



## AXION VENTURES REPORTS FISCAL THIRD QUARTER 2017 RESULTS

Axion Ventures also completes transition from a Reverse Acquisition Accounting company to an Investment Company

VANCOUVER, BRITISH COLUMBIA, November 30, 2017 - [Axion Ventures Inc.](#) ("Axion Ventures" or the "Company") (TSX VENTURE: AXV) today announced its financial results for the third quarter ended September 30, 2017. All amounts are denoted in Canadian dollars, unless otherwise indicated.

### Q3 2017 Financial Highlights

- Total revenue of \$121.5 million
- Game Operation Revenue of \$1.8 million
- Net income of \$117.2 million
- Cash totaled \$1.3 million at September 30, 2017

"Our third quarter results reflect our continued dedication to efficiently allocate our resources as we translate Rising Fire's immense potential into long-term commercial success," said Todd Bonner, CEO of Axion Ventures. "As we progress through these final development stages, we are focused on securing additional strategic partners to extend the global distribution of Rising Fire and our strong pipeline of new game products. This includes potential translation to mobile, console and virtual reality through the sale of global rights."

Mr. Bonner added: "With the public launch of Rising Fire in China expected to occur in 2018, our investment in focused effort and capital is set to convert into a growing, multi-year revenue stream. We look forward to leveraging Tencent's marketing and distribution capabilities through their vast and proven network to deliver Rising Fire to a growing customer base and to drive strong returns for our shareholders."

### Q3 2017 Operational Highlights

- Rising Fire, a massively multiplayer PC-online game developed by Axion Games, completed its closed beta one trial with Tencent Holdings Limited ("Tencent"). Rising Fire is expected to commence a closed beta two trial in December 2017 in advance of its 2018 public launch.
- Wil Mozell joined the board of Axion Games, bringing over 20 years of video game expertise with some of the world's leading companies. Mr. Mozell most recently served as General Manager of Microsoft Studios Canada and Executive Director of Microsoft Canada Excellence Centre.
- Announced additional investment loans of US\$885,000 to Axion Games Limited ("Axion Games"). The loans bear interest at 8% and the maturity date is the earlier of one year or demand from the Company. Axion Ventures intends to convert the loans provided to Axion Games into additional shares in Axion Games, which will increase its overall ownership in Axion Games.

### Q3 2017 Financial Review

Total revenue was \$121.5 million for the third quarter of 2017 ("Q3 2017"), an increase of 118.7 million over the prior year period. The increase compared to the prior year period was the result of an accounting change from a reverse acquisition company to an investment company effective September 30, 2017. Additional details regarding the change are noted in this press release and the Company's Q3 2017 MD&A.

Game operation revenues in Q3 2017 were \$1.8 million, compared to \$2.8 million for the prior year period. The change in game operation revenues relates to the transition in sales of MARS 1 & 2 as the product ages in China in to MARS 3 following its June 16, 2017 public launch.



Cost of revenue was \$1.5 million, or 1% of revenue, in Q3 2017 compared to \$1.5 million, or 54% of revenue, in the prior year period. Cost of revenue decreased by \$27,000 in the current period as a result of a decline in development costs associated with MARS 1 & 2 as the Company transitioned to MARS 3.

Research, development and distribution expenses decreased 28% to \$1.0 million in Q3 2017, from \$1.3 million in the prior year period. The decline was due to decrease in marketing for MARS 1& 2 in favour of MARS 3.

Operating income in Q3 2017 was \$117.2 million, compared to an operating loss of \$0.8 million in the prior year period. Income was \$117.2 million, or a net income of \$79.22 cents per basic and diluted share in Q3 2017, compared to a net loss of \$0.9 million, or negative \$1.57 cents per basic and diluted share, in the prior year period.

Cash and cash equivalents totalled \$1.3 million as at September 30, 2017, compared to \$6.0 million as at December 31, 2016. Working capital as at September 30, 2017 was \$5.3 million, compared to \$1.3 million as at December 31, 2016. The increase in working capital relates mainly to the change in accounting treatment which occurred on September 30, 2017.

### **Accounting Change Effective September 30, 2017**

Effective September 30, 2017, the Board of Directors of the Company approved the accounting change from a reverse acquisition accounting company to an investment company to comply with the International Financial Reporting Standards 10 – *Consolidated Financial Statements* ("IFRS 10") issued by the International Accounting Standards Board ("IASB"). In October 2012, the IASB issued an amendment to IFRS 10 to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss, in accordance with IFRS 9 *Financial Instruments* (an investment entity is prohibited from consolidating its subsidiaries or applying IFRS 3 *Business Combinations* when it obtains control of another entity<sup>1</sup>).

The investment entity amendments to IFRS 10 provide an exception from the requirements of consolidation, and instead require investment entities to present their investments in subsidiaries as a net investment that is measured at fair value. The exception means that investment entities will be able to measure all of their investments at fair value, using the requirements in IFRS. Additional details on the impact of the accounting change are available in the Company's Q3 2017 MD&A.

### **Financial Statements and MD&A**

To access the Company's SEDAR Filing [please click here](#).

### **About Axion Ventures**

Axion Ventures is an Investment Issuer with majority ownership in Axion Games, an online video game development and publishing company headquartered in Shanghai, China as well as in True Axion Interactive Ltd., a video game development company headquartered in Bangkok, Thailand and cofounded with True Corporation. Axion Ventures also maintains holdings in other innovative technology companies.

[www.axionventures.com](http://www.axionventures.com)

Axion Ventures Inc. is listed on the TSX Venture Exchange under the symbol (TSXV: AXV).

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<sup>1</sup> IFRS 10 Consolidated Financial Statements



*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

**Axion Ventures Inc.**

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***Cautionary Statement Regarding Forward-Looking Information***

Certain statements contained in this press release may constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated", "proposed" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on Axion Venture's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this release contains forward-looking information relating to: (i) securing additional strategic partners to extend the global distribution of Rising Fire and other new game products; (ii) potential translation to mobile, console and virtual reality through the sale of global rights; (iii) timing of the public launch of Rising Fire in China and related revenue; and (iv) the conversion of loans provided to Axion Games into additional shares of Axion Games. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to Axion Ventures. Risk factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things: general economic and business conditions; and changes in international regulatory regimes. Axion Ventures cautions the reader that the above list of risk factors is not exhaustive. The forward-looking information contained in this release is made as of the date hereof and Axion Ventures is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.