements		**410,584**	494,902
Other comprehensive income for the year		**10,217,730**	**16,117,592**
Total comprehensive loss for the year		**(660,734,669)**	**(44,314,027)**
Total comprehensive loss attributable to			
Owners of Animoca Brands Corporation Limited		**(614,489,415)**	(44,651,334)
Non-controlling interests		**(46,245,254)**	337,307
		(660,734,669)	(44,314,027)

The consolidated statement of other comprehensive income is to be read in conjunction with the accompanying notes

	Note	31 December 2021 $	31 December 2020 $
Assets			
Current assets			
Cash and cash equivalents	15	**331,782,125**	5,142,648
Trade and other receivables	16	**17,570,393**	3,960,976
Short-term crypto assets	17	**302,260,311**	-
Inventories	18	**133,951,144**	12,039,671
Other financial assets	19	**3,183,504**	2,174,760
Other current assets	20	**8,217,432**	2,375,386
Simple agreement for future tokens	21	**65,066,853**	-
Total current assets		**862,031,762**	25,693,441
Non-current assets			
Other financial assets	19	**222,683,532**	25,129,038
Investment in associates	22	**-**	3,727,615
Inventment in joint ventures	23	**-**	3,927,000
Plant and equipment	24	**2,898,646**	1,558,087
Intellectual property	25	**-**	10,817,065
Long-term crypto assets	27	**58,199,790**	523,376
Other non-current assets	28	**2,055,126**	-
Total non-current assets		**285,837,094**	45,682,181
Total assets		**1,147,868,856**	71,375,622
Liabilities			
Current liabilities			
Trade and other payables	29	**71,842,118**	25,670,878
Deferred revenue	30	**317,540,722**	5,278,044
Loans from related entities	31	**1,521,555**	1,878,175
Provisions	32	**18,843,444**	386,030
Other financial liabilities	33	**157,560,493**	885,393
Borrowings	34	**1,079,631**	2,859,063
Convertible notes	35	**5,655,093**	-
Warrant derivatives	36	**18,919,056**	-
Lease obligations	37	**1,685,137**	1,542,423
Total current liabilities		**594,647,249**	38,500,006
Non-current liabilities			
Trade and other payables	29	**2,237,625**	-
Deferred revenue	30	**117,186,616**	22,611,913
Other financial liabilities	33	**18,152,208**	2,833,320
Borrowings	34	**982,848**	3,741,420
Convertible notes	35	**1,317,284**	4,074,106
Warrant derivatives	36	**75,676,222**	-
Lease obligations	37	**641,596**	-
Total non-current liabilities		**216,194,399**	33,260,759
Total liabilities		**810,841,648**	71,760,765
Net assets/(liabilities)		**337,027,208**	(385,143)
Equity			
Ordinary capital	38	**581,458,663**	111,946,930
Preference capital	39	**39,203,451**	-
Other contributed equity	40	**355,259,892**	1,797,667
Reserves	41	**145,192,762**	12,185,045
Accumulated losses	42	**(741,388,585)**	(125,612,878)
		379,726,183	316,764
Non-controlling interest	43	**(42,698,975)**	(701,907)
Total equity		**337,027,208**	(385,143)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes

	Ordinary Capital Note 38 $	Preference Capital Note 39 $	Other Contributed Capital Note 40 $	Reserves Financial assets Note 41 $	Share-based Payments Note 41 $	Other Reserves Note 41 $	Translation Note 41 $	Accumulated Losses Note 42 $	Total Group Equity $	Non-Controlling Interests Note 43 $	Total Equity $
Balance as at 1 January 2021	**111,946,930**	**-**	**1,797,667**	**11,338,781**	**659,006**	**-**	**187,258**	**(125,612,878)**	**316,764**	**(701,907)**	**(385,143)**
Comprehensive income											
Loss for year after tax	-	-	-	-	-	-	-	(624,552,657)	(624,552,657)	(46,399,742)	**(670,952,399)**
Other comprehensive income/(loss)	-	-	-	(3,130,979)	-	-	7,366,437	5,571,688	9,807,146	-	**9,807,146**
Other movements	-	-	-	(2,645,889)	102,307	-	(405,584)	3,205,262	256,096	154,488	**410,584**
Total comprehensive income (loss) for the year	-	-	-	(5,776,868)	102,307	-	6,960,853	(615,775,707)	(614,489,415)	(46,245,254)	**(660,734,669)**
Transactions with owners in their capacity as owners											
Share issues											
Share issues for cash	308,003,027	39,203,451	-	-	-	-	-	-	347,206,478	467,121	**347,673,599**
Share-based payments to employees	76,715,447	-	-	-	-	-	-	-	76,715,447	-	**76,715,447**
Shares issues for acquisitions, investments and advisors and consultants	92,629,532	-	14,191,202	-	-	-	-	-	106,820,734	3,781,065	**110,601,799**
Buyback of shares						(17,993,982)			(17,993,982)	-	**(17,993,982)**
Performance rights	-	-	-	-	149,715,407	-	-	-	149,715,407	-	**149,715,407**
Options over ordinary shares	-	-	-	-	-	-	-	-	-	-	**-**
Subscription monies received in advance of issue of shares	-	-	339,271,023	-	-	-	-	-	339,271,023	-	**339,271,023**
Transaction costs	(7,836,273)	-	-	-	-	-	-	-	(7,836,273)	-	**(7,836,273)**
Total transactions with owners	469,511,733	39,203,451	353,462,225	-	149,715,407	(17,993,982)	-	-	993,898,834	4,248,186	**998,147,020**
Balance as at 31 December 2021	**581,458,663**	**39,203,451**	**355,259,892**	**5,561,913**	**150,476,720**	**(17,993,982)**	**7,148,111**	**(741,388,585)**	**379,726,183**	**(42,698,975)**	**337,027,208**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes

	Ordinary Capital Note 38	Preference Capital Note 39	Other Contributed Capital Note 40	Reserves Financial assets Note 41	Share-based Payments Note 41	Other Reserves Note 41	Translation Note 41	Accumulated Losses Note 42	Total Group Equity	Non-Controlling Interests Note 43	Total Equity
	$	$	$	$	$	$	$	$	$	$	$
Balance as at 1 January 2020	**73,901,503**	**-**	**4,222,379**	**(1,030,627)**	**299,975**	**-**	**(173,943)**	**(65,642,734)**	**11,576,553**	**(1,039,214)**	**10,537,339**
Adjustment to opening balances arising from prior Period Correction	-	-	-	**-**	**1,274,976**	-	**-**	**(3,798,476)**	**(2,523,500)**	**-**	**(2,523,500)**
	73,901,503	-	4,222,379	(1,030,627)	1,574,951	-	(173,943)	(69,441,210)	9,053,053	(1,039,214)	**8,013,839**
Comprehensive income											
Loss for year after tax	-	-	-	-	-	-	-	(59,956,282)	(59,956,282)	(475,337)	**(60,431,619)**
Other comprehensive income/(loss)	-	-	-	12,369,408	-	-	(48,504)	2,574,339	14,895,243	727,447	**15,622,690**
Other movements	-	-	-	-	-	-	409,705	-	409,705	85,197	**494,902**
Total comprehensive income (loss) for the year	-	-	-	12,369,408	-	-	361,201	(57,381,943)	(44,651,334)	337,307	**(44,314,027)**
Transactions with owners in their capacity as owners											
Share issues											
Share issues for cash	7,118,649	-	-	-	-	-	-	-	7,118,649	-	**7,118,649**
Share-based payments to employees	-	-	-	-	-	-	-	-	-	-	**-**
Shares issues for acquisitions, investments and advisors and consultants	31,068,573	-	-	-	-	-	-	-	31,068,573	-	**31,068,573**
Performance rights	-	-	-	-	-	-	-	-	-	-	**-**
Options over ordinary shares	-	-	-	-	(915,945)	-	-	1,210,275	294,330		**294,330**
Subscription monies received in advance of issue of shares	-	-	(2,424,712)	-	-	-	-	-	(2,424,712)	-	**(2,424,712)**
Transaction costs	(141,795)	-	-	-	-	-	-	-	(141,795)	-	**(141,795)**
Total transactions with owners	38,045,427	-	(2,424,712)	-	(915,945)	-	-	1,210,275	35,915,045	-	**35,915,045**
Balance as at 31 December 2020	**111,946,930**	**-**	**1,797,667**	**11,338,781**	**659,006**	**-**	**187,258**	**(125,612,878)**	**316,764**	**(701,907)**	**(385,143)**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes

	Note	31 December 2021 $	31 December 2020 $
Cash flows from operating activities			
Receipts from customers		**499,863,894**	45,650,211
Payments to employees and suppliers		**(118,602,077)**	(55,226,598)
Interest received and other income		**997,575**	-
Interest payments		**(1,474,799)**	(228,676)
Tax Covid relief		**1,340,813**	2,037,331
Net cash flows from/(used in) operating activities	**44**	**382,125,406**	(7,767,732)
Cash flows from investing activities			
Plant and equipment proceeds		**(875,326)**	(211,336)
Digital assets acquired		**(57,708,500)**	(9,779,738)
Acquisition of controlled entity (Blowfish)		**(4,000,000)**	**-**
Acquisition of shares in associate		**(4,320,514)**	**-**
Investment in associate entity		**-**	(130,000)
Proceeds from sale of investments		**-**	1,012,827
Payments for other financial assets		**(237,199,200)**	(646,047)
Initial investment in trading digital assets		**(374,469,667)**	-
SAFT acquired		**(65,066,853)**	-
Other non-current assets		**(6,144,634)**	-
Net cash flows used in investing activities		**(749,784,694)**	(9,754,294)
Cash flows from financing activities			
Proceeds from ordinary share issues		**308,003,027**	7,118,649
Subscription monies received in advance		**339,271,023**	-
Subscription to shares by non-controlling interest in controlled entity		**467,121**	-
Buyback of shares		**(17,993,982)**	-
Equity raising costs		**-**	(140,985)
Drawdown of unsecured loan		**225,000**	
Issue of convertible notes		**1,296,512**	10,994,754
Proceeds from preference share issue by controlled entity		**64,214,794**	-
Repayment of borrowings		**(1,830,899)**	(3,842,829)
Lease payments		**(937,737)**	(1,031,248)
Net cash flows from financing activities		**692,714,859**	13,098,341
Net increase/(decrease) in cash flows		**325,055,571**	(4,423,685)
Exchange fluctuation		**1,583,906**	265,235
Acquisition of controlled entities		**-**	1,030,593
Deconsolidation of controlled entity		**-**	(547,228)
Cash at the beginning of the year		**5,142,648**	8,817,733
Cash at the end of the year	**15**	**331,782,125**	5,142,648

The consolidated statement of cash flows is to be read
in conjunction with the accompanying notes

Note 1 Corporate information

These are the consolidated financial statements and notes of Animoca Brands Corporation Limited (the "Company") and controlled entities ("consolidated entity"). Animoca Brands Corporation Limited is a company limited by shares, domiciled and incorporated in Australia.

The separate financial statements of the parent entity, Animoca Brands Corporation Limited, have yet to be presented with this financial report as permitted by the *Corporations Act 2001* (Cth) (Corporations Act).

a. *Basis of preparation*

i. Statement of compliance

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 (*Cth*).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about the transactions, events and conditions they apply. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes also comply with International Financial Reporting Standards issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The consolidated financial statements were authorised for issue on 11 June 2025 by the directors of the Company.

ii. Financial position

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at the fair value of selected financial assets, non-current assets and financial liabilities.

iii. Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity incurred a loss for the financial year of A$670,952,399 (2020: A$60,431,619) and a net cash inflow from operating activities of A$382,125,406 (2020: net cash used in operating activities of A$7,767,732). The net cash inflows are largely attributable to revenue from contracts with customers which is amortised to the statement of profit or loss and statement of other comprehensive income over time as services are performed.

At the balance date of 31 December 2021, the consolidated entity had working capital of A$267,384,513 (2020: negative working capital of A$12,806,565). The working capital at the balance date of 31 December 2021 includes A$8,507,599 (2020: A$7,077,635) in amounts due to other parties that are to be extinguished through the issue of fully paid ordinary shares; the fair value of convertible notes conversion features, the fair value of the warrant derivatives and contract liabilities related to deferred revenue of A$493,969,273 (2020: A$5,278,044). The fair value of the conversion feature, the warrant derivative and deferred revenue are non-cash liabilities.

The consolidated entity raised A$647,274,050 in cash from new equity issues (including subscription monies received in advance of the issue of shares), A$75,726,499 (including A$36,523,048 reclassified as a derivative instrument) from subscribers to preference series issued by *The SANDBOX* entities during the financial year.

The Company raised US$120,000,000 (A$166,873,660) in convertible notes in 2022 and 2023.

Based upon cash flow forecasts for next 12 months of the date of approval of the financial report as well as the strong cash, near-cash and stablecoins balances of A$357,112,316 held around end April 2025 and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate, including meeting specific commitments.

The working capital position of the consolidated entity and forecast cash flows provide sufficient evidence for the consolidated entity to continue as a going concern and accordingly, will be able to realise its assets and extinguish its liabilities in the normal course of business. If, however, cash forecast assumptions are not achieved the Company may require to undertake new equity raising with the capacity to raise new equity limited as a result of the ultimate parent not listed on an exchange.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result if the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

iv. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in future year are discussed in Note 2s Critical accounting estimates and judgments.

v. Comparative figures
Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Note 2 Basis of preparation and accounting policies

A controlled entity is any entity over which Animoca Brands Corporation Limited has the power to govern the financial and operating policies to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. A list of controlled entities is contained in Note 6 Controlled entities in the consolidated financial statements.

All inter-consolidated entity balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities have been changed where necessary to ensure consistency with those adopted by the parent entity.

At the balance date of 31 December 2021, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the financial year then ended. Where controlled entities have entered or left the consolidated entity for the financial year, their operating results have been included or excluded from the date control was obtained (ceased).

a. Business combinations

Business combinations occur when an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired, and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as an asset or liability is remeasured each financial year to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at the acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(i) The consolidated entity raising sufficient additional funding from shareholders or other parties;
(ii) The consolidated entity converting existing loans to equity and if necessary, deferring deferred payment arrangements; and
(iii) The consolidated entity reduces expenditure in line with available funding.

Non-controlling interest in the results and equity of controlled entities are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity of the consolidated entity and the notes to the consolidated financial statements. Losses incurred by the consolidated entity that is attributable to the non-controlling interest are recorded, in full, to the non-controlling interests, even if that results in a deficit balance.

b. Intangible assets

i. *Deferred expenditure*

Expenditure on the research phase of projects to develop games and software is recognised as an expense incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

(i) the development costs can be measured reliably;

(ii) the project is technically and commercially feasible;

(iii) the consolidated entity intends to and has sufficient resources to complete the project;

(iv) the consolidated entity has the ability to use or sell the game and software; and

(v) the game and software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed.

ii. *Digital assets*

The consolidated entity accounts for its non-broker/trader holdings of digital assets, as indefinite-life intangible assets. Cryptocurrencies that are not held for sale in the ordinary course of business meet the definition of an intangible asset. AASB 138 states that an intangible asset is 'an identifiable non-monetary asset without physical substance'.

The consolidated entity has ownership of and control over its cryptocurrencies and uses third-party custodial services as well as its own wallets to store its cryptocurrencies.

The consolidated entity has determined the fair value of its cryptocurrencies at cost. It performs analysis at each balance date to identify whether events or changes in circumstances, principally a decrease in quoted prices on active exchanges, indicate that it is more likely than not that any of the assets are impaired. In determining if an impairment has occurred, the consolidated entity considers the lowest price of each cryptocurrency on the active exchange at any time since acquiring the specific cryptocurrency held. If the carrying value of the cryptocurrency exceeds that lowest price, an impairment loss is recorded equal to the difference between the carrying value and the lowest price.

Impairment losses are recognised as ‘impairment of digital assets” in the profit or loss for the consolidated entity for the financial year which the impairment occurs. The impaired digital assets are written down to their fair value at the date of the impairment and the fair value is not adjusted upward for subsequent increases in the fair value. Gains on digital assets are not recognised until realised upon sale, at which point they would be presented net of any impairment losses.

iii. *Intellectual property*

The consolidated entity recognises intellectual property on the acquisition of assets and in a business combination as the difference between the fair value of consideration and the fair value of net assets through assessment of the fair value of unrecorded but identifiable assets of the acquiree and includes trademarks, developed technology, technologies under development and customer relationships.

The consolidated entity amortises intellectual property over the period the consolidated entity will realise economic benefits from the intellectual property acquired. The dynamic nature of the consolidated entity and the industry in which it operates has resulted in the amortisation of intellectual property over a period of no more than three years.

iv. *Goodwill on acquisition*

Goodwill on acquisition represents the difference between the fair value of consideration on the acquisition of an acquiree and the fair value of the identifiable net assets (net of contingent liabilities) acquired.

The consolidated entity assesses at each balance date the fair value of goodwill on the acquisition and determines whether there has been an impairment in the carrying amount. Where the consolidated entity has determined that an impairment has occurred in the carrying value, the difference between the carrying value and the fair value is charged to the profit or loss.

c. Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances for the financial year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date.
Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in controlled entities, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference cannot be controlled, and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Plant and equipment

i. *Recognition and measurement*

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is within the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset employment and subsequent disposal. The expected net cash flows have remained the same as their present values in determining recoverable amounts.

Items of plant and equipment are measured at cost less accumulated depreciation.

ii. *Depreciation*

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	20.00%
Computers	20.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Employee benefits

i. *Superannuation and retirement funds*
The consolidated entity does not operate a defined benefit fund or accumulation fund for the benefit of employees. Controlled entities within the consolidated entity contribute to government sponsored retirement funds.

ii. *Short-term benefits*
Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

iii. *Long-term benefits*
Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

iv. *Award of tokens for zero consideration*
Controlled entities within the consolidated entity have awarded employees with utility tokens such as SAND. In substance, the award of utility tokens to employees represents non-cash benefits for services provided by the employee and accordingly, are measured at the present value at award date and amortised over the period in which the tokens awarded to employees' vest.

f. Equity-settled compensation

The consolidated entity operates an employee share ownership scheme which rewards employees for performance with the issue of options over ordinary shares or performance rights.

i. Options over ordinary shares
Options over ordinary shares granted to employees are measured at the fair value of the instruments issued and amortised over the vesting period (a specific period of time). The fair value of options over ordinary shares has not taken into account vesting conditions when determining the fair value using the Black-Scholes pricing model.

ii. Performance rights

Performance rights awarded to employees are measured at the fair value of the instruments and amortised over the performance milestones. The fair value of performance rights has taken into account market conditions for vesting using the Parisian Barrier1 model with implied share price targets for each performance rights tranche.

iii Equity-settled share-based payments

The Company undertakes portfolio investments and purchases from suppliers by way of equity-settled share-based payments. The Company measures the portfolio investment and the goods and services at fair value of the portfolio investments and goods and services with a corresponding increase in equity. The fair value is measured at settlement date.

g. Revenue and other income

The consolidated entity recognises revenue from the following major sources:

- InApp revenues for smartphones
- Advertising revenues;
- Service revenues and fees; and
- Blockchain revenues.

For each contract with a customer, the consolidated entity:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

i. InApp revenue

The consolidated entity recognises InApp revenue on receipt of proceeds from the hosting platforms such as Apple and Google and adjusts revenue for the period in which proceeds are received. In general, proceeds lag the customer utilising the game or platform on Apple or Google by three months with the difference between revenues outstanding at the commencement of a financial year and revenue outstanding at the end of a financial year record as an increase or decrease in trade receivables.

ii. Advertising revenues

The consolidated entity recognises advertising revenues at transaction date when the advertisement has been released within an InApp game or within the blockchain game or platform.

iii. Service revenues

The consolidated entity recognises service revenue from customers for advisory services, market making activities and technical enhancements of games or platforms when the services are delivered or the life of the contract, whichever is an appropriate measure of the performance obligations.

iv. *Blockchain revenues (Deferred revenues)*
The offering period is the period in which the consolidated entity offers to provide future rights and/or online hosting for the game and related extra content sold. Because the offering period is not an explicitly defined period, the consolidated entity must make an estimate of the offering period for the service-related performance obligations (i.e., future update rights and online hosting). Determining the Estimated Offering Period is inherently subjective and is subject to revision. At this time, the consolidated entity does not have sufficient information systems to determine gender and generation aspects of gamers as well as the average period of time customers are online when estimating the offering period.

As a result, the consolidated entity does not distinguish between consumable durable items (fungible tokens) and durable virtual items (non-fungible tokens). In general, consumable virtual items are largely recognised immediately and durable virtual items are recognised over the Estimated Offering Period. The consolidated entity has evaluated the Estimated Offering Period with an international peer group of developers and publishers of games and platforms to determine an appropriate basis for amortisation of deferred revenue. The analysis indicates that 15-18 months is an appropriate basis for amortisation of deferred revenue.

The consolidated entity undertakes staking of digital assets on blockchain platforms as both a validator and delegator and recognises gross revenue as a validator and net revenue as a delegator from staking activities at a point in time.

v. *Interest revenue*
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

vi. *Other income*
Management fees are recognised on a portion of completion basis.

All revenue is stated net of the amount of value added taxes (see Note 2h Value-added taxes).

h. Value-added taxes
Value-added taxes (VAT) are the generic term for the broad-based consumption taxes that the consolidated entity is exposed to such as: Goods-and-Services Tax in Australia; Impuesto al Valor Agregado in Argentina; Valtioarainministero in Finland; and the Taxxa fuq il Valur Mizjud in Malta.

Revenues, expenses, and assets are recognised net of the amount of VAT, except where the amount of VAT incurred is not recoverable from the relevant country's taxation authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of VAT.
Cash flows are presented in the statement of cash flows on a gross basis, except for the VAT component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the taxation authority.

i. Inventories

The consolidated entity conducts broker/trader activities at a controlled entity, Animoca Brands Limited.

Animoca Brands Limited buys and sells cryptocurrencies for their own accounts. The amounts disclosed as inventories are principally acquired with the purpose of selling these cryptocurrencies in the near future in order to extinguish obligations in cryptocurrencies as well as fiat currencies. Animoca Brands Limited also buys and sells to generate profits as well as for risk management purposes.

Cryptocurrencies held for broker-trading activities are initially recorded as cost and subsequently remeasured at fair value at the balance date, with changes in fair value recognised in profit or loss for the financial year of the changes.

j. Leases

With the exception of short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments is separately disclosed in financing activities. For lessor accounting, the remains the same change in how a lessor accounts for leases.

k. Investment in associate entities

Associate entities are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associate entities are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in the profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associate entities are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity’s share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity’s share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate entity and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, the fair value of the retained investment and proceeds from disposal are recognised in profit or loss as incurred.

l. Financial instruments

i. *Initial recognition and measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as fair value through profit or loss.

Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

The consolidated entity does not designate any interests in controlled entities, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

ii. *Derivative financial instruments*

Derivative financial instruments comprise a warrant issued by a controlled entity. The derivative relates to a preference share issue by a controlled entity which provided the holder the right to acquire a number of tranches of SAND tokens for a specific price with a 10-year expiry date.

The Token Warrant is initially recorded at fair value on transaction date with changes in the fair value recorded in the profit or loss.

iii. *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

iv. *Classification and subsequent measurement*

(1) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at calls with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short borrowings in current liabilities on the statement of financial position.

(2) *Loans and borrowings*

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of balance date.

(3) *Trade and other receivables*

Trade and other receivables are stated at amortised cost. Receivables are usually settled within 30 to 90 days.

Collectability of trade and other debtors is reviewed on an ongoing basis. An impairment loss is recognised for debts that are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

(4) *Trade and other payables*

Trade payables and other payables are recognised when the consolidated entity becomes obligated to make future payments resulting from the purchase of goods and services which are unpaid and stated at their amortised cost.
The amounts are unsecured and are generally settled on 30-day terms.

(5) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(6) *Preference capital*

An assessment of the characteristics of preference capital is assessed to determine whether the preference capital should be classified as a debt instrument or an equity instrument. If the characteristics of preference capital is a debt instrument, the preference capital is recorded on an amortised cost basis.

The consolidated entity has assessed the preference capital as an equity instrument. The terms and conditions of the preference capital raised by a controlled entity does not result in repayment unless a liquidity event is achieved with a minimum price of ordinary shares on listing and a minimum quantum of funds arising from the listing. If a liquidity event results in the sale of the controlled entity, the preference capital has priority in repayment as well as participation rights, on a diluted basis, to share in net proceeds available from the liquidation event for distribution to ordinary shares.

(7) *Ordinary capital*

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting the income or capital entitlements of the shareholders.

v. *Amortised cost*

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less, principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

vi. *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

vii. *Effective interest rate method*

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

viii. *Impairment*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in the consolidated entity that shares similar credit risk characteristics.

All impairment losses are recognised in the statement of profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the statement of profit or loss.

ix. *Derecognition*

Financial assets are derecognised where the contractual rights to cash flow expire, or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

x. Financial income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

m. Earnings per share

i. Basic earnings per share

Basic earnings (or loss) per share is determined by dividing the profit or loss attributable to equity holders of the parent company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding for the financial year, adjusted for bonus elements in ordinary shares issued for the financial year.

ii. Diluted earnings per share

Diluted earnings (or loss) per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted as share-based payments.

The consolidated entity does not report diluted earnings per share, as dilution is not applied to annual losses generated by the consolidated entity.

n. Impairment of non-financial assets

The carrying amounts of the Company’s non-financial assets comprising capitalised expenditure and intellectual property, other than deferred tax assets (Note 2c Income tax) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset consolidated entity that generates cash flows that largely are independent of other assets and the consolidated entity. Impairment losses are recognised in the statement of profit or loss, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash- generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

o. Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

p. Foreign currency transactions and balances

i. Functional and presentation currency

The functional currency of each of the consolidated entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

ii. Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year- end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.
Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

iii. Consolidated entity

The financial results and position of foreign operations whose functional currency is different from the consolidated entity's presentation currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.

Income and expenses are translated at average exchange rates for the financial year. Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the consolidated entity's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed of.

q. Fair value estimation

A number of the consolidated entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Information about the assumptions made in determining fair values of assets and liabilities is disclosed in the notes specific to that asset or liability.

r. Fair value of assets and liabilities

The consolidated entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the consolidated entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e., unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the balance date (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset at its highest and best use or to sell it to another market participant that would use the asset at its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the consolidated financial statements.

i. Valuation techniques

In the absence of an active market for an identical asset or liability, the consolidated entity selects and uses one or more valuation techniques to measure the fair value of the asset or liability, the consolidated entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the consolidated entity are consistent with one or more of the following valuation approaches:

(1) Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

(2) Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

(3) Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the consolidated entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable

ii. Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

(1) Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

(2) Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

(3) Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The consolidated entity would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa or

- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the consolidated entity recognises transfers between levels of the fair value hierarchy (i.e., transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

s. Critical accounting estimates and judgements
The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and the best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

i. Key Judgements – Coronavirus (COVID-19) Pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had on the consolidated entity based on known information. The consolidated entity needs help with the integration of acquisitions, the capacity to launch new games, secure advisors (such as auditors in Australia and Hong Kong with Hong Kong continuing to be impacted) and manage staff in different geographical regions. The impacts resulted in the board of directors impairing acquisitions made in 2021 and significant delays to compliance obligations to the Australian Securities and Investments Commission.

ii. *Key Judgments – Deferred revenue*
The application of AASB 15 Revenue from contracts with customers requires the consolidated entity to determine the basis on which it delivers services to customers. The consolidated entity has implemented a strategy to transition its revenue from InApp Mobile-generated revenues to blockchain technology with tokenisation.

Revenue is derived from gamers purchasing virtual items which results in the gamer's gratification being realised over time and accordingly, the consolidated entity is required to initially defer revenue generated from gamers purchasing virtual items and recognise the deferred revenue over time as the gamer realises gratification. The basis for amortisation of deferred revenue requires judgement as to the duration the consolidated entity delivers services to the gamer. The accounting estimates and assumptions impact revenue recognised in the profit or loss each year and the carrying amount of deferred revenue as a liability.

iii. *Key Estimates – Business combinations*
Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the balance date. Fair value adjustments on the finalisation of the business combination accounting are undertaken on a retrospective basis, where applicable, to the period the combination occurred and have the potential to impact assets and liabilities and depreciation and amortisation reported.

iv. *Key Estimates – Intellectual property*
The consolidated entity undertakes investment in a highly competitive business sector that relies heavily on the retention of consumer demand for games and other services available from digital gaming. The consolidated entity assesses the carrying value of an acquired intellectual property based on expected future cash flows that can be secured from integration with the existing gaming portfolio of digital games as well as cashflows through growth by using its location within the Asian region to access 'gamers" in this region.

The consolidated entity acknowledges the relatively short life of digital games and the constant need to enhance existing digital games and develop new digital games and accordingly, amortises intellectual property recorded from the acquisition on a schematic basis over 3, years depending on an assessment of the capacity of digital games to maintain consumer retention rates.

v. *Key Estimates-Financial assets and financial liabilities*
The consolidated entity has made significant investments in start-up accelerator business opportunities. The consolidated entity evaluates the carrying value of each accelerator based on the year of initial investment, any subsequent investment by the consolidated entity or third parties and the pricing of the subsequent investments.

Where the accelerator continues to raise new funds and the pricing of new funds exceeds the investment made by the consolidated entity in the accelerator, the consolidated entity continues to record the investment at cost. Where the accelerator has yet to raise new funds, the consolidated entity will impair the carrying value of its investment. If the likelihood of the accelerator's capacity to raise new equity is reduced as a result of its failure to achieve its business objectives, the investment in the accelerator is reassessed with the financial impact of the reassessment taken to the profit or loss. Investments in the accelerator made for the financial year are carried at cost unless an event or outcome from activities of the accelerator results in the consolidated entity determining that impairment should be recorded.

The consolidated entity has recorded bank and other loans on an amortised cost basis by determining an effective interest rate and discounting cash outgoings by the effective interest. The effective interest rate reflects the cost to the consolidated entity of raising funds from each type of financial instrument with effective interest rates varying from 4% to 20%. The conversion feature of convertibles notes has been assessed under Black-Scholes models with the residual liability feature of the convertible note assessed under the effective interest rate method.

The consolidated entity has assessed the value of a derivative instrument entered into by a controlled entity using a binomial distribution.

vi. *Key Estimate – Impairment*
The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The consolidated entity has recorded an impairment of intellectual property acquired through acquisitions at as balance date 31 December 2021 of A$9,998,989 (2020: A$16,631,130), impairment of goodwill on acquisition of A$54,342,005 (2020: nil) and impairment of associates and joint ventures of A$8,597,245 (2020: nil).

vii. *Key Estimate – Lease term*
The lease term is a significant component in the measurement of both the right-to-use asset and the obligations-to-pay. Accounting estimates and assumptions as to whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the period to be included in the lease terms. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalty market rates; existence of the leasehold improvements; and the costs and disruption to replace the asset. The consolidation entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

viii. *Key Estimate – Share-based payments*

The consolidated entity measures the cost of equity settled with suppliers and employees by reference to the fair value of the equity instruments at the date at which they are granted.

Where the Company has granted options over ordinary shares to suppliers and employees, the fair value is determined by using Black-Scholes modelling.

During the financial year, shareholders approved a revised Executive Employee Incentive Plan which enabled the Company to award both options over ordinary shares and performance rights. As a result of the revised EEIP, the Company awarded performance rights to the Executive Chairmen and the Group President with the fair value of the performance rights determined using a combination of Hoadley's Barrier1 model and Hoadley's Parisian Model ("Parisian Barrier1 Model").

Modelling/simulations take into account the terms and conditions upon which the instruments were granted/awarded. The accounting estimates and assumptions relating to equity-settled share-based payments have no impact on the carrying amounts of assets and liabilities; however, these accounting estimates and assumptions impact profit or loss and equity.

ix. *Key Estimate – Taxation*

Balances disclosed in the consolidated financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof.

No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. Refer to Note 11 income tax.

x. *Key Estimate- Token-based payments*

The consolidated entity measures the cost of token-settled with advisors, consultants and employees by reference to the fair value of the token instruments at the date at which they are granted. The fair value is determined by reference to prices of tokens quoted on www.coinmarketcap.com on the grant date. The accounting estimates and assumptions relating to token settled-based payments have an impact on the carrying amounts of liabilities and the fair value amortised to the profit or loss and equity.

t. New standards, interpretations and amendments adopted by the consolidated entity

A number of new standards, amendments to standards and interpretations issued by the AASB which still need to be mandatorily applicable to the consolidated entity have yet to be applied in preparing these financial statements. The consolidated entity does not plan to adopt these standards early.

AASB 2020-8	Interest rate Benchmark Reform	2021/22	N/A
AASB 2020-3	Annual improvements 2018-2020	2022/23	N/A
AASB 2020-6	Classification of liabilities	2022/23	Evaluating
AASB 2021-7	Amendments to AASB 10/AASB 128 and other corrections	2022/23	Evaluating
AASB 2021-2	Disclosure policies and definition of accounting estimates	2023/24	Evaluating
AASB 2021-5	Deferred tax	2023/24	N/A
AASB 2021-6	Tier 2 Disclosure policies	2023/24	Evaluating
AASB 2023-2	International tax reform-Pillar Two Model Rules	2023/24	Evaluating
AASB 2021-6	Tie Disclosure of policies Tier 2	2023/24	Evaluating
AASB 2023-4	Internation tax reform-Pillar Two disclosures	2023/24	Evaluating
AASB 2020-1	Classification of liabilities	2024/25	Evaluating
AASB 2022-6	Liabilities with covenants	2024/25	N/A
AASB 2023-1	Supplier finace arrangements	2024/25	N/A
AASB S1/S2	Sustainability reporting	2026/27	Evaluating

Note 3 Financial risk management

i. Financial risk management objectives and policies

The consolidated entity's principal financial instruments~~.~~(excluding other financial assets such as its investments in convertible notes, unlisted ordinary and preference securities and SAFE instruments of accelerator entities) are cash balances and short-term crypto assets such as stablecoins (USDC and USDT).

The consolidated entity classifies cryptocurrencies such as USDC and USDT as stablecoins due to the value being pegged, or tied, to that of another currency, commodity, or financial instrument and therefore, from a management perspective, stablecoins are near cash or cash equivalents.

The main purpose of these financial instruments is to extinguish financial obligations as and when they fall due as well as manage liquidity pools for the consolidated entity's token coin exchanges.

The consolidated entity has other financial instruments such as current receivables and payables arising from corporate activities.

The main risks arising from the consolidated entity's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk, price risk and cryptocurrency risk. The board of directors is responsible for overseeing the consolidated entity's financial risk which is managed on a day-to-day business by executives. The board of directors is updated regularly on financial risk management measures that the consolidated entity undertakes to ensure that appropriate analysis of the risks has been considered.

	Floating Interest Rate	Fixed Interest Rate	Non-interest Bearing	Total
For the Financial Year Ended 31 December 2021				
Financial assets				
Cash and cash equivalents	**331,782,125**	**-**	**-**	**331,782,125**
Trade and other receivables	**-**	**-**	**17,570,393**	**17,570,393**
Other financial assets-current	**-**	**-**	**3,183,504**	**3,183,504**
Other financial assets-non current	**-**	**-**	**222,683,532**	**222,683,532**
Other current assets	**-**	**-**	**8,217,432**	**8,217,432**
	331,782,125	**-**	**251,654,861**	**583,436,986**
Financial liabilities				
Trade and other payables	**-**	**-**	**(71,842,118)**	**(71,842,118)**
Trade and other payables-non current	**-**	**-**	**(2,237,625)**	**(2,237,625)**
Borrowings-current	**-**	**(1,079,631)**	**-**	**(1,079,631)**
Borrowings-non current	**-**	**(982,848)**	**-**	**(982,848)**
Convertible notes-current	**-**	**(5,655,093)**	**-**	**(5,655,093)**
Convertible notes-non-current	**-**	**(1,317,284)**	**-**	**(1,317,284)**
Deferred revenue-current	**-**	**-**	**(317,540,722)**	**(317,540,722)**
Deferred revenue-non current	**-**	**-**	**(117,186,616)**	**(117,186,616)**
Warrant derivative-current	**-**	**-**	**(18,919,056)**	**(18,919,056)**
Warrant derivative-non current	**-**	**-**	**(75,676,222)**	**(75,676,222)**
Other financial liabilities-current	**-**	**-**	**(157,560,493)**	**(157,560,493)**
Other financial liabilities-non current	**-**	**-**	**(18,152,208)**	**(18,152,208)**
Loans from related entities	**-**	**-**	**(1,521,555)**	**(1,521,555)**
Lease obligations-current	**-**	**(1,685,137)**	**-**	**(1,685,137)**
Lease obligations-non current	**-**	**(641,596)**	**-**	**(641,596)**
Net maturity	**331,782,125**	**(11,361,589)**	**(528,981,754)**	**(208,561,218)**
For the Financial Year Ended 31 December 2020				
Financial assets				
Cash and cash equivalents	5,142,648	-	-	5,142,648
Trade and other receivables	-	-	3,960,976	3,960,976
Other financial assets-current	-	-	2,174,760	2,174,760
Other financial assets-non current	-	-	25,129,038	25,129,038
Loans to other entities	-	-	-	-
Other current assets	-	-	2,375,386	2,375,386
Intangible assets (Digital assets)	-	-	-	-
	5,142,648	-	33,640,160	38,782,808
Financial liabilities				
Trade and other payables	-	-	(18,593,243)	(18,593,243)
Borrowings-current	-	(2,859,063)	-	(2,859,063)
Borrowings-non current	-	(3,741,420)	-	(3,741,420)
Convertible note-non-current	-	(4,074,106)	-	(4,074,106)
Deferred revenue-current	-	-	(5,278,044)	(5,278,044)
Deferred revenue-non current	-	-	(22,611,913)	(22,611,913)
Other financial liabilities-current	-	(885,393)	-	(885,393)
Other financial liabilities-non current	-	(2,833,320)	-	(2,833,320)
Loans from other entities	-	-	(1,878,175)	(1,878,175)
Lease obligations-current	-	(1,542,423)	-	(1,542,423)
Lease obligations-non current	-	-	-	-
Net maturity	5,142,648	(15,935,725)	(14,721,215)	(25,514,292)

ii. Specific financial risk exposures and management

The main risk the consolidated entity is exposed to through its financial instruments is credit risk, liquidity risk and market risk consisting of interest rate, cryptocurrency risk, foreign currency risk and equity price risk.

The board of directors has overall responsibility for the establishment of the financial risk strategy and oversight of the risk management framework. The board of directors has adopted practices designed to identify significant areas of business risk and to manage those risks in accordance with the risk profile. This role includes overseeing the basis management sets for assessing, monitoring and managing risks for the consolidated entity and agreeing with management the appropriate risk limits and controls. The consolidated entity, through acquisitions and business has grown substantially and its affairs are increasing in complexity which has resulted in the establishment of a Digital Asset department dedicated to conduct cryptocurrency trading and management to ensure risks are identified and mitigation measures are appropriately implemented. The board of directors is provided on a regular basis with the consolidated entity's exposure to fiat and cryptocurrencies.

Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the consolidated entity

Credit risk exposures
The maximum exposure to credit risk relates to largely non-trade-based receivables which is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the consolidated financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the consolidated entity in accordance with an approved policy. Such policy requires that surplus funds be only invested with AAA rated financial institutions residing in Australia, Hong Kong, Europe and the Americas wherever possible.

Impairment losses
Consolidated entity's impaired for the financial year:

- No impairment on loans provided to other parties (2020: A$295,302);

- A$64,340,994 (2020: A$16,631,130) on intellectual property and goodwill on the acquisition of controlled entities;

- A$8,597,245 (2020: nil) on associates and joint ventures.

Liquidity risk
Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The consolidated entity manages liquidity risk by continuously monitoring cash forecasts and actual cash flows and ensuring sufficient cash and stablecoin cryptocurrencies and other securities are available to meet the current and future commitments of the consolidated entity.

The financial liabilities of the consolidated entity comprise trade and other payables, bank and other loans, convertible notes, a derivative instrument and deferred revenue as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date. Bank loans and other loans are drawdown at fixed interest rates. Convertible notes also have fixed coupon rates with conversion features.

The derivative instrument relates to a Token Warrant granted to an investor that over time will expire and be reclassified as preference shares.

The deferred revenue relates to the obligations of the consolidated entity to provide its customers with games and platforms to use for game gratification. The obligations of the consolidated entity to its customers are set out in whitepapers. The consolidated entity has the right to withdraw both games and platforms; however, the repudiation risk from such withdrawal would require the consolidated entity to consider some forms of compensation.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The consolidated entity also has market risk associated with the price of cryptocurrencies. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(1) *Interest rate risk*
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the balance date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Interest rate risk is not material to the consolidated entity as its bank and other loans and convertible notes do not vary with changes in interest rates, and movement in interest rates on the consolidated entity's financial assets is not material.

(2) *Foreign exchange risk*
Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the consolidated entity holds financial instruments which are other than the Australian dollar functional currency of the consolidated entity.

With instruments being held by overseas operations, fluctuations in foreign currencies may impact the consolidated entity's financial results.

(3) *Price risk*
Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The consolidated entity is exposed to securities price risk and cryptocurrency price risk on short-term and long-term crypto assets as well as cryptocurrencies classified as inventories held for trading/brokering activity.

The investment in listed equities has been valued at the market price prevailing at the balance date. Management of this investment's price risk is by ongoing monitoring of the value with respect to any impairment.

(4) *Cryptocurrency risk*
Cryptocurrency risk relates to the risk that the fair value or the future cash flows from the conversion of cryptocurrencies into fiat currencies will cause fluctuation because of changes in coin exchange prices as well as sentiment in the marketplace which has, in previous years, been impacted negatively by failures such as FTX.

As stated above, the consolidated entity holds a large proportion of stablecoins such as USDC or USDT with smaller holdings in BTC and ETH as well other cryptocurrencies.

The trading/broking activities are exposed to more volatile cryptocurrencies and this risk is managed through maintaining significant stablecoins balances.

iii. Sensitivity analysis
Interest rate risk
The consolidated entity has limited exposure to market interest rates on the money it has deposited with Australian and international banking institutions in the form of short-term deposits.

The main risks arising from the consolidated entity's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors are updated regularly on financial risk management measures to ensure compliance with policies.

At the balance date of 31 December 2021, the consolidated entity had the following cash balances exposed to Australian dollars, Euros, HK dollars and US dollars variable interest rate risk:

	31 December	
	2021	**2020**
	$	**$**
Cash and cash equivalents	**331,782,125**	5,142,648

At the balance date of 31 December 2021, the consolidated entity had no financial liabilities exposed to variable interest rate risks.

The consolidated entity's cash management policy is to invest surplus funds at the best available rate received from Hongkong and Shanghai Bank and Westpac Banking Corporation.

Set out below is a sensitivity analysis of the financial implications of interest rate risk exposure at the balance date of 31 December 2021. If interest rates had moved, with all other variables constant, profit after tax and equity would have been:

	31 December	
	2021	**2020**
	$	**$**
Profit after tax		
Higher/(lower)		
+1% (100 basis points)	**1,834,000**	99,700
-1% (100 basis points)	**(1,834,000)**	(99,700)
Equity		
Higher/(lower)		
+1% (100 basis points)	**1,834,000**	99,700
-1% (100 basis points)	**(1,834,000)**	(99,700)

In determining the interest rate sensitivity cash and cash equivalent balances at balance date were adjusted to eliminate subscriptions monies to new shares that were received near balance date.

The movement in equity is linked to the movement in the statement of profit or loss as the consolidated entity does not undertake any interest rate hedging.

Foreign currency risk
The consolidated entity has exposure to foreign currency risk as a result of conducting its business activities in a number of countries. The consolidated entity is exposed to Australian dollars, Argentine pesos, Czech Koruna, Euros, HK dollars and US dollars.

The following table illustrates sensitivities to the consolidated entity's exposures to changes in these exchange rates. The table indicates the impact on how profit and equity values of principal currencies reported at the balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	31 December 2021	2020
	$	$
Profit after tax		
Higher/(lower)		
+10% Euro/AUD exchange rate	**479,000**	392,064
-10% Euro/AUD exchange rate	**(479,000)**	(392,064)
Net assets		
Higher/(lower)		
+10% Euro/AUD exchange rate	**435,000**	631,091
-10% Euro/AUD exchange rate	**(435,000)**	(631,091)
Loss after tax		
Higher/(lower)		
+10% USD/AUD exchange rate	**15,655,000**	1,775,338
-10% USD/AUD exchange rate	**(15,655,000)**	(1,775,338)
Net liabilities		
Higher/(lower)		
+10% USD/AUD exchange rate	**16,897,000**	4,447,918
-10% USD/AUD exchange rate	**(16,897,000)**	(4,447,918)

At the balance date, the consolidated entity does not hold financial instruments that would give rise to price risk.

Cryptocurrency risk
The consolidated entity has cryptocurrencies classified as inventories measured at fair value that are primarily held for trading purpose. A hypothetical 5% increase or decrease in cryptocurrencies prices at the balance date of 31 December 2021 would result in an approximately A$6,698,000 (2020: A$602,000) impact to the value of inventories and would have been recorded as a gain or loss in the consolidated statement of profit or loss.

The cryptocurrency risk on short-term and long-term crypto assets is limited. These assets are measured at cost and are subject to impairment assessment. It comprises mainly stablecoins which are cryptocurrencies whose value is pegged to that of another currency.

iv. Fair values
The fair values of financial assets and financial liabilities are presented in the table below and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

Note 4 Acquisitions

During the financial year, the consolidated entity acquired all the shares on issue in Fugu Raw Pty Ltd (Blowfish Studios) and Sanrio Digital Corporation.

	Blowfish Studios	Sanrio Digital	Total
Net assets acquired			
Assets			
Cash and cash equivalents	267,235	-	267,235
Receivables	237,319	-	237,319
Other current assets	44,270	-	44,270
Property plant and equipment	459,716	-	459,716
Other non-current assets	134,125	-	134,125
	1,142,665	-	1,142,665
Liabilities			
Payables	(363,109)	-	(363,109)
Provisions	(300,973)	-	(300,973)
Other financial liabilities	(153,740)	-	(153,740)
Lease obligations	(483,009)	-	(483,009)
	(1,300,831)	-	(1,300,831)
Net assets/(liabilities) acquired	(158,166)	-	(158,166)
Consideration			
Cash consideration	5,000,000	-	5,000,000
Share-based consideration	10,000,000	47,304,006	57,304,006
	15,000,000	47,304,006	62,304,006
Fair value of consideration	15,000,000	47,304,006	62,304,006
Fair value of net (assets)/liabilities	158,166	-	158,166
	15,158,166	47,304,006	62,462,172
Intellectual property	(7,324,843)	-	(7,324,843)
Goodwill on acquisition	(7,459,058)	(46,876,027)	(54,335,085)
Exchange fluctuation	(374,265)	(427,979)	(802,244)
	-	-	-

Blowfish Studios
Fugu Raw Pty Ltd and its controlled entities, Blowfish Studios Pty Ltd and Level 77 Pty Ltd, (trading as “Blowfish Studios”) were acquired by Animoca Brands Limited on 22 July 2021.

Blowfish has a portfolio of 33 games, including both self-developed and published title with over 2.5 million gamers having played its games. Its games can be played on PC, Mac, PlayStation 4, PlayStation 5, Xbox One, Xbox Series X/S, iOS and Android as well as Virtual Reality (VR).

The strategic fit for the consolidated entity is the potential to integrate Blowfish Studios’ games with blockchain technologies, fungible tokens and non-fungible tokens. Pursuant to the Share Purchase Agreement Animoca Brands Limited agreed to to buy the shares of Blowfish Studios on the follow basis:

- On Completion A$4,000,000 in cash and 4,545,454 fully paid ordinary shares at a fair price of A$1.10 per fully paid ordinary shares;

- On the first anniversary of Completion, A$500,000 in cash and 2,272,727 fully paid ordinary shares at a fair price of A$1.10 per fully paid ordinary shares; and

- On the second anniversary of Completion, A$500,000 in cash and 2,272,727 fully paid ordinary shares at a fair price of A$1.10 per fully paid ordinary shares.

The Share Purchase Agreement also entitled the sellers to participate in both revenue and profitability (Earn-out Amounts). The Earn-out Amounts are based on specific milestones for revenue and net profits as well as the continuation of employment of key founders. The consolidated entity has not accrued any obligation for the Earn-out Amounts at balance date.

The consolidated entity accounted for the acquisition of Blowfish Studios as a business combination under AASB 3 *Business Combinations*;

Sanrio Digital Corporation
Pursuant to the Share Sale and Purchase Agreement the Company agreed to issue 23,652,003 ordinary shares at a price of A$0.35 per ordinary share as well as pay the Sellers specific Earn-out Amounts based on revenue milestones. The Share Sale and Purchase Agreement was executed on 4 January 2021; however, completion did not take place until shareholders approved the acquisition on 22 December 2021 as Mr Yat Siu was a related party to S2B Holdings Limited. S2B Holdings was entitled to 7,095,601 ordinary shares on completion of the acquisition.

The application of accounting standards has required the consolidated entity to restate the acquisition cost based on the fair value of ordinary shares in the Company at completion date. During the financial year, the Company completed several equity raisings and based on the last equity raising prior to shareholder approval on 22 December 2021, the fair value of the shares issued by the Company to the vendors of Sanrio was A$2.00 per ordinary shares.

The consolidated entity has not accrued any obligation for the Earn-out Amounts at balance date.

The consolidated entity accounted for the acquisition of Sanrio as an acquisition of assets under AASB 10 Consolidated Financial Statements as the test for a business combination could not be satisfied and in accordance with AASB 13 Fair Value measurement recorded the acquisition cost at A$47,304,006. The consolidated entity impaired, in full, the goodwill on acquisition that emerged from the application of accounting standards to the Sanrio acquisition.

Note 5 Controlled entities

The following table lists out the controlled entities of the consolidated entity at the balance date of 31 December 2021:

	Principal Activities	Country of Incorporation	Equity Interest 31 December 2021	2020
Animoca Brands Corporation	Holding	BVI	100%	100%
Animoca Brands Limited	Application game maker	Hong Kong	100%	100%
Fugu Raw Pty Ltd	Holding	Australia	100%	-
Blowfish Studios Pty Ltd	Application game maker	Australia	100%	-
Level 77 Pty Ltd	Application game maker	Australia	100%	-
Acheson Investments Limited	Investment	BVI	100%	-
Advance Link Ventures Limited	Investment	BVI	100%	-
Aerosmith Global Limited	Investment	BVI	100%	-
Affluent Global Enterprises Ltd	Investment	BVI	100%	-
A-List Developments Limited	Advisory	BVI	100%	-
Allard Development Limited	Investment	BVI	100%	-
Amazing Panther Limited	Investment	BVI	100%	100%
Amber Vantage Limited	Investment	BVI	100%	-
August Global Group Limited	Investment	BVI	100%	-
Bright Vision Ventures Limited	Investment	BVI	100%	-
Celestial Glory Global Limited	Investment	BVI	100%	-
City Prestige Limited	Investment	BVI	100%	-
Concise Vision Limited	Investment	BVI	100%	100%
Crest Global Enterprises Limited	Investment	BVI	100%	-
Crystal Summit Enterprises Limited	Investment	BVI	100%	-
Dynamic Charm Group Limited	Investment	BVI	100%	-
Dragon Port Development Limited	Investment	BVI	100%	-
Eltingville Global Limited	Investment	BVI	100%	-
Ga Mee Limited	Investment	BVI	100%	-
Global Charm Holdings Limited	Investment	BVI	100%	-
Golden Crest Ventures Limited	Investment	BVI	100%	-
Golden Range International Limited	Investment	BVI	100%	-
Golden Trail Investments Limited	Investment	BVI	100%	-
Gorgeous Star Ventures Limited	Investment	BVI	100%	100%
Great Esteem Ventures Limited	Investment	BVI	100%	-
Harvest Fields Developments Ltd	Investment	BVI	100%	-
Innovative Chief Limited	Investment	BVI	100%	-
Jovial Sky Ventures Limited	Investment	BVI	100%	-
Kearsley Global Limited	Investment	BVI	100%	-
Marvel Global Holdings Limited	Investment	BVI	100%	-
Media King Global Limited	Investment	BVI	100%	-
Mega Cosmos Limited	Investment	BVI	100%	-
Mega Oasis Holdings Limited	Investment	BVI	100%	-
Merit Key Developments Limited	Investment	BVI	100%	-
Merit Point Global Limited	Investment	BVI	100%	-
Modern Solution International Ltd	Investment	BVI	100%	-
New Concept Enterprises Limited	Investment	BVI	100%	-
New Excel Enterprises Limited	Investment	BVI	100%	-
New Keen Group Limited	Investment	BVI	100%	-
Patton Global Limited	Investment	BVI	100%	-
Prime Hero Group Limited	Investment	BVI	100%	-
Prime Key Global Limited	Investment	BVI	100%	-

	Principal Activities	Country of Incorporation	Equity Interest 31 December 2021	2020
Right Realm Limited	Investment	BVI	100%	100%
Star Port Developments Limited	Investment	BVI	100%	-
Sandbox Group Corp	Investment	BVI	100%	100%
Sino Innovation Global Limited	Investment	BVI	100%	-
Supreme World Global Limited	Investment	BVI	100%	-
Star Dynasty Ventures Limited	Investment	BVI	100%	-
Sigmund International Limited	Investment	BVI	100%	-
Sunlit Global Investments Limited	Investment	BVI	100%	-
Smart Class Ventures Limited	Investment	BVI	100%	-
Solar Treasure International Limited	Investment	BVI	100%	-
Silver Oasis Holdings Limited	Investment	BVI	100%	-
Summit Gold Holdings Limited	Investment	BVI	100%	-
Sunshine Tree Limited	Investment	BVI	100%	-
Summer Peak International Limited	Investment	BVI	100%	-
Top Option Enterprises Limited	Investment	BVI	100%	-
Tower Global Holdings Limited	Investment	BVI	100%	-
Trade Smart Global Limited	Investment	BVI	100%	-
Treasure Tower Global Limited	Investment	BVI	100%	-
Ultra Modern Group Limited	Investment	BVI	100%	-
Vantage King Ventures Limited	Investment	BVI	100%	-
Vision Height Limited	Investment	BVI	100%	-
Witty Global Enterprises Limited	Investment	BVI	100%	-
Zeroth Fano Ventures Limited	Investment	BVI	100%	-
Zeroth Fano Ventures II limited	Investment	BVI	100%	-
Zeroth Hoildings III Limited	Investment	BVI	100%	-
Animoca Brands Technology (Shanghai) Limited	Non-operating	China	100%	100%
Latgala Ou	Application game maker	Estonia	100%	100%
IT Sprendimai Sekmei UAB	Application game maker	Lithuania	100%	100%
TicBits Oy	Application game maker	Finland	100%	100%
Tribeflame Oy	Application game maker	Finland	100%	100%
Benji Bananas Oy	Application game maker	Finland	100%	100%
Stryking Entertainment GmbH	Application game maker	Germany	100%	100%
Crowd Education Limited	Investment	Hong Kong	100%	100%
Ga Mee Global Limited	Investment	Hong Kong	100%	100%
Meta Global Limited	Investment	Hong Kong	70%	100%
Bacasable Global Limited	Investment	Hong Kong	100%	100%
Sandbox Development Canada	Application game maker	Canada	100%	-
TSB Gaming Argentina SA	Application game maker	Argentina	100%	100%
TSB Korea Inc	Application game maker	South Korea	100%	-
TSB MV Gaming Ltd	Application game maker	Cayman Islanc	100%	100%
TSB Gaming Ltd	Application game maker	Malta	100%	100%
Animoca Brands KK	Investment	Japan	60%	-

	Principal Activities	Country of Incorporation	Equity Interest 31 December 2021	2020
Moonrealm Entertainment Limited	Non-operating	Hong Kong	100%	100%
Venture Classic Limited	Fund Manager	Hong Kong	67%	67%
Zeroth Holdings II Limited	Investment	Hong Kong	100%	100%
Gamee Limited	Investment	United Kingdom	100%	100%
Gamee Mobile sro	Application game maker	Czech Republic	100%	100%
Fuel Powered Inc	Application game maker	USA	60%	60%
Grantoo LLC	Application game maker	USA	60%	60%
Gamma Innovations Inc	Utilisation of idle computer time power	USA	100%	100%
Leade.rs Inc	Networking	USA	100%	100%
nWay Inc	Investment	USA	100%	100%
nWay America LLC	Application game maker	USA	100%	100%
nWay Korea Inc	Application game maker	South Korea	100%	100%
NW2020 Inc	Investment	BVI	100%	100%
Pixowl Inc	Application game maker	USA	100%	100%
Pixowl SA	Application game maker	Argentina	100%	100%
Quidd Inc	Digital merchandise	USA	100%	100%

Note 6 Revenue

	31 December 2021 $	2020 $
Major product lines		
Advertising	**4,555,427**	226,067
Blockchain	**65,595,767**	-
InApp games	**14,478,241**	17,087,132
Services	**2,359,490**	10,829,686
Virtual currencies	**7,292,956**	120,980
Other revenues	**9,302,156**	51,520
	103,584,037	28,315,385
Timing of revenue recognition		
Goods transferred at a point in time	**60,135,098**	17,485,699
Services transferred over time	**43,448,939**	10,829,686
	103,584,037	28,315,385

At the balance date of 31 December 2021, the consolidated entity had recorded deferred revenue of A$434,727,338 (note 30) which will be credited to profit or loss over time.

Note 7 Other income

	31 December 2021 $	2020 $
Interest income	**19,279**	6,200
Net trading gains on digital assets	**50,440,224**	3,528,718
Other	**978,296**	520,833
	51,437,799	4,055,751

Note 8 Employee benefits

	31 December 2021 $	2020 $
Salaries	**35,746,788**	19,180,669
Earn-out payments	**(211,044)**	-
Retirement benefits	**184,945**	111,489
Other	**1,484,624**	810,275
	37,205,313	20,102,433
Salaries extinguished by way of issue of shares	**76,717,528**	-
	113,922,841	20,102,433

On 22 December 2021, shareholders approved the issuance of 39,343,365 ordinary shares to the directors at an issue price of A$2.00, A$0.10 and A$0.12 per ordinary shares in lieu of past performance respectively.

Note 9 Finance costs

	31 December 2021 $	2020 $
Amortised cost on long-term borrowings	**17,350**	796,762
Amortised cost on leases	**120,053**	125,158
Amortised cost on convertible notes	**2,513,619**	1,321,833
Interest expense	**1,472,851**	-
Preference shares valuation adjustment arising on initial SAFE instrument	**9,122,324**	-
Other	**152,144**	159,377
	13,398,341	2,403,130

On 15 June 2019, the consolidated entity issued SAFE instruments to sophisticated and professional investors which entitled the investors to both equity and SAND tokens. The

equity component was converted into Series A Preference Shares at a discount to the issue price for other Series A Preference Shares subscribers.

Note 10 Other expenses

	31 December 2021 $	31 December 2020 $
Secretarial costs	**158,698**	367,597
Travel	**398,196**	142,276
Insurances	**947,941**	411,745
Portfolio management	**192,690**	-
Occupancy costs	**335,732**	474,513
Withholding taxes	**132,510**	63,075
Other	**1,177,423**	3,023,073
	3,343,190	4,482,279

The comparative figures for 2020 have been amended with professional fees being reclassified as consultants and contractors and additional disaggregation of the amount previously recorded as “other expenses” to disclose communications and computing charges and occupancy costs.

Note 11 Income tax benefit

	31 December 2021	31 December 2020
	$	$
Reconciliation of income tax expense to prima facie tax payable		
Accounting loss	**(671,325,007)**	(61,269,610)
Permanent differences		
Impairment of goodwill on acquisition	**54,342,005**	16,828,669
Non-tax jurisdictions	**107,694,994**	4,567,936
	162,036,999	21,396,605
Adjusted profit/(loss)	**(509,288,008)**	(39,873,005)
@ Tax rate (30%/27.5%)	**(152,786,402)**	(10,965,076)
Different tax rates in jurisdictions	**12,409,729**	3,676,086
Adjusted tax expense/(benefit)	**(140,376,673)**	(7,288,990)
Accruals	**680,826**	-
Amortisation	**951,244**	-
Convertible note conversion feature	**51,776,464**	(307,275)
Depreciation	**7,234**	-
Derivative	**9,581,918**	-
Directors' fee	**23,015,258**	-
Doutful debts	**(67,519)**	161,495
Exchange fluctuation	**1,174,808**	53,999
Equity raising costs	**(474,722)**	(261,593)
Fair value adjustments	**5,204,113**	197,062
Finance costs	**2,301,699**	-
Forgivness convertible note	**(48,235)**	-
Impairments	**350,979**	-
Leases	**(188,090)**	(71,361)
Professional services	**2,040,762**	-
Share-based payments	**45,149,640**	294,331
Other	**(2,512,792)**	974,733
Tax losses	**1,433,086**	6,247,599
	-	-
Reversal of tax-effect deferred assets	**478,501**	(49,875)
COVID-19 relief	**1,340,813**	2,087,206
Tax benefit	**1,819,314**	**2,037,331**

The applicable weighted average effective tax rates attributable to operating profit for the financial year were neg (2020: nil).

The balance of the franking account at the balance date of 31 December 2021 was Nil (2020: nil).

Potential deferred tax assets attributable to tax losses and other temporary differences as well as potential to deferred tax liabilities attributable to temporary differences have not been brought to account at the balance date of 31 December 2021 because the directors do not believe it is probable at this time to realise the deferred tax assets or deferred tax liabilities. These benefits will only be obtained if:

i. The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions and losses from other items.

ii. The consolidated entity continues to comply with conditions for deductibility imposed by law.

iii. No changes in tax legislation adversely affect the consolidated entity in realising the benefits from the deductions for the loss and other items.

At the balance date of 31 December 2021, a controlled entity, Animoca Brands Limited based in Hong Kong had estimated unused tax losses of approximately A$10,952,323 (2020: A$38,918,201). Under the Hong Kong tax regime tax losses can be carried forward indefinitely and accordingly, can be offset against future taxable income. Tax losses accrued by controlled entities acquired in Germany and USA are not expected to be available to the consolidated entity in future periods and accordingly, the recoverability of these tax losses will be dependent on future taxable income generated by the respective entities that have incurred then tax losses.

Tax losses incurred by the Company, the ultimate parent entity of the consolidated entity, are not likely to be realisable in the foreseeable future due to Australian legislation relating to the continuation of the ownership test and the continuation of business tests.

The consolidated entity has not brought to account any deferred tax assets or liabilities.

As at the date of this report, the consolidated entity has retained advisors to review its policies and procedures for compliance with various tax jurisdictions on such matters as transfer pricing, the transfer of ownership of shares in controlled entities and intellectual property and other issues. There needs to be more work completed at this time to quantify any tax exposures on transactions undertaken, if any.

Note 12 Assignment of ownership in controlled entity to founders of *The SANDBOX*

On 27 August 2021, the Company incorporated Meta Global Limited and awarded the founders of *The SANDBOX* a 30% equity interest in Meta Global for zero consideration.

Meta Global Limited held all the ordinary shares on issue in Bacasable Global Limited and Bacasable Global Limited held all the shares on issue in the TSB entities, comprising TSB Argentina SA, TSBMV Global Limited, TSB Gaming Ltd and Sandbox Development Canada Inc.

The fair value of the equity transferred to Messrs Borget and Madrid, the founders of The *SANDBOX* is set out in the following table:

	31 December 2021 $	31 December 2020 $
Net asset value	12,603,550	-
30% equity interest at fair value	3,781,065	-

The Company assessed the value of the Meta Global Limited based on net assets at the date of assignment of the shares in Meta Global Limited.

The goal for the Company arising from this transaction was to ensure that the founders continued to be committed to the development of *The SANDBOX* platform.

Note 13 Earnings per share

Basic earnings loss per share is calculated by dividing net loss for the financial year attributable to members of the parent entity by the weighted average number of ordinary shares outstanding at the balance date.

Diluted earnings loss per share is calculated by dividing the net loss attributable to members of the parent entity by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be on the issue following conversion of all outstanding options over ordinary shares into ordinary shares.

At the balance date of 31 December 2021 and 2020 there were no dilutive options over ordinary shares outstanding.

	31 December 2021 $	31 December 2020 $
Loss from continuing operations for the year	**(624,552,657)**	(59,956,282)
	No	No
Weighted average number of ordinary shares outstanding during the year and used in the calculation of basic EPS	**1,370,297,004**	1,071,415,590
Basic and diluted earnings per share Cents per ordinary shares	**(45.58)**	**(5.60)**

Note 14 Dividends paid/payable

No dividends were paid during the financial year and no dividend is proposed to be paid at the balance date of 31 December 2021.

Note 15 Cash and cash equivalents

	31 December 2021 $	31 December 2020 $
Cash in hand and cash at bank	**331,734,279**	5,142,648
Short-term deposits	**47,846**	-
	331,782,125	5,142,648

Note 16 Trade and other receivables

	31 December 2021 $	31 December 2020 $
Trade receivables	**3,877,267**	3,603,403
GST	**105,950**	-
Non trade receivables	**16,071,879**	737,751
	20,055,096	4,341,154
Receivables written-off during current year	**(1,289,406)**	-
Allowance for doubtful debts	**(1,195,297)**	(380,178)
	17,570,393	3,960,976

Trade receivables are amounts due from customers for goods and services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 days and therefore, are all classified as current assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless an amount recorded as trade receivable contains a significant financing component in which case the trade receivable is recognised at fair value.

The consolidated entity holds trade receivables with the objective of collecting the contractual cash flows and accordingly, measures the trade receivables at amortised cost using the effective interest rate method where contractual terms are extended beyond the normal recoverable period.

Given the short-term nature of trade receivables and non-trade receivables, the carrying values represent the cost.

The consolidated entity provided for A$815,119 (2020: A$92,238) in doubtful debts for the financial year, which is related to an entity in which the consolidated entity holds an equity interest that arose from the sale of InApp games in previous years and wrote-off A$1,289,406 in non-trade receivables based on a detailed review of the ageing of these receivables.

In 2020, the consolidated entity reviewing the amount due from iCandy Interactive Limited. The consolidated entity had previously entered into an agreement with iCandy whereby iCandy acquired a portfolio of mobile games for a combination of shares and cash. On 25 June 2019, the agreement between the consolidated entity and iCandy was restructured and provided for the continuation by the consolidated entity of specific services.

The revised terms provided for the consolidated entity to continue to provide publishing rights if these rights could not be transferred (“maintenance services”). It was initially agreed that the consolidated entity’s costs for such services would be reimbursed by iCandy on a monthly basis. The revised agreement provided for these services to be satisfied by way of the issue of shares provided iCandy had sufficient placement capacity.

Both parties agreed to an initial handover period after closing the transaction and the consolidated entity would continue to publish, operate and maintain the game portfolio (“migration services”). iCandy originally agreed to reimburse the consolidated entity on a monthly basis for these services. The revised terms provide for these costs to be reimbursed by cash or shares.

On 4 June 2020, the consolidated entity agreed to convert, in part, some of the amount due from iCandy into fully paid ordinary shares. As a result, the consolidated entity received 30,208,415 fully paid ordinary shares in lieu of the A$622,293 due. Amounts outstanding from iCandy relate to the maintenance and migration fees and these amounts due have been provided for as doubtful debts.

Note 17 Short-term crypto assets

	31 December	
	2021	**2020**
	$	**$**
Cryptocurrencies	**302,260,311**	-

The consolidated entity holds specific cryptocurrencies for the purpose other than its broker-trader activities. The cryptocurrencies have been valued at cost and are subject to impairment assessment at each balance date.

These cryptocurrencies comprise stablecoins (USDC and USDT) which are cryptocurrencies whose value is pegged or tied, to that of another currency, commodity, or financial instrument and therefore, from a management perspective, is near cash or cash equivalents.

Note 18 Inventories

	31 December 2021 $	31 December 2020 $
Trading crytocurrencies	**133,951,144**	12,039,671

Under AASB 2 *Inventories*, inventory does not require to be in a physical form, but inventory should consist of assets that are held for sale in the ordinary course of business.

The consolidated entity has quantified that part of its extensive holdings of cryptocurrencies it holds for sale in the ordinary course of business. The consolidated entity actively trades certain cryptocurrencies, purchasing the cryptocurrencies with a view to reselling the cryptocurrencies in the near future and generating a profit from fluctuations in the price or traders' margin.

The trading cryptocurrencies held at balance date include both stablecoins as well as more volatile cryptocurrencies with both stablecoins and cryptocurrencies valued on a mark-to-market basis.

The consolidated entity has also classified a portion of its cryptocurrencies as crypto assets (see Note 27).

Note 19 Other financial assets

	31 December 2021 $	2020 $
Current financial assets		
Mandatorily at fair value through profit or loss		
Japan Keep It Simple Security (J-KISS Agreement)	**-**	64,918
Simple Agreements for Future Equity (SAFE Agreements)	**1,102,511**	2,109,842
Convertible notes	**2,080,993**	-
	3,183,504	2,174,760
Non-current financial assets		
Mandatorily at fair value through the profit or loss		
Simple Agreements for Future Equity (SAFE Agreements)	**39,008,686**	-
Simple Agreements for Future Tokens and Equity (SAFTEs)	**5,656,100**	-
Convertible notes	**12,049,315**	3,670,505
Derivatives	**344,543**	-
Unlisted preferred securities	**58,462,816**	1,310,696
Unlisted limited partnerships	**18,253,809**	-
Unlisted equity securities	**66,139,177**	-
	199,914,446	4,981,201
Total current and non-current financial assets fair value through profit or loss	**203,097,950**	7,155,961
Non-current financial assets		
Designated at fair value through other comprehensive income		
Listed equity securities	**6,452,494**	5,124,030
Unlisted equity securities	**7,963,402**	9,649,293
Unlisted participating securities	**-**	620,945
Unlisted preferred securities	**4,134,502**	3,602,960
Unlisted limited partnerships	**4,218,688**	1,150,608
Total non-current financial assets fair value through other comprehensive income	**22,769,086**	20,147,836
Total financial assets	**225,867,036**	27,303,796
Amounts recognised as		
Fair value (loss)/gain through profit or loss	**(64,393,604)**	425,812
Fair value (loss)/gain through other comprehensive income	**(3,130,979)**	9,291,833
Opening balance	**27,303,798**	15,871,524
Exchange fluctuation	**1,668,888**	1,433,363
Deconsolidation of controlled entity	**-**	(129,840)
Investments acquired for the year	**258,964,609**	411,106
Investments disposed for the year	**(1,738,988)**	-
Fair value adjustment	**(67,524,583)**	9,717,645
Other movements	**7,193,312**	-
Closing balance	**225,867,036**	27,303,796

Financial assets mandatorily fair value through the profit or loss

For the financial year, the consolidated entity recognised a fair value loss of A$64,393,604 (2020: a fair value gain of A$425,812 on financial assets classified as Mandatorily at fair value through the profit or loss).

Since 1 January 2020, the consolidated entity has recognised all new investments as mandatorily at fair value through the profit or loss as the purpose of the portfolio investment strategy is to hold the investment for profit and exit at an appropriate time.

The financial assets accounted for on this basis represent:

- Convertible notes;

- Unlisted preference securities;

- Listed partnerships; and

- SAFE Agreements that provide the consolidated entity with the contractual right to receive equity instruments in start-up entities when a pre-determined “trigger” event occurs (i.e., a specific pricing round of funding above a threshold or liquidation. The number of equity instruments (i.e., shares in a specific start-up entity) on the conversion of the SAFE instrument is linked to the upfront cash subscription and the pricing round of funding that “triggers” the equity or liquidation event.

The consolidated entity has accounted for a convertible note instrument between its controlled entity, Zeroth Fano Ventures Limited, and Fano Labs Limited on an amortised cost basis. The convertible note represents a senior debt instrument with the consolidated entity entitled to priority repayment over any other indebtedness of Fano Labs Inc. The convertible notes entitle the consolidated entity to interest at the rate of 3% per year. On maturity (30 April 2020), the consolidated entity is entitled to convert both the convertible note and accrued interest into fully paid Equity Securities of Fano Labs Inc at the lower of (i) 80% of the price per share for Equity Securities by the investors at the date of a Qualifying Financing and (ii) the share price determined by dividing US$32,000,000 by the number of shares on the issue immediately prior to the closing of the Qualified Financing. A Qualified Financing is the raising of at least US$10,000,000 by Fano Labs Limited.

The consolidated entity subscribed to US$1,000,000 (equivalent to approximately A$1,298,364) in convertible notes issued by Fano Labs Limited.

Following the end of the financial year 31 December 2021, the subscribers to the convertible note issuance and Fano Labs Limited agreed to extend the maturity date to 30 April 2024.

Financial assets designated fair value through other comprehensive income
For the financial year, the consolidated entity recognised a fair value loss of A$3,130,979 (2020: a fair value gain of $A9,291,833) on financial assets classified as designated at fair value through other comprehensive income.

These financial assets were designated at fair value through other comprehensive income in 2018 and represent equity securities that the consolidated entity intends to hold for the long term due to their strategic nature to the business activities of the consolidated entity and the relationship between the consolidated entity and the investee entity.

Fair value measurement

Financial assets are measured at fair value in the consolidated Statement of the Financial Position of the consolidated entity into three levels of the fair value hierarchy. The three levels are as follows:

Level 1

The fair value of financial instruments traded in active markets (i.e., publicly traded derivatives and equity instruments) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the consolidated entity is the current bid price.

Level 2

The fair value of financial instruments that are not traded in an active market (i.e., over-the-counter derivatives) is determined using valuation techniques that maximise the use of observable market information and rely as little as possible on entity-specific estimates.

Level 3

The fair value of financial instruments under this level represents outcomes that occur if one or more of the significant inputs is not based on observable market information.

Note 20 Other current assets

	31 December	
	2021	**2020**
	$	**$**
Bonds	**-**	3,618
Deposits	**636,650**	-
Minimum guarantees	**-**	16,749
Prepayments	**7,117,918**	1,993,301
Other	**462,864**	361,718
	8,217,432	2,375,386

Note 21 Simple agreements for future tokens

	31 December 2021 $	31 December 2020 $
SAFT	**65,066,853**	-

The consolidated entity entered into a number of SAFT agreements during the financial year with entities proposing to issue in the future cryptocurrencies. Under the various SAFT agreements the consolidated entity is entitled to receive from the issuer of the SAFT tokens based on the achievement by the issuer of specific goals at a discount to the proposed issue price at the token generating event date.

Note 22 Investment in the associates

	31 December 2021 $	31 December 2020 $
Helix One Limited	-	1,077,642
OliveX Holdings Limited	-	2,649,973
	-	3,727,615

Helix One Limited
On 15 October 2019, the consolidated entity entered into a strategic partnership with Mind Fund consolidated entity Ltd, a leading venture capital company, and Helix One Limited, an accelerator established by Mind Fund and Hedera Hashgraph Inc.

The consolidated entity restructured its ownership interest in Helix One Limited during the financial year by way of arranging for Helix One Limited converting the shares it issued to the consolidated entity into participating interests in the specific portfolios held by the accelerator.

OliveX Holdings Limited
On 24 August 2020, OliveX Holdings Limited was listed on the New Securities Exchange in Sydney, Australia. Up until 30 June 2020, the consolidated entity accounted for OliveX Holdings Limited and its controlled entities as a controlled entity with the consolidated entity holding 78% of the shares on issue. Following the listing of OliveX Holdings Limited, the consolidated entity holds 33% of the shares on issue and accordingly has accounted for Olive Holdings Limited as an associate entity under AASB 128

Investments in Associates and Joint Ventures.
During the financial year the consolidated entity participated in a private placement of shares in OliveX and acquired 4,320,514 shares at a price of A$1.00 per ordinary share.

OliveX voluntarily delisted from the NSX on 21 July 2023 due to combination of factors including a lack of liquidity on the exchange for investors; the compromise of its DOGE token and the emergence of a dispute between the vendors of Six-to-Start Limited and OliveX. OliveX downsized its business in HKG during the course of 2023 and resolved the dispute with the vendors of STS in 2025.

The Company impaired its investment in OliveX Holdings Limited.

	31 December 2021 $	31 December 2020 $
HelixOne Limited		
Cost	**1,077,642**	1,184,649
Share of net profit for financial year	**366,833**	-
Exchange fluctuation	**-**	(107,007)
Reclass to investment in subsidiary	**(1,444,475)**	-
	-	1,077,642
OliveX Holdings Limited		
Cost	**2,649,973**	647,878
Fair value at date of deconsoldiation	**-**	1,959,227
Fair value of performance rights	**-**	1,496,056
Share of net loss	**(1,813,539)**	(1,199,589)
Acquisition of equity interest	**4,320,514**	-
Impairment	**(4,670,245)**	-
Other movements	**-**	(49,656)
Exchange fluctuation	**(486,703)**	(203,943)
	-	2,649,973
	-	3,727,615
Equity-based accounting recognised as fair value through other comprehensive income		
Fair value at date of deconsoldiation	**-**	1,959,227
Fair value of performance rights	**-**	1,496,056
Exchange fluctuation	**-**	(253,599)
Other movements	**-**	(124,109)
	-	3,077,575

Note 23 Investment in a joint venture

	31 December	
	2021	**2020**
	$	**$**
Animoca/Atari Venture	-	3,927,000

On 4 August 2020, the consolidated entity informed shareholders that it has entered, through its controlled entity, Animoca Brands Limited, into an amendment Licencing Agreement with Atari Interactive, Inc. The Amendment Licensing Agreement set out the basis for the consolidated entity to earn the right to develop and distribute globally 15 classic Atari® arcade games and to be a non-exclusive distributor in Asia but an exclusive provider of blockchain content globally for the Atari VCS console.

The Amendment Licensing Agreement expands the license held by the consolidated entity following an agreement with Atari on 18 December 2018 and provides for 15 iconic Atari titles on any platform and any distribution channel, inclusive of blockchain products, for a term extending through to 31 January 2025.

The Amendment grants Animoca Brands Limited the rights to distribute the Games through the platforms of its controlled entities and its associated entities. The Amendment also grants the consolidated entity non-exclusive distribution rights in Asia (excluding Australia and New Zealand) for the upcoming Atari VCS game console. The consolidated entity will set up and operate its own online retail store covering the region through 30 September 2022.

The consolidated entity will be the exclusive blockchain gaming content provider for the Atari VCS console until 30 September 2022, including the right to incorporate its preferred blockchain technology solutions (such as a crypto wallet), which will make the VCS the world's first dedicated blockchain gaming game console.

On 13 December 2020, the Company issued Atari 18,700,000 fully paid ordinary shares at A$0.21 per share for the expanded licensing arrangements provided by the Amendment Licensing Agreement. The licensing fee is subject to recoupment from royalties paid to Atari on the revenue generated by the Games.

For the exclusivity, the consolidated entity will be required to pay a minimum guarantee against future revenues to Atari of US$320,000 (equivalent to approximately A$441,000), on or before 31 July 2022, at its discretion by way of a cash payment or the issue of 2,200,000 fully paid ordinary shares at A$0.21 per share.

On 31 July 2021, the consolidated entity paid Atari US$320,000 (equivalent to approximately A$434,000) for the exclusivity and the consolidated entity has not recorded any royalty offset.

The consolidated entity impaired the carrying value at the balance date of 31 December 2021.

Note 24 Plant and equipment

	31 December 2021 $	31 December 2020 $
Plant and equipment owned by the consoldiated entity at Cost		
Opening balance	**625,927**	455,759
Acquired through business combinations	**458,690**	211,339
Additions	**710,548**	-
Disposals	**(6,782)**	-
Exchange fluctuation	**22,965**	(41,171)
	1,811,348	**625,927**
Accumulated depreciation		
Opening balance	**(418,226)**	(224,450)
Acquired through business combinations	**(391,320)**	-
Depreciation for the year	**(193,072)**	(215,147)
Disposals	**6,782**	-
Exchange fluctuation	**(36,786)**	21,371
	(1,032,622)	(418,226)
Net carrying value	**778,726**	207,701
Plant and equipment leased by the consoldiated entity at fair value		
Opening balance	**3,788,998**	1,157,475
Acquired through business combinations	**629,904**	2,736,160
Acquired during the financial year	**1,228,542**	-
Exchange fluctuation	**(326,444)**	(104,637)
Other movements	**(559,326)**	-
	4,761,674	3,788,998
Accumulated depreciation		
Opening balance	**(2,438,612)**	(579,266)
Acquired through business combinations	**(237,559)**	(1,141,399)
Depreciation for the year	**(928,193)**	(770,275)
Exchange fluctuation	**403,272**	52,328
Other movements	**559,338**	-
	(2,641,754)	(2,438,612)
Net carrying value	**2,119,920**	1,350,386
Net carrying value of owned and leased plant and equipment	**2,898,646**	1,558,087

The consolidated entity has adopted AASB 16 *Leases* from 1 January 2019. This standard replaces AASB 117 Leases and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments is separately disclosed in financing activities. For lessor accounting, the standard remains the same as how a lessor accounts for leases.

During the financial year, the consolidated entity acquired Fugu Raw Pty Ltd and its controlled entities (Blowfish studios) and accounted for the acquisition as a business combination and applied AASB 16 to lease arrangements entered into by Blowfish Studios.

In 2020, the consolidated entity acquired nWay Inc, an entity incorporated under the laws and regulations of the state of Delaware, USA, and accounted for the acquisition as a business combination and applied AASB 16 to lease arrangements.

Note 25 Intellectual property

	31 December 2021 $	31 December 2020 $
Cost		
Opening balance	**23,288,537**	7,623,880
Intellectual property acquired during the financial year	**8,637,364**	30,282,733
Impairment	**(9,998,989)**	(16,631,130)
Adjustment at acquisition price in prior year	**(4,121,582)**	-
Exchange fluctuation	**(159,615)**	2,013,054
	17,645,715	23,288,537
Amortisation		
Opening balance	**(12,471,472)**	(2,359,865)
Amortisation charge for the year	**(5,839,125)**	(14,546,313)
Other movements	**-**	1,044,158
Exchange fluctuation	**664,882**	3,390,548
	(17,645,715)	(12,471,472)
Net carrying value	**-**	10,817,065
Comprising		
Trademarks	**-**	5,799
Developed technology	**-**	10,196,256
Technologies under development	**-**	611,416
Customer relationships	**-**	3,594
	-	10,817,065

Note 26 Goodwill on acquisition

	2021 $	2020 $
Opening balance	**-**	-
Goodwill on acquisition	**54,342,005**	-
Impairment	**(54,342,005)**	-
	-	-

The consolidated entity recognised A$7,459,058 of goodwill on acquisition of Fugu Raw Pty Ltd and its controlled entities Blowfish Studios. In addition, the consolidated entity recognised A$46,876,027 of goodwill on acquisition of Sanrio Digital Corporation. A strategic review of both acquisitions has resulted in the consolidated entity discontinuing game development and publishing as future cash flows projected for these entities was not likely to exceed the fair value of consideration paid to the sellers and therefore, it was decided to fully impair the goodwill recognised at date of acquisition.

Note 27 Long-term crypto assets

On 1 January 2020, the consolidated entity reclassified a number of cryptocurrencies as inventories following the commencement of broker-trader activities and the accounting for such cryptocurrencies accordance with AASB 2 Inventories.

The crypto assets that have been recorded as long-term crypto assets are the fungible and non-fungible tokens held by the consolidated entity for strategic purposes and have been valued at cost and are subject to impairment assessment at each balance date.

Crypto assets of A$2,726,114 (2020: nil) which have classified as long-term crypto assets was written off during the financial year.

Note 28 Other non-current assets

	31 December	
	2021 $	2020 $
Opening balance	**-**	1,365,632
Expenditure capitalised for the financial year	**6,144,634**	-
Expenditure transferred to profit or loss	**(4,089,508)**	(1,242,301)
Exchange fluctuation	**-**	(123,331)
	2,055,126	-

The consolidated entity also purchased software under licence at balance date which will be amortised to the profit or loss over a 3-year period, being the life of the licence.

Note 29 Trade and other payables

	31 December 2021 $	31 December 2020 $
Current		
Trade payables	**7,770,406**	5,376,279
Non-trade payables	**46,272,480**	3,988,662
Accruals	**17,799,232**	16,305,937
	71,842,118	25,670,878
Non-current		
Trade payables	**2,084,817**	-
Non-trade payables	**43,675**	-
Accruals	**109,133**	-
	2,237,625	-
	74,079,743	25,670,878

Trade payables are non-interest bearing and are normally extinguished or settled within 30 days of receipt of the invoice.

	31 December 2021 $	31 December 2020 $
Gamee Ltd	**-**	1,276,120
Latgala Ou	**-**	3,336,434
nWay Inc	**-**	1,935,547
Quidd Inc	**-**	529,534
Fugu Raw Pty Ltd	**6,068,633**	-
Sanrio Digital Corporation	**-**	-
	6,068,633	7,077,635

During the financial year, the consolidated entity extinguished its obligations to vendors pursuant to Share Purchase Agreements outstanding at balance date 31 December 2020 during the financial year.

Termination benefits guaranteed by the Company following the acquisition of nWay Inc and Quidd Inc have lapsed. The Company committed to pay executives at nWay Inc and Quidd Inc guaranteed termination benefits if the executives resigned within 3 years of the acquisition date. An executive of nWay Inc resigned within the above; however, all other executives of nWay Inc and Quidd Inc remained employees beyond the 3 years and as a result did not become entitled to the guaranteed termination benefit.

Note 30 Deferred revenue

	31 December 2021 $	31 December 2020 $
Opening balance	**27,889,957**	20,022,097
Bookings recorded during the financial year	**454,456,315**	6,732,340
Token-based payments	**-**	2,804,357
Bookings released to profit or loss	**(43,448,939)**	(1,041,286)
Other movements	**(4,084,647)**	-
Exchange fluctuation	**(85,348)**	(627,551)
	434,727,338	27,889,957
Current	**317,540,722**	5,278,044
Non-current	**117,186,616**	22,611,913
	434,727,338	27,889,957

On release of *The SANDBOX* platform on 25 November 2021, the consolidated entity reassessed the amortisation period for recognition of revenue arising from service obligations over 18 months.

Note 31 Loans from related entities

	2021 $	2020 $
Opening balance	**1,878,175**	1,970,280
Exchange fluctuation	**(356,620)**	(92,105)
	1,521,555	1,878,175

Venture Classic Limited, a controlled entity of Animoca Brands Limited in which it has a 67% equity interest, is the manager of Zeroth SPC, a special purpose vehicle incorporated in the Cayman Islands to undertake investments in accelerator opportunities.

Venture Classic Limited is solely responsible for all the business and investment decisions of Zeroth SPC and each of its segregated portfolios pursuant to the Management Services Agreement, dated 27 September 2020. Venture Classic Limited holds all the Management Shares on the issue in Zeroth SPC. Under the Memorandum of Association, the management shares entitle Venture Classic to a 30% carried interest in profits and losses of the segregated portfolios held by Zeroth.

During the course of 2019, Venture Classic Limited was advanced funds by Zeroth SPC to evaluate new opportunities for investment. The consolidated entity does not believe that this amount will be ultimately payable; however, at the balance date of 31 December 2021 the basis on which the consolidated entity will be relieved of payment has yet to be finalised by Venture Classic Limited and Zeroth SPC.

Note 32 Provisions

	31 December 2021 $	31 December 2020 $
Current		
Employee entitlements	**18,059,629**	182,690
Other	**783,815**	203,340
	18,843,444	386,030

During the previous financial year, TSBMV Limited issued 509,000,000 units of SAND tokens to employees and contractors with varying vesting dates from 14 August 2020. The Company accounts for the tokens as an employee benefit and amortises the fair value of the tokens to the profit or loss over the vesting period of the tokens issued to employees and contractors.

On the vesting of the tokens, the value of the tokens is transferred to deferred revenue and amortises over the expected period that performance obligations are expected to be provided.

Note 33 Other financial liabilities

	31 December 2021 $	31 December 2020 $
Opening balance	**3,718,713**	1,685,943
Recognition of other financial liabilities arising from accounting for borrowings and other financial instruments on an amortised cost basis	**242,482**	3,297,589
Deconsolidation of previously controlled entity accounted for on an equity basis	**-**	(713,863)
Fair value of change in conversion feature	**172,588,212**	-
Conversion of converitble notes	**(5,571,688)**	-
Exchange fluctuation	**5,621,741**	(469,161)
Other	**(886,759)**	(81,795)
Closing balance	**175,712,701**	3,718,713
Current	**157,560,493**	885,393
Non-current	**18,152,208**	2,833,320
	175,712,701	3,718,713

Note 34 Borrowings

Bank loans

	31 December 2021 $	31 December 2020 $
Opening balance	**945,006**	915,404
Interest expense	**38,042**	31,715
Repayment	**(53,749)**	-
Exchange fluctuation	**53,549**	(2,113)
Closing balance	**982,848**	945,006
Present value	**1,037,515**	945,006
Interest expense to be charged to the Consolidated Income Statement	**54,531**	20,651
Future value	**1,092,046**	965,657
Current liabilities	**-**	-
Non-current liabilities	**982,848**	945,006
	982,848	945,006

Following the acquisition of Stryking Entertainment on 18 September 2020, the consolidated entity assumed borrowings – a €600,000 (equivalent to approximately A$972,000) borrowing from the government sponsored InvestitionsBank Berlin ("IBB").

The IBB loan is repayable in equal instalments of €30,000 (equivalent to approximately A$40,000) per month. The IBB facility comprises two tranches – Tranche 1 €224,750 (equivalent to approximately A$364,000) and Tranche 2 €375,250 (equivalent to approximately A$608,000) – which incur interest at a fixed rate of 3.5% per year.

The IBB loan is unsecured.

The consolidated entity has entered into discussions with both IBB to extend the repayment terms with repayments commencing in 2022. which resulted in the reassessment of the amortised cost.

Institutional loans
Pixowl Inc
Pixowl Inc has entered into a revolving facility with InFin Capital Inc to provide working capital. The revolving facility incurs interest at the rate of 2.235% and is repayable in equal instalments over ten months from the date of drawdown.

	31 December 2021 $	31 December 2020 $
Opening balance	-	402,920
Interest expense	-	47,332
Repayments	-	(413,854)
Exchange fluctuation	-	(36,398)
Closing balance	-	-

The Company repaid the loan at the balance date of 31 December 2020.

Other loans
Animoca Brands Corporation Limited
At the balance date of 31 December 2021, the Company had only drawn down A$225,000 (2020: A$3,444,618) in proceeds and repaid A$3,244,618 (2020: A$775,569).

	31 December 2021 $	31 December 2020 $
Opening balance	**2,796,414**	463,491
Drawdowns	**225,000**	3,444,618
Interest expense	**129,504**	148,869
Repayments	**(3,244,618)**	(775,569)
Other financial liabilities	**-**	(526,779)
Other movements	**481,526**	36,509
Exchange fluctuation	**37,174**	5,275
Closing balance	**425,000**	2,796,414
Present value	**425,000**	2,796,414
Interest expense to be charged to the Statement of Profit or Loss and Other Comprehensive Income	**-**	648,098
Future value	**425,000**	3,444,512
Current liabilities	**425,000**	-
Non-current liabilities	**-**	2,796,414
	425,000	2,796,414

On 20 December 2020, the consolidated entity announced that it had entered into an unsecured loan agreement to raise A$2,500,000 with sophisticated and professional investors as defined by the Corporations Act 2001. The funding arrangements involved the ultimate parent entity of the consolidated entity incurring interest at the rate of 8% per year on the unsecured loan and repaying the unsecured loan within 12 months of the date of drawdown.

The consolidated entity raised A$3,444,618 in total. The funding arrangements involved the ultimate parent entity of the consolidated entity incurring interest at the rate of 8% per year on the unsecured loan and repaying the unsecured loan within 12 months from the date of drawdown.

SAFE Instruments

A Simple Agreement for Future Equity, or "SAFE" is a relatively new form of financial instrument. The seed funding platform "Y-Combinator" claims to have developed it in 2014 as a simple replacement for convertible notes and it has since been adopted widely. It is variously defined in different sources, but is commonly held to have the following features:

- no maturity date;
- no interest rate;
- automatic conversion on any priced share issue, and
- a valuation cap (the maximum value to which the SAFE will convert).

In exchange for the investment, an investor receives the right to purchase stock in a future equity round (when one occurs) subject to certain parameters set out in the SAFE. The SAFE satisfy the definition of a financial liability and the consolidated entity has determined that the rights attaching the SAFE instruments issued by both OliveX (HK) Limited and Zeroth Fano Ventures Limited provide the investor with an opportunity to convert the SAFE instrument into ordinary shares at a discount to the listing price and accordingly, the discount to the listing price represents the cost to the consolidated entity.

SAFE instrument

TSB Gaming Ltd

In 2020, the consolidated entity entered into a number of Token Purchase & SAFE Agreements (Simple Agreement for Future Equity) with sophisticated and professional investors for *The SANDBOX* digital game. Under the terms and conditions of the Token Purchases & SAFE Agreements, the subscribers are entitled to a specific number of Tokens as well as either a Preferred Share on the occurrence of an Equity Financing or a cash payment on a Liquidity Event.

Under AASB 15 *Revenue from contracts with Customers* the Token Purchase & SAFE Agreement encapsulated both a revenue and financing component. The revenue component has been classified as a Contract Obligation whilst the financing component is a SAFE instrument with the conversion rights estimated at the average conversion rights made available by the consolidated entity to other subscribers to SAFE instruments.

The Tokens issued under Token Purchase & SAFE Agreement are subject to a Lock-Up from the date of execution of the agreement until the expiry of 12 months following the date of Launch of *The SANDBOX* (the Token Purchase & SAFE Agreement stated that the date of launch would be 1 June 2021). The Tokens will be released from the Lock-Up in twelve equal tranches on the last day of each calendar month until all the Tokens are released from the Lock-Up.

An Equity Financing is a transaction or series of transactions with the principal purpose of raising capital and a Liquidity Event is defined as the change of control of TSB or an initial public offering of TSB.

If there is an Equity Financing before the termination of the Token Purchase & SAFE Agreements, TSB will issue to the investors the greater of (i) the number of Standard Preferred Stock equal to the amount subscribed under the Token Purchase & SAFE Agreement divided by the lowest price per share of Standard preferred Stock or (ii) the number of SAFE Preferred Stock equal to the amount subscribed under the Token Purchase & SAFE Agreement divided by the SAFE Price (the valuation cap of US$10,000,000 dividend by the diluted number of capital stock on the issue (excluding any dilution arising from the issue of convertible notes).

If there is a Liquidity Event before the termination of the Token Purchase & SAFE Agreements, the investors will be entitled to (i) a portion of the Proceeds from the Liquidity Event equal to the greater of the amount subscribed under the Token Purchase & SAFE Agreement or (ii) the amount payable on the number of Common Stock equal to the amount subscribed under the Token Purchase & SAFE Agreement divided by the Liquidity Price.

In the event of a Dissolution or a Liquidation of TSB, the subscriber to the Token Purchase & SAFE Agreement will be entitled to receive a portion of the Proceeds equal to the amount subscribed under the Token Purchase & SAFE Agreement. On the occurrence of a Liquidation the subscriber will be entitled to standard non-participating Preferred Stock.

SAFE instruments
Zeroth Fano Ventures Limited
Zeroth Fano Ventures Limited, a wholly owned controlled entity of the Company, entered into Investment and Nominee Service Agreements with sophisticated and professional investors as defined by the Corporations Act 2001 (Cth) during the financial year. Zeroth Fano Ventures Limited acquired US$1,000,000 (equivalent to approximately A$1,298,364) of SAFE instruments issued by Fano Labs Limited and sought sophisticated and professional investors to purchase a participating interest in the Fano Labs Limited SAFE Instrument.

Zeroth Fano Ventures Limited secured from sophisticated and professional investors US$475,000 (equivalent to approximately A$617,000) in funds under the Investment and Nominee Service Agreements which entitled these investors to a participating 47.5% of the Fano Labs Limited SAFE instruments held by Zeroth Fano Ventures Limited.

Under the Investment and Nominee Service Agreement, the investors agreed that Zeroth Fano Ventures Limited:

- remain the registered holder of the Fano Labs Limited SAFE instruments;
- hold the investment for and on behalf of the investors; and
- upon conversion of the Fano Labs Limited SAFE instruments into equity securities, assist the investors in registering the equity securities in the name of the investors.

The investors agreed to indemnify Zeroth Fano Ventures Limited for any and all losses or liabilities incurred in the execution of its duties as a nominee for the investors.

Under the Fano Labs Limited SAFE instruments, investors are entitled to interest at the rate of 4% per annum with a maturity date being 30 April 2021. The parties to the Fano Labs Limited SAFE instrument agreed to extend the maturity date from 30 April 2021 to 30 April 2024 on the same terms and conditions.

The Investment and Nominee Service Agreement executed by Zeroth Fano Ventures Limited, and the investors satisfy the definition of a financial liability, and the consolidated entity has determined that Zeroth Fano Ventures Limited holds 47.5% of the SAFE instruments issued by Fano Labs Limited in trust for the investors.

Accordingly, a proportion of the interest payable on the SAFE instruments issued by Fano Labs Limited accrues to the account of the investors and not the consolidated entity. The consolidated entity has accounted for the Investment and Nominee Service Agreement on an amortised cost basis.

	31 December	
	2021	**2020**
	$	**$**
SAFE instruments		
Opening balance	**2,859,063**	4,427,352
Deconsolidated of previously recorded controlled entity accounted for using equity accounting	**-**	(1,689,230)
Interest expense	**-**	450,264
Conversion of SAFE during the year	**(2,389,380)**	-
Other movements	**-**	274,203
Repayments	**-**	(178,911)
Exchange fluctuation	**184,948**	(424,615)
Closing balance	**654,631**	2,859,063
Present value	**654,631**	2,859,063
Interest expense to be charged to the Statement of Profit or Loss and Other Comprehensive Income	**-**	435,129
Future value	**654,631**	3,294,192
Current liabilities	**654,631**	2,859,063
Non-current liabilities	**-**	-
	654,631	2,859,063

Note 35 Convertible notes

Animoca Brands Corporation Limited
During the financial year, the consolidated entity through The Company, entered into a series of convertible notes with third parties. The consolidated entity has accounted for the convertible notes in accordance with AASB 9 *Financial Instruments* and AASB 132 *Financial Instruments-Presentation* and has recognised a conversion component as well as an interest component. The conversion feature was determined using the following assumptions:

	31 December 2021 $	31 December 2020 $
Fair value of conversion feature	**175,661,703**	2,770,810
Conversion feature		
Spot price (cents)	**450**	18
Exercise price (cents)	**14-35**	18
Risk free rate	**0.53%**	0.23%
Time (years)	**1-2**	2
Volatility	**100%**	100%

During the financial year, the consolidated entity issued A$1,296,512 in convertible notes with coupon rates of between 7.5% with a maturity date of 2 years from the date of issue of the convertible notes. In 2020, the consolidated entity issued A$7,550,136 in convertible notes with coupon rates of between 2% and 9% with a maturity date of between 1 and 2 years from the date of issue of the convertible notes. The convertible notes can be convered into fully paid ordinary shares between A$0.14, A$0.18 and A$0.35 per ordinary share.

	31 December 2021 $	31 December 2020 $
Profit or loss:		
Amortised cost	**2,513,619**	1,308,243
Convertible note conversion feature (see Note 33)	**172,588,212**	(1,117,362)
Net charge to profit or loss	**175,101,831**	190,881

	31 December 2021 $	2020 $
Convertible notes:		
Opening balance	**4,074,106**	641,707
Drawdowns	**1,296,512**	7,556,836
Deconsolidated of previously reported controlled entity accounted for using equity accounting	**-**	(467,411)
Interest expense	**2,513,619**	1,331,477
Loss charged to profit or loss	**-**	(1,120,039)
Reclass to other financial liabilities	**(242,482)**	(2,770,810)
Repayments	**(1,048,468)**	(297,331)
Other movements	**-**	20,003
Exchange fluctuation	**379,090**	(820,326)
Closing balance	**6,972,377**	4,074,106
Present value	**6,972,377**	4,074,106
Interest expense to be charged to the Statement of Profit or Loss and Other Comprehensive Income	**1,312,597**	3,510,512
Future value	**8,284,974**	7,584,618
Current liabilities	**5,655,093**	-
Non-current liabilities	**1,317,284**	4,074,106
	6,972,377	4,074,106

Convertible notes

OliveX Holdings Limited

OliveX Holdings Limited Issued A$500,000 of convertible notes to subscribers at the close of business on 22 February 2020. The amount was immediately converted into US dollars with OliveX Holdings Limited recording proceeds of US$360,000 (equivalent to approximately A$541,000). The accounts for OliveX Holdings Limited were maintained in US dollars during the financial year and therefore, translated into Australian dollars in accordance with AASB 121 *The Effects of Changes in Foreign Exchange Rates* which has given rise to a translation effect greater than the original Australian dollar proceeds.

Under the terms and conditions of the issue, the subscribers are entitled to convert the convertible notes into fully paid ordinary shares of OliveX Holdings Limited on its listing on a securities exchange.

The convertible notes were unsecured and provided the subscriber with the opportunity to convert convertible notes into fully paid ordinary shares of OliveX Holdings Limited at a 20% discount to the issue price. At the balance date of 31 December 2021, the consolidated entity has accounted for the convertible notes on an amortised cost basis in accordance with AASB 9 Financial Instruments and recorded the convertible notes on a present value basis.

During or around May 2021, OliveX and each noteholder entered into a note conversion letter pursuant to which each noteholder agreed to accelerate the conversion of the convertible notes. Each convertible note was converted into 2,500,000 shares in OliveX on the same terms as set out in the convertible note on the date of restructuring of the capital of OliveX for listing on the NSX Exchange.

As stated above, following the listing of OliveX Holdings Limited the convertible notes issued by OliveX Holdings Limited were deconsolidated.

Stryking Entertainment GmbH

The convertible loans assumed on the acquisition of Stryking relate to the issue of €110,000 to the German equivalent of sophisticated and professional investors. The convertible notes incur interest at the rate of 4% per year. The convertible loan is convertible into shares in Stryking following an Investment Event.

The convertible notes have been forgiven as part of the reorganisation of outstanding obligations.

Note 36 Warrant Derivatives

SVF II APAC Aggregation (DE) LLC subscribed to US$25,000,000 (equivalent to approximately A$34,500,000) in Series B Preference Shares under the Series A and Series B Preference Shares Subscription Deed. Further, on 2 November 2021, the consolidated entity, through a controlled entity, entered into a Warrant Agreement whereby SVF II APAC Aggregation (DE) LLC was granted 76,335,877 units of SAND tokens at US$0.46 per token.

The SAND Tokens granted under the Warrant Agreement invest in 10 equal tranches from 2 May 2022 with each tranche expiring on 2 November 2031, 10 years from the date of execution of the Warrant Agreement.

As at 30 April 2024, SVF II APAC Aggregation (DE) LLC has exercised its rights to 20,900,761 units of SAND tokens at an average price of US$0.76 per token.

The consolidated entity has accounted for the subscription by SVF II APAC Aggregation (DE) LLC as a derivative under AASB 9 *Financial Instruments* and valued the derivative under AASB 13 *Fair value measurement*.

The consolidated entity adopted the binomial option pricing model to determine the fair values of the Token Warrants on initial recognition and at the end of the balance date. The following table lists the inputs to the models used to determine the fair value of the Token Warrants for the at the balance date of 31 December 2021.

	31 December 2021 $	2020 $
Initial recognition of the fair value of the derivative	**36,523,047**	-
Opening balance	**-**	-
Fair value on recognition	**36,523,047**	-
Change in fair value for year	**58,072,231**	-
Closing balance	**94,595,278**	-
Current	**18,919,056**	-
Non-current	**75,676,222**	-
	94,595,278	-
Warrant SAND tokens	**76,335,877**	-
Spot price US cents	**90.00**	-
Exercise price US cents	**45.85**	-
Risk-free rate	**1.50%**	-
Life/years	**10**	-

Note 37 Lease obligations

	31 December 2021 $	2020 $
Opening balance	**1,542,423**	609,088
Addition	**1,222,303**	-
Interest expense	**120,053**	112,210
Assumed on acquisition of a controlled entity	**383,146**	1,784,401
Repayments	**(997,737)**	(910,511)
Other movements	-	2,257
Exchange fluctuation	**56,545**	(55,022)
Closing balance	**2,326,733**	1,542,423
Present value	**2,326,733**	1,542,423
Interest expense to be charged to the Statement of Profit or Loss and Other Comprehensive Income	**156,410**	-
Future value	**2,483,143**	1,542,423
Current liabilities	**1,685,137**	1,542,423
Non-current liabilities	**641,596**	**-**
	2,326,733	1,542,423

The Company has adopted AASB 16 *Leases* from 1 January 2021. This new standard replaces AASB 117 *Leases* and for lessees eliminates the classifications of operating leases and finance leases.

Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 *Leases* will be higher when compared to lease expenses under AASB 117 *Leases* (superseded).

However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments is separately disclosed in financing activities. For lessor accounting, the standard remains the same as ow a lessor accounts for leases.

The Company has identified three lease arrangements that satisfied the definition of Leases under AASB 16, and this lease relates to Animoca Brands Limited, nWay Inc and the newly acquired controlled entity trading as Blowfish Studios. Monthly payments are due under the terms and conditions of lease agreements and have been discounted at an effective interest rate of 6.98% with the profit or loss charged interest expense and lease payments recorded as a reduction in the presentation of lease obligations.

Note 38 Ordinary share capital

		2021 No	2020 No
Shares on issue at beginning of financial year		**1,213,492,299**	944,114,999
Shares issued during the year			
3 January 2020	**a**	**-**	14,285,715
23 January 2020	**b**	**-**	12,188,995
21 April 2020	**c**	**-**	4,327,431
23 April 2020	**d**	**-**	23,163,982
8 May 2020	**e**	**-**	63,440,796
10 June 2020	**f**	**-**	28,587,924
18 June 2020	**g**	**-**	5,815,448
28 July 2020	**h**	**-**	26,016,610
31 August 2020	**i**	**-**	1,750,000
30 September 2020	**j**	**-**	13,934,062
7 September 2020	**k**	**-**	5,039,453
7 October 2020	**l**	**-**	12,024,819
13 November 2020	**m**	**-**	20,807,928
1 December 2020	**n**	**-**	138,890
3 December 2020	**o**	**-**	37,855,247
15 February 2021	**p**	**11,756,263**	-
28 April 2021	**q**	**17,223,391**	-
28 May 2021	**r**	**42,159,117**	-
15 June 2021	**s**	**110,072,510**	-
7 July 2021	**t**	**21,013,228**	-
27 July 2021	**u**	**52,172,708**	-
19 August 2021	**v**	**2,807,272**	-
6 September 2021	**w**	**15,407,619**	-
26 October 2021	**x**	**45,964,940**	-
4 November 2021	**y**	**18,676,255**	-
17 December 2021	**z**	**299,043**	-
20 December 2021	**aa**	**33,805,937**	-
31 December 2021	**ab**	**61,666,834**	-
		433,025,117	269,377,300
Shares on issue at end of financial year		**1,646,517,416**	1,213,492,299

		$	$
Paid-up capital at the beginning of financial year		**111,946,930**	73,901,503
Capital raising during the financial year			
3 January 2020	**a**	**-**	1,285,714
23 January 2020	**b**	**-**	2,437,799
21 April 2020	**c**	**-**	778,938
23 April 2020	**d**	**-**	2,742,492
8 May 2020	**e**	**-**	10,491,006
10 June 2020	**f**	**-**	5,145,826
18 June 2020	**g**	**-**	946,003
28 July 2020	**h**	**-**	1,678,754
31 August 2020	**i**	**-**	122,500
30 September 2020	**j**	**-**	975,384
7 September 2020	**k**	**-**	501,688
7 October 2020	**l**	**-**	854,234
13 November 2020	**m**	**-**	4,145,046
1 December 2020	**n**	**-**	25,000
3 December 2020	**o**	**-**	6,056,838
15 February 2021	**p**	**1,716,077**	-
15 February 2021	**p**	**2,002**	-
28 April 2021	**q**	**2,124,368**	-
28 May 2021	**r**	**14,755,690**	-
15 June 2021	**s**	**115,782,480**	-
7 July 2021	**t**	**6,743,441**	-
27 July 2021	**u**	**57,389,971**	-
19 August 2021	**v**	**1,313,548**	-
6 September 2021	**w**	**5,490,080**	-
26 October 2021	**x**	**80,860,543**	-
4 November 2021	**y**	**24,161,012**	-
17 December 2021	**z**	**328,947**	-
20 December 2021	**aa**	**55,743,832**	-
31 December 2021	**ab**	**110,936,015**	-
		477,348,006	38,187,222
Transaction costs		**(7,836,273)**	(141,795)
		469,511,733	38,045,427
Paid-up capital at the end of the financial year		**581,458,663**	111,946,930

Notes on the issue of share capital:

(a) Exercise of loyalty options over ordinary shares
(b) Equity raising
(c) Mutual investment agreement with Versus Systems Inc
(d) Equity raising
(e) Share issue for completion of Gamma Innovations Inc acquisition, conversion of the convertible note and share issue for completion of nWay Inc Acquisition
(f) Share issue for completion of Gamee Limited acquisition
(g) Issue of shares pursuant to milestone achievements for previous acquisitions as well as the issue of shares to advisors
(h) Exercise of options over ordinary shares
(i) Issue of shares to advisors
(j) Issue of shares pursuant to milestone achievements
(k) Equity raising
(l) Issue of shares for services

(m) Issue of shares for strategic partnership with Atari and the issue of shares for services
(n) Issue of shares for services
(o) Share issue for completion of Quidd Inc Acquisition
(p) Exercise of options over ordinary shares, issue of shares for consultants and vendors and investments made by strategic investors and institutional investors
(q) Exercise of options over ordinary shares and issue of shares for services
(r) Equity raising
(s) Exercise of options over ordinary shares and issue of shares to institutional and sophisticated investors
(t) Exercise of options over ordinary shares, issue of shares for services, issue of shares for strategic transactions
(u) Issue of shares to institutional and sophisticated investors and for a strategic transaction
(v) Equity raising, share issue of shares for a strategic transaction
(w) Exercise of options over ordinary shares, issue of shares for services and to advisors, equity raising and issue of shares for a strategic transaction
(x) Issue of shares to advisors, for equity raising, and issue of shares for a strategic transaction
(y) Exercise of options over ordinary shares, conversion of the convertible note, and equity raising and issue of shares for services
(z) Exercise of options over ordinary shares
(aa) Exercise of options over ordinary shares, conversion of loan, equity raising and issue of shares for strategic transactions
(ab) Issue of shares for payment to Executive Chairman and non-executive directors pursuant to shareholder approval for past performance, issue of shares for a strategic transaction and issue of shares for the conversion of loan mines and issue of shares to non-executive directors pursuant to shareholder approvals

Composition of capital raised for the financial year ended

	31 December 2021 $	31 December 2020 $
Cash proceeds	**308,003,027**	7,118,649
Non-cash issue of shares for various purposes including acquisitions, investments, settlement of amounts due to vendors, convertible bond and loan conversion	**169,344,979**	31,068,573
	477,348,006	38,187,222

Under the Corporations Act 2001 (*Cth*) the concepts of authorised capital and par value of shares were abolished and accordingly, the Company does not have authorised capital or par value of shares in respect of the shares on issue.

Each fully paid ordinary share carries one vote and carries rights to dividends (in the event a dividend is declared by the board of directors).

Capital management

Capital management policy

As an unlisted disclosing entity, the Company has limited access to capital markets other than by way of raising new equity to sophisticated and professional investors and using its equity to participate in acquisitions and other business transactions.

Capital markets during the financial year were very favourable in the gaming/tokenisation market and investors participated in equity raising in both the IPO market and the unlisted entity market. These favourable conditions for the gaming sector slowed in subsequent years; however, the Company has used other capital equity initiatives to raise funds such as convertible notes to ensure its working capital position is maintained.

Working capital ratio

The current ratio for the consolidated entity at the balance date of 31 December 2021 and 31 December 2020 was as follows:

	31 December 2021	**31 December 2020**
	No	**No**
Ratio	**1.45**	neg

Working capital position

The working capital position of the consolidated entity at the balance date of 31 December 2021 and 31 December 2020 was as follows:

	31 December 2021	**31 December 2020**
	$	**$**
Cash and cash equivalents	**331,782,125**	5,142,648
Trade and other receivables	**17,570,393**	3,960,976
Short-term crypto assets	**302,260,311**	-
Inventories	**133,951,144**	12,039,671
Other financial assets	**3,183,504**	2,174,760
Other current assets	**8,217,432**	2,375,386
Simple agreements for future tokens	**65,066,853**	-
Trade and other payables	**(71,842,118)**	(25,670,878)
Deferred revenue	**(317,540,722)**	(5,278,044)
Loans from related entities	**(1,521,555)**	(1,878,175)
Provisions	**(18,843,444)**	(386,030)
Other financial liabilities	**(157,560,493)**	(885,393)
Current portion of borrowings	**(1,079,631)**	(2,859,063)
Current portion of lease obligations	**(1,685,137)**	(1,542,423)
Warrant derivatives	**(18,919,056)**	-
Current portion of convertible notes	**(5,655,093)**	-
Net working capital surplus/(deficit)	**267,384,513**	(12,806,565)

Note 39 Preference Share Capital

On 27 October 2021, the Company issued, through a controlled entity, Series A and Series B Preference Shares raising A$39,203,451. Under the terms and conditions of the preference share issue, the preference shares are convertible into ordinary shares of the controlled entity, if either:

- secures a sale of its ordinary shares to the public at a price no less than US$93.83 per share (being two times the issue price of the Series A and Series B Preference Shares and subject to appropriate adjustment in the invent of any dividends, share splits, combination or other similar capitalisation with respect to the ordinary shares), in a firm-commitment underwritten public offering pursuant to an effective registration statement under the United States Securities Act 1933, as amended, resulting in a raising of no less than US$100,000,000 of proceeds, net of the underwriting discount and commissions, to the controlled entity and in connection with such offering of ordinary shares is listed for trading on the National Market of the NASDAQ, the New York Stock Exchange or marketplace approved by the board of directors of the controlled entity, with the nominated director of SVF II APAC Aggregation (DE) LLC voting in favour of the specific exchange;

- secures a date and time, or the occurrence of an event, specified by vote or written consent of the Requisite Holders of Series A and Series B Preference Shares (either consolidated entity and SVF II APAC Aggregation (DE) LLC).

The holders of the Series A and Series B Preference Shares accrued additional benefits under the Subscription Agreement. Specifically, on the occurrence of a Liquidation Event (being an unsolicited offer by a party to acquire the controlled entity), the preference shareholders are entitled to full repayment of the face value of the preference shares; and, if there are remaining assets available for distribution, the remaining asset must be distributed among preference and ordinary shareholders on a diluted pro rata basis by treating for this purpose the preference shares as converted into ordinary shares.

The terms and conditions of the Preference Shares do not specifically provide capacity for the holders of the Preference Shares to demand redemption or repayment by the controlled entity. The terms and conditions only set out a basis for conversion into ordinary shares and a process for participation in a Liquidation Event. In such circumstances, the Company has accounted for the Preference Shares as equity.

	31 December	
	2021	**2020**
	$	**$**
Preference capital		
Series A and Series B Preference Shares	**75,726,499**	-
Reclassification of preference shares as derivative	**(36,523,048)**	-
As at balance date 31 December 2021	**39,203,451**	-
Preference capital proceeds		
Series A and Series B Preference Shares	**75,726,499**	-
Conversion of SAFE	**(2,389,381)**	-
Finance cost	**(9,122,324)**	-
Net proceeds	**64,214,794**	-

Note 40 Other contributed equity

	2021	2020
	$	$
Other contributed equity	**355,259,892**	1,797,667

The balance represents the issuance of shares that have not been made at the balance date of 31 December 2021 and it will be transferred to paid-up capital following the allotment of shares.

At the balance date of 31 December 2021, shares to be issued to vendors and other strategic partners; and shares to be issued for the acquisition of Sanrio Digital Corporation are classified as other contributed equity.

At the balance date of 31 December 2020, the balance was related to an institutional placement made in December 2020.

Note 41 Reserves

	31 December	
	2021	2020
	$	$
Financial assets	**5,561,913**	11,338,781
Share-based payments	**150,476,720**	659,006
Other reserves	**(17,993,982)**	-
Translation	**7,148,111**	187,258
	145,192,762	12,185,045

On 7 December 2021, the Company entered into a Mutual Release Agreement with TalentHouse, Inc which required the Company to facilitate identification of buyers of the shares previously issued to TalentHouse, Inc on 16 October 2019. In order for the Company to control the process for the sale of the shares, it temporarily held the shares at the balance date of 31 December 2021 before identifying buyers on 16 February 2022

Note 42 Accumulated losses

	31 December	
	2021	2020
	$	$
Opening balance	**(125,612,878)**	(65,642,734)
Adjustment to opening balance	**-**	(3,798,476)
Net loss for year after tax	**(624,552,657)**	(59,956,282)
Deconsolidation of controlled entity accounted for on an equity basis from 1 July 2020	**-**	2,534,646
Share-based payments reserve for options over ordinary shares exercised during the financial year	**5,571,688**	1,210,275
Other movements	**3,205,262**	39,693
	(741,388,585)	(125,612,878)

Note 43 Non-controlling interests

	31 December 2021 $	2020 $
Paid-up capital	**9,041,700**	4,793,514
Reserves	**(86,109)**	(86,109)
Accumulated losses	**(51,674,031)**	(5,274,289)
Other movements	**19,465**	(135,023)
	(42,698,975)	(701,907)

The non-controlling interests relate to Fuel Powered Inc, Meta Global Limited, Moonrealm Entertainment Limited, and Venture Classic Limited. The consolidated entity holds a 60% equity interest in Fuel Powered Inc and its controlled entities, 70% equity interest in Meta Global and its consolidated entity, a 51% equity interest in Moonrealm and a 67% equity interest in Venture Classic.

In 2020, the consolidated entity de-consolidated the OliveX group of entities following the listing of OliveX Holdings Limited on the NSX which resulted in the consolidated entity reducing its equity interest in OliveX Holdings Limited from 78% to 33% and therefore, deconsolidation of OliveX Holdings Limited.

Note 44 Reconciliation of net loss after tax with net cash flows from operating activities

	31 December	
	2021	**2020**
	$	**$**
Net loss after tax	**(670,952,399)**	(60,431,619)
Adjusted for:		
Amortisation of intellectual property	**5,839,125**	14,546,313
Assignment of equity interest to founders	**3,781,065**	-
Conversion feature	**172,588,212**	-
Deferred revenue	**408,547,209**	17,920,539
Depreciation and amortisation of plant and equipment	**1,121,265**	985,422
Derivatives	**58,072,231**	-
Doubtful debts	**815,119**	(941,996)
Exchange fluctuation	**(1,583,906)**	(1,582,440)
Net trading gains on digital assets	**(50,440,224)**	(3,528,718)
Fair value of other financial assets recognised through the profit and loss	**64,393,604**	(425,812)
Impairment	**72,938,239**	16,926,432
Interest expense	**11,923,542**	1,057,090
Provisions	**18,457,414**	2,871,539
Research and development	**-**	1,365,632
Share-based payments (Note A)	**235,867,318**	2,563,761
Share of net loss in associates	**1,446,706**	1,199,589
Write-off of long-term crypto assets	**2,726,114**	-
Write-off of minimum guarantees to third parties	**9,729,584**	-
Write-off of receivables	**1,289,406**	-
Other	**19,167,644**	(2,509,358)
Changes in other current assets and current liabilities		
Current assets		
Receivables	**(15,956,774)**	(585,711)
Other current assets	**(11,627,738)**	(473,838)
Current liabilities		
Payables	**43,982,650**	3,383,180
Other current liabilities	**-**	(107,737)
Net cashflows from/(used in) operating activities	**382,125,406**	(7,767,732)

Note A : Share-based payments comprises payments to employees in Note 8, performance rights presented in Note 45 with a residual amount of $9,434,383 representing payments made to consultants and contractors for services

Note 45 Share-based payments

Options over ordinary shares

	2021 No	2020 No
Unlisted options over ordinary shares outstanding	**2,817,614**	12,448,949

In 2020, 2,275,377 options over ordinary shares were issued during the financial year to employees under the Employee Share Option Plan at an exercise price of A$0.18 per option over ordinary shares. 1,120,911 options over ordinary shares were exercised during the financial year and 815,777 options over ordinary shares were cancelled due to resignations.

During the financial year, the Company issued 175,789 options over ordinary shares to employees pursuant to the Employee Share Option Plan. The options over ordinary shares at an exercise price of A$1.10 per option over ordinary shares and an expiry date of five years from the date of the grant.

The fair value of the options over ordinary shares was A$174,434 (2020: A$369,465).

The fair value of the options was determined by applying a Black-Scholes model with the following inputs:

	31 December	
	2021	2020
Issue date	**1 April 2021**	1 April 2020
Expiry date	**Perpetual**	Perpetual
Share price at measurement date	**110 cents**	18 cents
Expected volatility	**100%**	100%
Risk-free rate	**3.00%**	3.00%
Exercise price	**110 cents**	18 cents
Model used	**Black-Scholes**	Black-Scholes
Value per share	**99.23 cents**	16.24 cents
Number of options	**175,789**	2,275,377
Total value	**174,434**	369,465

	31 December 2021		31 December 2020	
	Number of Options	**Weighted Average Price (cents)**	Number of Options	Weighted Average Price (cents)
Opening balance	**12,448,949**	**11.30**	12,110,260	9.88
Options:				
Granted	**175,789**	**99.23**	2,275,377	16.24
Cancelled	**(9,649)**	**(50.04)**	(815,777)	(8.38)
Expired	**-**	**-**	-	-
Exercised	**(9,797,475)**	**(11.14)**	(1,120,911)	(8.15)
Closing balance	**2,817,614**	**17.19**	12,448,949	11.30

Performance rights
During the financial year, the Company awarded the Executive Chairman 89,364,270 performance rights and the Company awarded the Group President 42,471,504 performance rights.

The performance rights result in the conversion into fully paid ordinary shares on a combination of performance milestones and continuation of employment.

The performance milestones are:

- Tranche 1
  the market capitalisation of the Company greater than US$2.5 billion (equivalent to approximately A$3.5 billion) via a material capital raising
- Tranche 2
  the market capitalisation of the Company greater than US$5.0 billion (equivalent to approximately A$6.9 billion) via a material capital raising
- Tranche 3
  The market capitalisation of the Company greater than US$10 billion (equivalent to approximately A$13.9 billion) via a material capital raising
- Tranche 4
  The market capitalisation of the Company greater than US$20 billion (equivalent to approximately A$27.7 billion) via a material capital raising or continuation of employment for five years from the date of awarding of the performance rights

The terms and conditions of the performance rights were approved by shareholders at the general meeting on 22 December 2021.

At the balance date 31 December 2021, the Tranche 1 and Tranche 2 milestones had been achieved as the Company had received proceeds of A$269,447,328 from sophisticated and professional investors at A$4.50 per fully paid ordinary shares which valued the Company at A$7,409,328,367 (1,646,517,415 shares on issue at A$4.50 per fully paid ordinary shares at the date of valuation).

The performance rights have been valued using the Parisian Barrier1 Model based on the following assumptions:

	31 December 2021	2020
Issue date	**22 Dec 2021**	-
Expiry date	**22 Dec 2026**	-
Share price at measurement date	**$2.00**	-
Expected volatility	**125%**	-
Risk-free rate	**1.28%**	-
Exercise price	**zero**	-
Model used	**Parisian Barrier1**	-
Value per performance rights		
Tranche 1	**$1.9425**	-
Tranche 2	**$1.8567**	-
Tranche 3	**$1.7334**	-
Tranche 4	**$1.5711**	-
	or $2.0000	
Number of performance rights	**131,835,774**	-
Total value/$	**247,489,194**	-

	31 December 2021		31 December 2020	
	Number of Performance Rights	**Weighted Average Price $**	Number of Performance Rights	Weighted Average Price $
Opening balance	**-**	**-**	-	**-**
Performance rights awarded	**131,835,774**	**1.8773**	-	**-**
Performance milestones achieved	**(78,684,212)**	**(1.8959)**	-	**-**
Closing balance	**53,151,562**	**1.8497**	-	-
Amount charged to profit or loss	**$**			
Tranche 1 and Tranche 2	**149,177,005**		-	
Tranche 3 and Tranche 4	**538,402**		-	
	149,715,407		-	

Note 46 Key Management Personnel

The names and positions held by Key Management Personnel are as follows:

Yat Siu	Executive Chairman
David Lloyd Brickler	Non-executive Director
Holly Liu	Non-executive Director (resigned on 30 September 2021)
Christopher Paul Whiteman	Non-executive Director

The totals of Key Management Personnel remuneration paid/payable for the financial year are as follows:

	31 December	
	2021	**2020**
	$	**$**
Short-term employee benefits	**117,500**	496,927
Share-based payments in equity	**76,717,528**	-
Share-based payments in options	**-**	-
Share-based payments in performance rights	**109,455,366**	-
Payments to contractors for accounting and secretarial services	**-**	58,910
	186,290,394	555,837

Note 47 Related party transactions

There were no loans made to Key Management Personnel of the Company at the balance date of 31 December 2021 (2020: nil). At the balance date of 31 December 2021 and 31 December 2020, the following amounts were due to Key Management Personnel A$215,884 (2020: A$200,692).

	31 December	
	2021	**2020**
	$	**$**
Yat Siu	**-**	59,264
David Brickler	**35,040**	23,959
Holly Liu	**-**	29,959
Chris Whiteman	**180,844**	87,510
	215,884	200,692

A number of transactions were undertaken between the consolidated entity and entities related to Mr Yat Siu are as follows:

Other Transactions with Key Management personnel relate to entities associated with Mr Yat Siu.

Animoca Brands Limited, an entity controlled by the Company, entered into a Service and Management Services Agreement with Outblaze, a company in which Mr Yat Siu is a director. Under this agreement Outblaze provides the following services:

- Use of telephones, facsimile machines, broadband internet connection, photocopiers and printers at the principal office for Cyberport, Hong Kong; and

- Use of computer workstations, information systems, furniture and fillings, fixtures, office equipment and pantry supplies.

Both Animoca Brands Limited, an entity controlled by the Company, and Outblaze Limited are joint signatories to the lease agreement for the principal business premises at Landmark South Hong Kong. The growth of the Animoca business has resulted in Animoca being responsible for 67% of the lease agreement and Outblaze the balance.

Mr Yat Siu is the Chief Executive officer of Outblaze Limited.

During the financial year, Outblaze Venture Holdings Ltd provided funding to the consolidated entity in order to acquire an interest in TalentHouse Inc.

The consolidated entity entered into a joint venture with TalentHouse Inc to provide Talenthouse services to gaming and media clients worldwide and develop commercial opportunities for Talenthouse's services in Asian markets.

	31 December	
	2021	**2020**
	$	**$**
Service fees		
Outblaze Limited	**316,670**	282,274
Marketing and commissions		
Outblaze Limited	**1,566,519**	277,556
	1,883,189	559,830
Receivables and (payables)		
Outblaze Limited	**5,429,846**	370,891
Outblaze Ventures Holdings Ltd	**(2,767,907)**	(1,060,006)
	2,661,939	(689,115)

Mr Yat Siu resigned as director of Outblaze Venture Holdings Limited on 1 July 2019; however, documentation setting out his resignation as a director was lodged with authorities in Hong Kong in March 2020. Mr Robert Yung was also a director of Outblaze Venture Holdings Limited and resigned as a director on 1 July 2019.

On 19 December 2022, a controlled entity entered into an agreement with Outblaze Limited to borrow US$10,000,000 (equivalent to approximately A$14,760,000). The loan carries an interest rate of 1% per annum and a maturity date of one year from the drawdown date.

Mr Christopher Whiteman is a subscriber to the Zeroth Fano Ventures Limited SAFE Agreement with a US$25,000 (equivalent to approximately A$34,000) subscription to the SAFE through his superannuation fund. Mr Whiteman also subscribed for US$10,000 (equivalent to approximately A$14,000) in REVV Tokens.

Note 48 Commitments

At the balance date, the total future minimum lease payments payable by the consolidated entity under non-cancellable operating leases are as follows:

	31 December	
	2021	**2020**
	$	**$**
Commitments < 1 year	**8,316,516**	1,542,423
Commitments > 1 year < 5 years	**-**	-
	8,316,516	1,542,423

On 23 December 2021, Animoca Brands Limited, a controlled entity of the Company, entered into a Share Purchase Agreement to acquire 100% equity in Grease Money Games Pty Ltd. The total consideration of A$8,316,516 (which includes A$275,634 for 862,719 ordinary shares) was to be settled as several conditions precedent had not been met at the balance date of 31 December 2021.

Note 49 Contingent assets and contingent liabilities

At the balance date of 31 December 2021, the consolidated entity has retained advisors to review its policies and procedures for compliance with various tax jurisdictions on such matters as transfer pricing, the transfer of ownership of shares in controlled entities and intellectual property and other issues. There needs to be more work completed at this time to quantify any tax exposures on transactions undertaken, if any.

Note 50 Auditors remuneration

	31 December	
	2021	**2020**
	$	**$**
Hall Chadwick (NSW) (a)	**492,003**	-
DFK Collins (a)	**-**	-
Other auditor (b)	**2,058,559**	-
	2,550,562	-

(a) DFK Collins was appointed as the auditor on 22 December 2021 and removed as the auditor on 23 December by way of resolution. The Company appointed Hall Chadwick (NSW) as the new auditor for the financial year ended 31 December 2021. At the balance date of 31 December 2021 and 2020, no accrual has been made.

(b) The amounts represented the audit fee charged by the auditor of a controlled entity, Animoca Brands Limited for the financial year ended 31 December 2021.

Note 51 Parent entity disclosures

a. Financial position of Animoca Brands Corporation Limited

	31 December 2021 $	31 December 2020 $
Assets		
Current assets	**700,675**	53,107
Non-current assets	**520,307,826**	3,231,129
	521,008,501	3,284,236
Liabilities		
Current liabilities	**183,981,293**	3,669,379
Non-current liabilities	**-**	9,449,781
	183,981,293	3,669,379
Net assets/(net liabilities)	**337,027,208**	(385,143)
Equity		
Paid-up capital	**581,458,663**	111,946,930
Other contributed equity	**355,259,892**	1,797,667
Reserves	**151,686,995**	88,847
Accumulated losses	**(751,378,342)**	(114,218,587)
Net surplus/(net deficiency)	**337,027,208**	(385,143)

b. Financial assets of Animoca Brands Corporation Limited

	31 December 2021 $	31 December 2020 $
Advances to controlled entities	**806,836,935**	112,326,165
Shares in controlled entities	**15,000,000**	15,000,000
Other financial assets	**1,033,628**	-
	822,870,563	127,326,165
Diminution in value	**(302,562,737)**	(124,095,036)
	520,307,826	3,231,129

c. Financial performance of Animoca Brands Corporation Limited

	31 December 2021 $	31 December 2020 $
Profit/(loss)	**(637,159,755)**	(23,832,361)
Total comprehensive profit/(loss)	**(637,159,755)**	(23,832,361)

d. Guarantees entered into by Animoca Brands Corporation Limited for the debts of its controlled entities

The parent entity has not guaranteed any debts of its controlled entities at the balance date of 31 December 2021 (2020: Nil).

e. Contingent assets and contingent liabilities of Animoca Brands Corporation Limited

The parent entity does not have any contingent assets or contingent liabilities at the balance date of 31 December 2021 (2020: Nil).

f. Commitments of Animoca Brands Corporation Limited

The parent entity does not have any commitments at the balance date of 31 December 2021 (2020: Nil).

Note 52 Subsequent events

Subsequent events have been disclosed in the Directors' Report.

In accordance with a resolution of the board of directors of Animoca Brands Corporation Limited, I state that:

In the opinion of the board of directors:

(a) the consolidated financial statements, the accompanying notes to the consolidated financial statements and the additional disclosures set out in the Directors' Report are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position at the balance date of 31 December 2021 and of their performance for the period ended on that date; and

  (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and *Corporations Regulations 2001*;

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board, as disclosed in Note 1a; and

(c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Yat Siu	David Lloyd Brickler	Christopher Paul Whiteman
Executive Chairman	Non-executive Director	Non-executive Director
Date 11 June 2025	Date 11 June 2025	Date 11 June 2025

HALL CHADWICK
Chartered Accountants & Business Advisors

**ANIMOCA BRANDS CORPORATION LIMITED
ACN 122 921 813
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANIMOCA BRANDS CORPORATION LIMITED**

Opinion

We have audited the financial report of Animoca Brands Corporation Limited (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Animoca Brands Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial statements, which indicates the group incurred a loss after tax attributable to the owners of the group during the year ended 31 December 2021. As stated in Note 1(a) these events or conditions, along with other matters set forth in Note 1(a) indicate the existence of a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

ADELAIDE	BRISBANE	DARWIN	MELBOURNE	PERTH	SYDNEY
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HALL CHADWICK (NSW)

ANIMOCA BRANDS CORPORATION LIMITED
ACN 122 921 813
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANIMOCA BRANDS CORPORATION LIMITED

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. We are responsible for the

HALL CHADWICK (NSW)

ANIMOCA BRANDS CORPORATION LIMITED
ACN 122 921 813
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANIMOCA BRANDS CORPORATION LIMITED

direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney, NSW 2000

DREW TOWNSEND
Partner

Dated: 11 June 2025

ANIMOCA BRANDS CORPORATION LIMITED

Top 20 Registered Shareholders

11 June 2025

	Holder Name	**Holding**	**% IC**
1	KINGSWAY FCI CO-INVESTMENT SPC SEGREGATED PORTFOLIO SEVEN	102,153,144	5.25%
2	SIGNIFICANT SINGULAR LIMITED	98,293,925	5.05%
3	LCV 2021 14 LLC	58,923,998	3.03%
4	ALPHA WAVE VENTURES II LP	56,304,624	2.90%
5	FCI CO INVESTMENT SPC SEGREGATED PORTFOLIO EIGHT	50,545,489	2.60%
6	MR PAUL JOHN PHEBY	47,757,993	2.46%
7	CITICORP NOMINEES PTY LIMITED	46,715,058	2.40%
8	KOTTER GLOBAL LIMITED	38,331,776	1.97%
9	ASYLA INVESTMENTS LIMITED	37,603,243	1.93%
10	SECONDARY MARKET TRADING PTY LTD	30,129,997	1.55%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29,013,497	1.49%
12	LCV FUND VIII LP	28,286,392	1.45%
13	PS STRATEGIC INVESTMENT LIMITED	28,015,844	1.44%
14	OUTBLAZE ASIA INVESTMENTS LIMITED	26,790,012	1.38%
15	HARBOUR RAINBOW LIMITED	25,750,000	1.32%
16	OBOE DEVELOPMENT TRADING LIMITED	25,729,731	1.32%
17	SUN HUNG KAI STRATEGIC CAPITAL LIMITED	20,028,878	1.03%
18	APPS BETA LIMITED	18,891,691	0.97%
19	PONDEROSA INVESTMENTS (WA) PTYLTD <PONDEROSA INVESTMENT A/C>	18,544,779	0.95%
20	TRUE GLOBAL VENTURES 4 PLUS FUND PTE LTD	18,331,021	0.94%
	Top 20 shareholders	**806,141,092**	**41.43%**
	Remaining shareholders	**1,138,560,317**	**58.57%**
	Total number of shares on issue	**1,944,701,409**	**100.00%**