



## Animoca Brands 3Q 2016 Report

### Highlights

- Cash receipts from customers totaled A\$2.5m (vs A\$0.6m in 2Q16 and A\$1.4m in 3Q15)
- Total unaudited revenues of A\$2.2m (vs A\$1.8m in 2Q16), representing an increase of 24% on 2Q16 - uplift a result of a higher number of app launches and ability to leverage TicBits' game engines and brands following completion of acquisition
- New installations driven by increased app launches, with 32 new apps in portfolio during the quarter (vs 8 apps launched in 2Q16)
- Installations continued to rise, with a total of 20.7m new downloads during the quarter, bringing the total to 240.6m downloads
- Monthly Active Users (MAU's) averaged 11.5m per month during the quarter, an increase of 12% on 2Q16 (10.3m), which continues to demonstrate high levels of engagement with the apps

**27 October 2016** - Animoca Brands (ASX: AB1 or the "Company") has today released its Appendix 4C Report for the three-month period from 1 July 2016 to 30 September 2016 and is pleased to provide a review of the progress made during the period.

### **Financial and Operational Update**

Cash receipts from customers totaled A\$2.5m, a 317% increase on the previous quarter (A\$0.6m in 2Q16) and a 79% increase on the prior corresponding period (A\$1.4m in 3Q15).

Total revenues increased 24% on 2Q16, bringing the total to A\$2.2m. This also represents a 57% increase on 3Q15.

The increase in revenue is primarily attributed to the increased number of app launches during the quarter. App launches increased by 163% on the previous quarter, bringing the total app portfolio to 473 apps.

Total operating cash flow is a net cash outflow of A\$1.5m in 3Q16. This compares favourably on 2Q16 of a net outflow of A\$3.7m and A\$1.6m in 3Q15.

Sales and marketing costs were down 6% from 2Q16 and down 25% from 3Q15. Despite a reduction in marketing costs, user downloads and MAUs have continued to grow, demonstrating an increased awareness of Animoca Brands' apps and the continued performance of back catalogue (the "long-tail effect.")

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### Cash Position

Cash at the end of the period totaled A\$2.8m, following a cash outflow of A\$3.6m applied for the completion payment for the acquisition of TicBits in July.

### Portfolio Performance and Downloads

During 3Q16 quarter, key operating metrics performed strongly with the average monthly active users (“MAU’s”) reaching 11.5m per month, up 12% on 2Q16. An average of 6.9m new users downloaded an app each month, an increase of 11% on 2Q16 (with only 6.2m).

The growth in downloads and MAUs is a result of the increase in the number of apps during the period, up 288% to 32 apps, compared to 2Q16. The app portfolio now stands at 473 and continues to demonstrate the ‘long-tail’ effect of user acquisition, with older titles still attracting new users.

	3Q15	2Q16	3Q16
MAU’s	10.9m	10.3m	11.5m
Average Monthly New Users	6.1m	6.2m	6.9m
Total Apps	394	441	473
New Apps in portfolio	9	8	32
Revenue	A\$2.1m	A\$1.82m	A\$2.2m
Average Monthly Revenue	A\$690,000	A\$605,236	A\$748,972
Total Downloads	159.1m	219.9m	240.6m

### App Releases

During the quarter, the Company added 32 apps to its portfolio. These include two in partnership with licensing partner Mattel: *Monster High™ Minis Mania*, and *He-Man™ Tappers of GraySkull™* (based on the renowned *Masters of the Universe* franchise). Both games performed strongly during the quarter. *Monster High™ Minis Mania* achieved over half a million downloads and MAUs of 233k over the period even while *Pokemon Go* dominated the market at that time. *He-Man™ Tappers of GraySkull™* was launched at the end of August, and during the month of September also achieved half a million downloads, with the game being played over 8 million times.

### Expansion of Licensing Portfolio

The Company partnered with *DreamWorks Animation* during the period to develop a portfolio of book apps for Asian markets. The licensing agreement further expanded the Company’s brand portfolio, with the addition of popular brands including *How to Train Your Dragon*, *Madagascar*, *Kung Fu Panda*, *The Croods* and the soon to be released animated comedy *Trolls*.

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### **Corporate Update - Acquisition of European Mobile Gaming Developer Complete**

The Company completed the acquisition of TicBits Oy, a profitable mobile game developer in Finland, for an upfront cash consideration of €2.3m (A\$3.6m) and €1.0m (A\$1.5m) payable in 2018. TicBits had, at acquisition date, €1.2m (A\$1.9m) in excess cash, accumulated from profits. The acquisition has expanded the Company's global footprint into Europe, and added a portfolio of proven mobile game titles that the Company has now begun leveraging with its brand partners to create more new games. Since acquisition date, TicBits has contributed A\$0.3m to group unaudited revenue and provided A\$1.9m cash or cash equivalents to the group.

### **Outlook**

The Company has partnered with leading global companies Mattel and DreamWorks Animation to develop and launch a portfolio of e-books and book apps. The first product from the collaboration with Mattel, *Thomas & Friends™: Read & Play*, was announced and launched in closed-beta on September 2<sup>nd</sup>, and it will launch commercially in the coming weeks. This launch is the culmination of 8 months of investment in building a subscription platform and e-book service offering around the brand of Thomas & Friends™, and will diversify the Company's product portfolio and commence generation of its first subscription revenues.

- ENDS -

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

**Name of entity**

Animoca Brands Corporation Limited

**ABN**

29 122 921 813

**Quarter ended ("current quarter")**

30 September 2016

**Consolidated statement of cash flows**

	Current quarter \$A'000	Year to date (..9....months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,483	5,831
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(473)	(2,361)
(d) leased assets	-	-
(e) staff costs	(1,731)	(4,668)
(f) administration and corporate costs	(683)	(2,861)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Cost of sales)	(1,123)	(2,825)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,526)</b>	<b>(6,874)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(26)	(109)
(b) businesses (see item 10)	(3,542)	(3,542)
(c) investments	12	(206)

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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (..9....months) \$A'000</b>
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (Cash and cash equivalents acquired)</b>	<b>1,907</b>	<b>1,907</b>
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,649)</b>	<b>(1,950)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	7,500
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(402)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>7,098</b>

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (..9....months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	6,165	4,936
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,526)	(6,874)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,649)	(1,950)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	7,098
4.5	Effect of movement in exchange rates on cash held	(182)	(402)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,808</b>	<b>2,808</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	1,963	6,165
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Share Investments	845	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,808</b>	<b>6,165</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	204
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	167
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

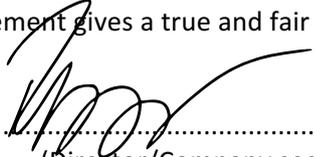
<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(248)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(1,247)
9.4 Leased assets	-
9.5 Staff costs	(1,723)
9.6 Administration and corporate costs	(534)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(3,742)</b>

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10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	TicBits Oy	-
10.2	Place of incorporation or registration	Finland	-
10.3	Consideration for acquisition or disposal	3,542	-
10.4	Total net assets	1,793	-
10.5	Nature of business	Apps Development	-

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:   
(Director/Company secretary)

Date: 27 October 2016

Print name: Robert Yung

### 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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