



ASX Announcement

Animoca Brands Q2 2016 Report

Highlights

- Cash receipts from customers amounted to A\$628k during the quarter, with an additional A\$983k in receivables outstanding from Mattel and A\$739k in receivables due from in-app purchases (IAP's) on Google and Apple, of which A\$833k were collected as of 26 July 2016. Cash receipts plus these receivables total A\$2.35m.
- Low conversion of trade receivables into cash in the quarter impacted by both a structural change in sales relationship with Apple and Google and build-up of receivables from Mattel.
- Total unaudited revenues of A\$1.8m, compared to A\$1.7m in Q2 2015, an increase of 7%.
- As a result of certain apps' release being pushed into Q3 2016, the total number of apps launched was 8, compared to 27 in Q2 2015. Pipeline of app launches in Q3 particularly high.
- Installations continued to rise, with a total of 18.5m new downloads during the quarter, bringing the total to 220m, despite a lower than usual number of app launches.
- New installations averaged 6.16m per month, an increase of 66.5% on the rate of new installations in Q2 2015.
- Monthly Active Users (MAU's) averaged 10.13m per month during the quarter, an increase of 58% on Q2 2015.
- Post the quarter, the Company announced the acquisition of Finnish gaming company TicBits Oy expanding its portfolio of brands and games.

27 July 2016: Animoca Brands (ASX: AB1 or the "Company") has today released its Appendix 4C Report for the three-month period to 30 June 2016 and is pleased to provide a review of the progress made during period.

Financial and Operational Update

Cash receipts from customers totaled A\$628k during the June 2016 quarter, with an additional A\$1.722m in receivables due from Mattel and from in-app purchases (IAP's) on Google and Apple, of which A\$833k were collected as of 26 July 2016. Cash receipts plus these receivables totaled A\$2.35m. Typically, Q2 is the slowest season in the mobile game industry, with peaks during the summer and Christmas holiday periods.

Unaudited revenues based on management accounts of A\$1.8m were recorded in Q2 2016, compared to unaudited revenues of A\$1.7m in Q2 2015. Game launches are a key driver of revenue and during the quarter 8 games were launched as compared to 27 in the same period last year. This was due to an increased focus on ebooks, and a longer than anticipated approval period of some content by licensing partners. The Company expects these titles to be launched in the current quarter and for revenues from these apps to contribute materially in Q3.

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During the quarter, the Company experienced net operating cash outflows of A\$3.7m. This high level of net operating outflow was influenced by the payment of disputed and deferred costs incurred in the 2014 and 2015 years of approximately A\$0.66m and additional development costs for ebooks of approximately A\$0.46m. As a consequence of both the low cash receipts and high cash expenditure on identified items, negative operating cashflow of \$3.7m is not expected to be repeated in subsequent quarters. The Company ended the quarter with a cash balance of A\$6.165m and is well funded to continue to drive ongoing expansion of its game and brand portfolio.

Portfolio Performance and Downloads

During Q2 2016, key operating metrics performed strongly with the average monthly active users (“MAU’s”) reaching 10.13m per month, up 58% on Q2 2015. MAU’s were driven by the scale of the Company’s branded app portfolio, that continues to attract users beyond the period in which they were launched.

An average of 6.16m new users per month downloaded an app, an increase of 66.5% on Q2 2015. This growth demonstrates that the “long tail” of user acquisition in the Company’s portfolio continues to grow, as the number of new users grew markedly over the same period last year, despite launching a lower number of new titles. The growth in new users during the quarter brought the Company’s total downloads across its game portfolio to 220 million at the end of the period.

	Q2 2015	Q1 2016	Q2 2016
MAU’s	6.4m	13.3m	10.3m
Average Monthly New Users	3.7m	8.9m	6.2m
Total Apps	385	433	441
New Apps	27	22	8
Revenue	\$1.7m	\$2.18m	\$1.82m
Average Monthly Revenue	\$566,666	\$727,000	\$605,236
Total Downloads	141m	201.4m	219.9m

App Releases

During the quarter, the Company launched relatively fewer games due to delays in several major launches, including *Monster High™ Minis Mania*, which launched in early July after the quarter’s end. Notable launches included *Chibi Maruko Chan Dream Stage*, the first game by the Company featuring the hit Japanese anime character Chibi Maruko Chan, as well as the launch of *Groove Planet* on Android in China.

The Company continued to grow all other metrics over the same period last year, including MAU’s, new users, and revenues, despite launching only 8 games compared to 27 in Q2 of 2015. The continued performance of the portfolio during a period of fewer releases indicates that the existing

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portfolio of branded titles continues to attract and engage users even one quarter or more after their initial launch.

Corporate Update

Post the quarter, the Company completed the acquisition of TicBits Oy, a profitable mobile game developer in Finland, for an upfront cash consideration of €2.35m (A\$3.5m) and €1m (approx. A\$1.5m) payable in 2018. TicBits has €1.2m (A\$1.8m) in excess cash, accumulated from profits, and the initial consideration represents an EV/EBIT multiple of 3.6x based on FY15 EBIT. This acquisition expands the Company's global footprint into Europe, and adds a portfolio of proven mobile game titles that the Company leverage with its brand partners to create more new games.

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Animoca Brands Corporation Limited

ABN

29 122 921 813

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter AUD\$'000	Year to date (12 months) AUD\$'000
1.1 Receipts from customers	628	3,348
1.2 Payments for		
(a)staff costs	(1,612)	(2,937)
(b)advertising and marketing	(842)	(1,888)
(c)research and development	-	-
(d)leased assets	-	-
(e)other working capital	(1,124)	(2,178)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (Cost of sales)	(795)	(1,702)
Net operating cash flows	(3,737)	(5,348)

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Quarterly report for entities
admitted on the basis of commitments

	Current quarter AUD\$'000	Year to date (9 months) AUD\$'000
1.8 Net operating cash flows (carried forward)	(3,737)	(5,348)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	(97)	(218)
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	(47)	(83)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(144)	(301)
1.14 Total operating and investing cash flows	(3,881)	(5,649)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	7,500	7,500
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (Capital raising costs)	(402)	(402)
Net financing cash flows	7,098	7,098
Net increase (decrease) in cash held	3,217	1,449
1.21 Cash at beginning of quarter/year to date	3,029	4,936
1.22 Exchange rate adjustments to item 1.20	(80)	(220)
1.23 Cash at end of quarter	6,165	6,165

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Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter AUD\$'000
1.24	Aggregate amount of payments to the parties included in item 1.2	192
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$AUD'000	Amount used \$AUD'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$AUD'000	Previous quarter \$AUD'000
4.1	Cash on hand and at bank	6,165	3,029
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		6,165	3,029

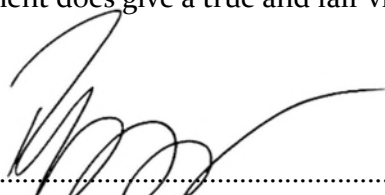
Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



 Robert Yung
 (Director)

Date: 27 July 2016

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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