



AXION VENTURES REPORTS FISCAL YEAR END 2018 RESULTS

VANCOUVER, BRITISH COLUMBIA, May 1, 2019 - Axion Ventures Inc. ("Axion" or the "Company") (TSX VENTURE: AXV; OTCQX: AXNVF) today announced its financial results for the year ended December 31, 2018. All amounts are denoted in United States dollars, unless otherwise indicated.

Todd Bonner, Chairman and Chief Executive Officer of Axion, commented: "Starting with Rising Fire, our teams in Shanghai and Bangkok have been developing a comprehensive video game portfolio for over five years. With our successful beta launch of Rising Fire with Tencent, this year represents an inflection point for our Company as three further titles from our 2,000+ man year portfolio are launching on various platforms and commencing their monetization life cycle's which should last 6-10 years."

2018 Operational Highlights

- Rising Fire, a massively multiplayer PC-online game developed by Axion Games Limited ("Axion Games"), was made commercially available on June 28, 2018 on Tencent's platform and continues to progress through the initial stages of its strategic launch cycle through Tencent's "WeGame" network.
- True Axion Interactive ("TAI") completed "Invictus: Lost Soul", which is the first AAA quality, eSports focused mobile game made in Thailand. Invictus is the first mobile game released by TAI and is anticipated to be fully available for the Thai market on Apple's App Store and Google Play within the first two weeks of May 2019.

2018 Financial Review

- Total revenue was \$8.9 million during fiscal 2018, an increase of \$2.3 million over the prior year. The increase compared to the prior year was the result of the completion of Wanda project.
- Game operation revenues in 2018 were \$2.1 million, compared to \$2.4 million for the prior year. This change was primarily attributable to the decrease in in-game sales of Axion Games' MARS as the product cycle reached decline stage.
- Intangible assets increased to \$12.5 million in 2018, compared to \$7.7 million in the prior year. The increase was due to the capitalization of development costs of Rising Fire, Invictus, and Fighter Royale.
- Operating expenses increased slightly by 1% to \$12 million in 2018, from \$11.8 million in the prior year.



- Loss from operations was \$7.8 million in 2018, compared to \$8.8 million in the prior year. The decrease in loss from operations was due to the increase in revenue from Wanda project during the year.
- The Company had net current liabilities and net liabilities of \$11.4 million and \$927,000 respectively at the end of 2018. The directors of the Company have considered that revenue/cashflow generated from the launch of Rising Fire, Invictus and Fighter Royale in the current year and loans from significant shareholders and related parties are sufficient to support the Company's operations in the coming twelve months.

2018 Year End Financial Highlights

- Revenue was \$8.9 million
- Operating expenses were \$12 million
- Loss for the year was \$9.3 million
- Intangible assets were \$12.5 million
- Loans from related parties were \$7.9 million
- Net current liabilities and net liabilities of \$11.4 million and \$927,000 respectively

2017 Restatement Note

2017 financial information has been amended and restated after the audit on the financial statements for the year ended December 2018 performed and completed by the Company's recently (January 8, 2019) appointed and current auditor. The following adjustments were made for the corrections:

1. The Company re-assessed the accounting for the Qualified Transaction ("QT") completed in May 2016. In accounting for the QT, the Company erroneously recognized the value of the common shares issued to acquire shares to the former shareholders of Axion Games, pursuant to which the Company acquired an interest of 51.01% of Axion Games (tacking 2016 acquisitions subsequent to the May QT initial acquisition), in addition to the carrying value of the share capital in Axion Games. Therefore, the share capital balance was not presented as a continuation of that of Axion Games, but overstated for the value of common shares issued. It has been determined that additional value added to share capital and other reserve (deficit) should not have been recognized.

The correction affects the consolidated statement of financial position of the Company as at January 1, 2017 and December 31, 2017 by (i) decreasing share capital by \$34,536,000; (ii) increasing the foreign currency translation reserve of \$993,000 and (iii) increasing the reverse acquisition reserve by \$33,543,000.



2. The Company grants stock options that usually vest over time. Under IFRS, when options vest over time, in the Company's case, typically over three years, the share-based payment expense related to each year ('tranche') is required to be recognized over the corresponding vesting period (i.e., tranche one over one year, tranche two over two years, and tranche three over three years). In accounting for share-based payment expense, the Company erroneously recognized the share-based payment expense on a straight-line vesting method. Accordingly, this resulted in the share-based payment expense being understated for the year ended December 31, 2017.

The effect of the restatement on the consolidated statement of financial position of the Company as at December 31, 2017 was to (i) increase share-based payment reserve by \$515,000; ii) increase accumulated losses by \$499,000 and iii) decrease foreign currency translation reserve by \$16,000. The effect on the consolidated statement of comprehensive income (loss) for the year ended December 31, 2017 was to increase share-based payments by \$499,000 and decrease other comprehensive income by \$16,000.

3. The Company excluded all shares in escrow in arriving at the weighted average number of common shares outstanding during the year-ended December 31, 2017. Under IFRS, shares that are issuable solely after the passage of time are not contingently issuable shares, because the passage of time is a certainty and as such, are included in the calculation of the weighted average number of ordinary shares.

The correction affects the loss per share for the year-ended December 31, 2017 and management restated the amount from 4.18 cents to 3.40 cents.

Financial Statements and MD&A

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

Resignation of Corporate Secretary and General Counsel

The Company also announces today that Craig Rollins has resigned from his positions as Corporate Secretary and General Counsel. Mr. Rollins will remain with the Company through his resignation date to facilitate a smooth transition of his duties to other Company personnel.

"We appreciate Craig's many valuable contributions to the Company over the past few years," said Todd Bonner, Chairman and Chief Executive Officer of Axion. "We wish Craig well in his future endeavors."

Todd Bonner has agreed to serve as the Company's Corporate Secretary until the Company engages a suitable replacement.



About Axion

Axion is a video game company 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., its video game development company headquartered in Bangkok, Thailand cofounded with True Corporation. Axion also maintains holdings in other innovative technology companies.

www.axionventures.com

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.

This release is not a joint release with Tencent and Tencent has not reviewed or provided any content contained herein and therefore has not commented on the adequacy or accuracy of this release.

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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 game releases and related revenue. 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



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