



animoca
BRANDS



ANIMOCA BRANDS

FULL YEAR 2016 RESULTS PRESENTATION

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Leading global developer and publisher of mobile games and e-books, with one of the largest licensed brand portfolios in the industry. Headquartered in Hong Kong and employing over 120 full time staff throughout APAC and Europe, with leading development expertise and publishing experience.

ASX	AB1
52 Week Share Price	A\$0.033 - A\$0.200
Shares on Issue	325 million
Unlisted Options	2.4 million
Current Share Price	A\$0.031 (as at 27 February 2017)
Market Cap	A\$11 million (as at 27 February 2017)

Highlights this year

- Launched first subscription product: e-books
- Expanded partnership agreements with Lionsgate and DreamWorks Animation
- Acquisition of Finnish studio TicBits adding more products and revenue generating opportunities

Key Shareholders	Ordinary shares	%
Datahouse Investments Limited / D Kim	30,436,361	9.37
Asyla Investments Limited / Y Siu	29,841,164	9.18
Startive Ventures Inc. / S Clausen	24,231,662	7.46
P J Pheby	22,178,892	6.83
Ourpalm	14,785,714	4.55
Intel Capital	12,801,432	3.94
IDG Capital	12,801,432	3.94
Forgame	5,487,503	1.69

Milestones this year

This year Animoca Brands expanded its:

Product Portfolio

Brand and Distribution Partners

User Base

December 2016

↑ 481 games

Global launch of *Thomas & FriendsTM: Read & Play*



Subscription product

DreamWorks Animation partnership to create book apps based on leading film brands



22k subscriptions of *Thomas & FriendsTM: Read & Play* since global launch



↑ 473 games

He-Man: Tappers of Grayskull launched



Launch of *Trolls* book app in partnership with DreamWorks Animation



TicBits acquisition added new brands & games



↑ 260m Downloads

↑ 441 games

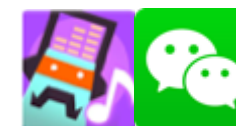
TicBits acquisition added 11 new games



Total of 5 mobile games launched with Mattel



Tencent publish *Groove Planet* on China's WeChat



↑ 240m Downloads

↑ 220m Downloads

↑ 433 games

Groove Planet launched on Android



Garfield Chef published by Xiaomi



7m downloads of *Garfield Chef* on Xiaomi



↑ 200m Downloads

Partnered with Lionsgate to develop *Norm of the North* mobile game

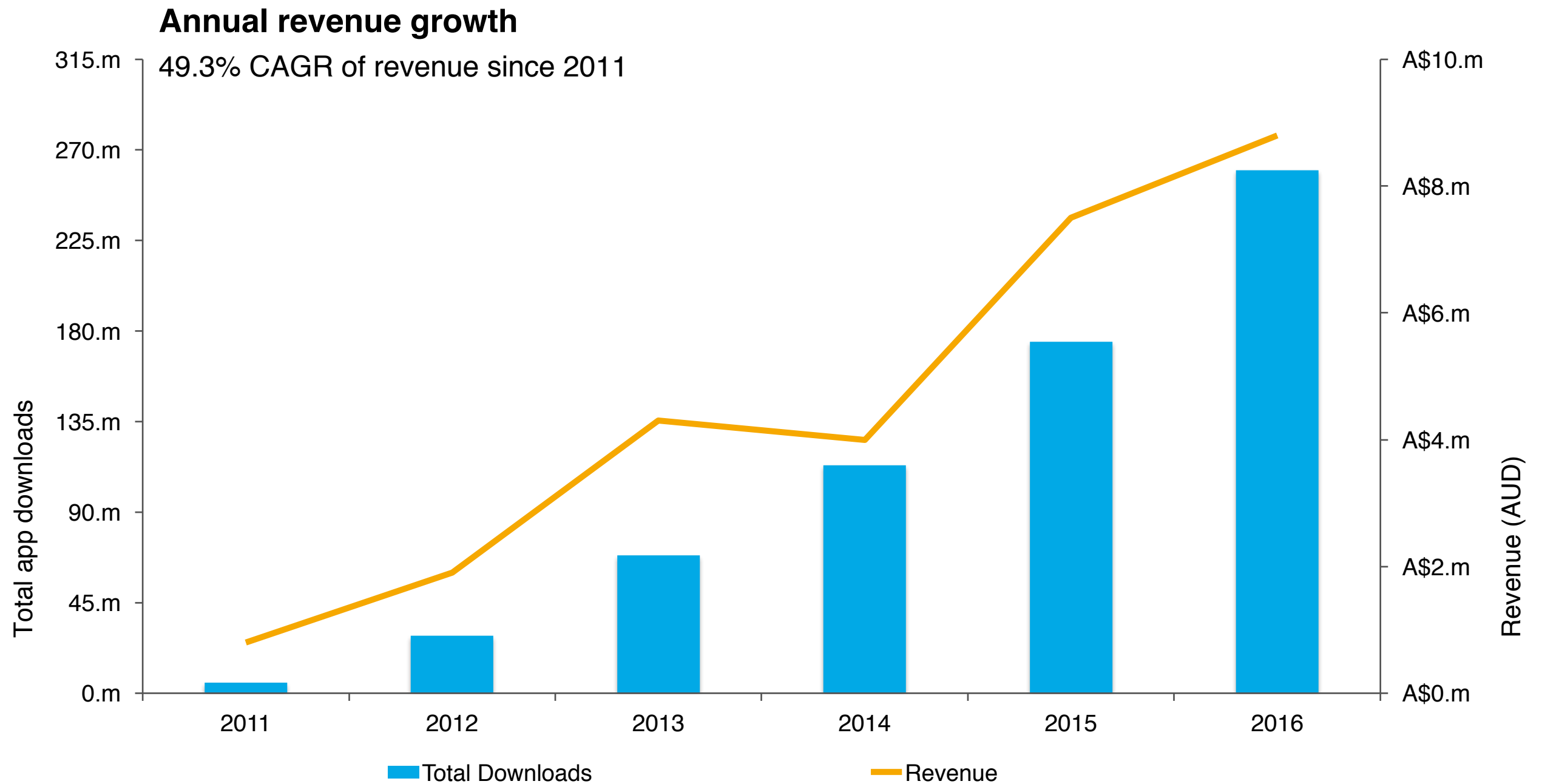


January 2016

Revenue growth this year



Total app downloads continue to drive revenue, a strong reflection of the Company's strategy to focus on producing a high volume of games, driving users and revenue.



Note: The 2014 revenues are comprised of pro forma results from January – June 2014, audited results from August – December 2014, and unaudited management accounts for July 2014. The pro forma revenue figures above are originally in US\$ and were disclosed in the Company's prospectus issued in December 2014 and have been translated to A\$ for reference purposes only. The rate used is the year end US\$/A\$ FX rate of the RBA, namely 1.2192 for the year ending 31 December 2014. Some of the quarterly revenue figures illustrated in the chart and table are originally in US\$ and have been translated to A\$ for reference purposes only. The rates used are the year end US\$/A\$ FX rate of the RBA, namely 1.1675, 1.2712, 1.2839, 1.3105, and 1.3917 for each of Q4 2014 through Q4 2015, respectively.

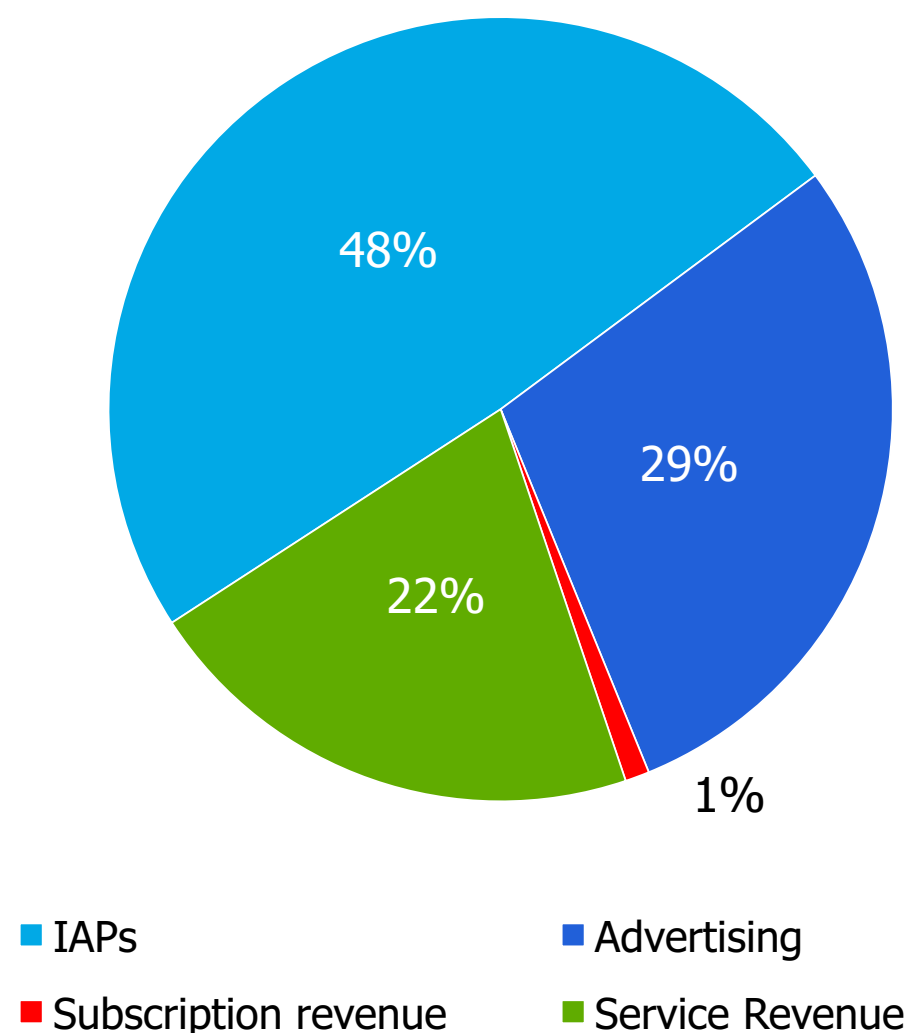


Financials

FY16 Revenue model and breakdown



Revenue breakdown FY16



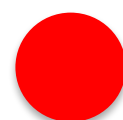
- Users purchase additional content in the app, such as extra levels, characters and more.
- IAPs continue to be a major driver of revenue and as the user base expands further IAPs will in turn grow.



- Animoca Brands works with global advertisers to deliver in-app ads that are received by users during game play.
- Mobile is increasingly becoming the go-to platform for advertisers and as this continues the Company has a significant opportunity to tap.



- Service revenue is generated from certain content partners by way of co-development investment and marketing investment to jointly-develop products.



- Subscription products added in December 2016 with the launch of *Thomas & Friends™: Read & Play* charged at US\$4.99 per month / US\$49.99 a year.
- Subscription revenue is expected to form a substantial part of the revenue base as further subscription products are added to the product portfolio.

Last year we said we would focus on increasing advertising revenue.
This year advertising revenues increased by 47.5%.

Profit & loss statement



- Revenue from operating activities of \$8.7m, 15% higher than FY15.
- Operating revenue included \$0.6m impact following TicBits acquisition in July 2016.
- Gross profit increased to \$5.0m.
- Loss of \$8.0m that can be attributed to:
 - Cost of revenue increased by 41% - a result of branded games driving the majority of revenue in FY16 and the royalties due to the brand partners
 - Increased expenses including higher employee benefits - a direct result of additional resourcing and outsourcing for the development of subscription products
 - R&D expenses also increased 109% due to the development expenses related to the production of new products, such as the e-books subscription engine. R&D is not capitalised.
 - Hosting costs also increased due a higher number of players and apps in the Group's portfolio
- The new products and engines developed are expected to drive revenue in FY17 as the Company grows subscription revenue and leverages the engines developed to create more products.

Summary consolidated income statement	12 months to Dec 2015 (A\$) Audited	12 months to Dec 2016 (A\$) Audited
Revenue from operating activities	7,544,457	8,697,633
Cost of revenue from operating activities	(2,603,921)	(3,676,713)
Gross profit	4,940,536	5,020,920
Interest and Sundry Income	7,693	29,829
Gain on fair value adjustment Performance Shares	1,010,808	506,250
Employee benefits	(1,402,963)	(2,324,828)
Marketing	(3,632,871)	(3,051,097)
R&D	(2,320,000)	(4,854,085)
Other expenses including occupancy	(1,537,662)	(3,251,597)
Exchange differences	(22,893)	(36,434)
Total Expenses	(8,916,389)	(11,066,770)
Net loss	(2,957,352)	(7,961,700)

Balance Sheet



The Company finished 2016 with net assets of A\$3.3m. This consisted of:

- \$1.5m in cash and equivalents, that has been bolstered post the year end following the \$5.2m Entitlement Offer fund raise
- \$2.2m in trade and other receivables

Total liabilities of \$2.9m, a decrease on FY15.

Note: Development costs associated with e-books were fully expensed and not capitalized, as per company policy.

Summary consolidated statement of financial position	Dec 2015 (in A\$) Audited	Dec 2016 (in A\$) Audited
Current Assets		
Cash and cash equivalents	4,935,747	1,526,919
Trade and other receivables	2,401,703	2,197,005
Financial Assets	205,310	434,083
Other Assets, Plant & Equipment	69,844	300,395
Goodwill	-	1,724,208
Total Assets	7,612,604	6,182,610
Current Liabilities		
Trade & Other Payables	2,898,458	2,465,861
Short-term provisions	42,123	122,056
Other Liabilities	2,906,250	292,841
Total Liabilities	5,846,831	2,880,758
Net Assets / (Liabilities)	1,765,773	3,301,852
Equity		
Contributed Equity	16,192,964	25,690,743
Reserves	(3,793,617)	87,006
Accumulated /Retained Losses	(10,633,574)	(22,475,897)
Total Equity	1,765,773	3,301,852

Cash flow statement



- Receipts from customers increased by 62% on FY15 due to a continued focus on receivables management and cash collection.
- Post the year end the Company launched a \$5.2 million Fully Underwritten Entitlement Offer that raised \$3.2 million from institutional investors and a further \$2 million in a retail offer.
- The fund raising bolsters the Company's cash position to enhance the existing game and e-book engines and create more sophisticated products
- The settlement of the retail shares and funds is expected on 2 March 2017.

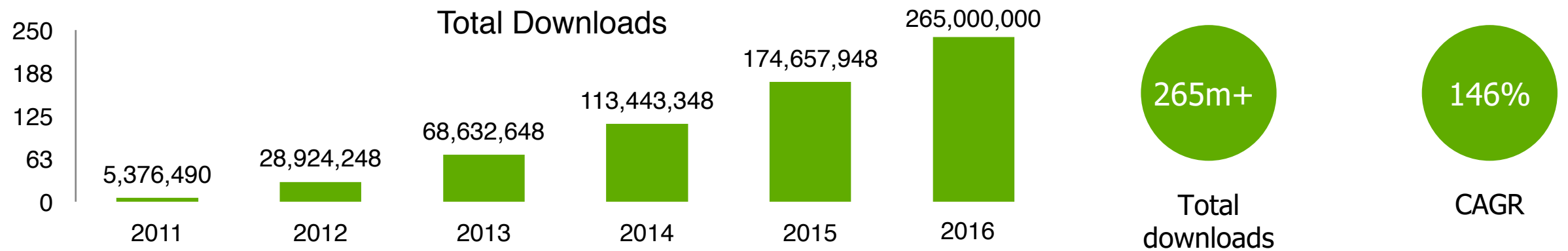
Summary consolidated statement of cash flows	12 months to Dec 2015 (in A\$) Audited	12 months to Dec 2016 (in A\$) Audited
Cash flows related to operating activities		
Receipts from customers	5,455,559	8,864,820
Interest from other items of similar nature received	7,693	29,829
Payments to suppliers and employees	(9,721,588)	(17,033,646)
Net operating cash provided by/used in operating activities	(4,258,336)	(8,138,997)
Cash flows related to investing activities	(232,833)	(2,126,982)
Cash flows from financing activities	7,982,000	7,500,000
Transaction costs for issue of shares	(285,778)	(402,221)
Repayment of borrowings	(976,629)	-
Net financing cash flows	6,719,593	7,097,779
Net increase in cash held	2,228,424	(3,168,200)
Exchange rate adjustments	(148,120)	(240,628)
Cash at the beginning of FY	2,855,443	4,935,747
Cash at the end of FY	4,935,747	1,526,919



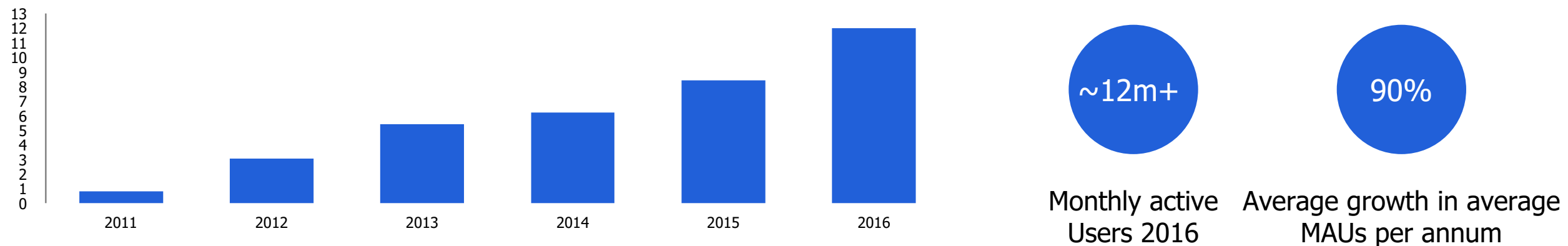
Operational Performance

Strong performance of mobile app portfolio

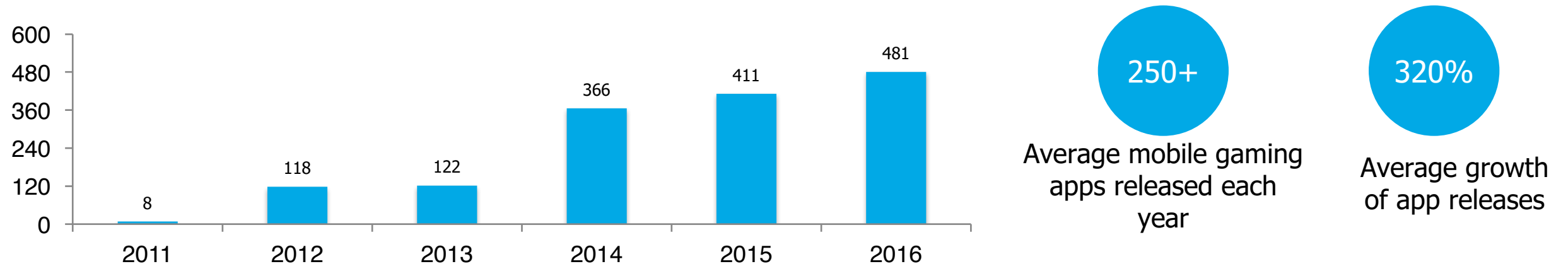
Total downloads (cumulative), millions



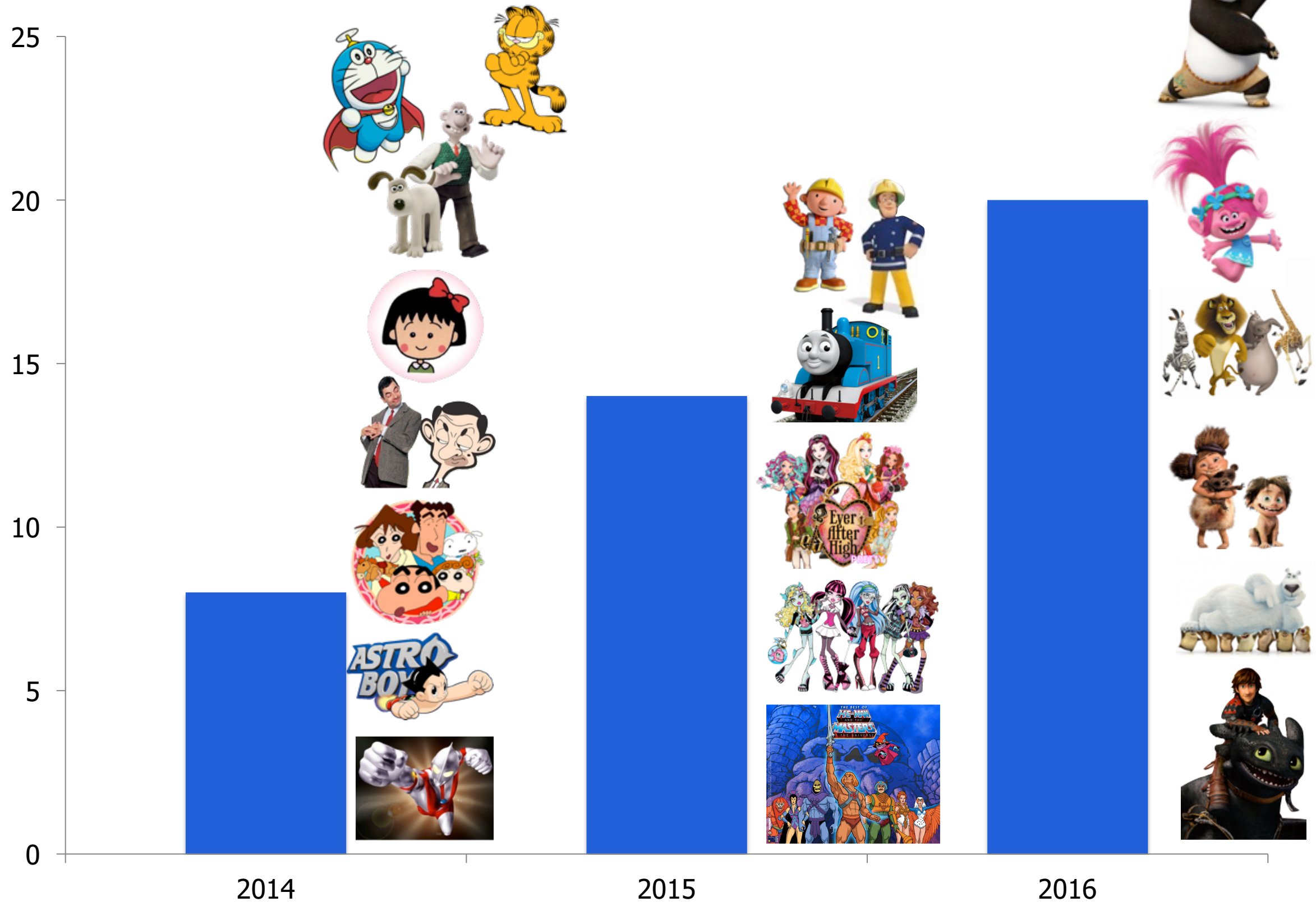
Monthly active users, millions



Total app releases (cumulative)



Brand portfolio continues to grow



70 New games launched this year



480+

mobile games now
available across
Google Play and
Apple App Stores



Garfield Chef

7.9m
downloads
since February



*Ever After High:
Charmed Style*

3.89m
downloads
since January



Groove Planet

1.8m downloads
since December
2015



*Thomas and
Friends: Race On!*

5.8m downloads
since December
2015



*Doraemon
Gadget Rush*

10.3m
downloads since
February 2015



*He-Man: Tappers
of Grayskull*

770k downloads
since September

New subscription products launched and already outperforming



Trolls Poppy's Party

Launched October 2016

Trolls book app launched in partnership with DreamWorks Animation, based on the Trolls comedy animated film.

**#1 premium
app in
China**



Thomas & Friends™: Read & Play

Global Launch in December 2016

Thomas & Friends™: Read & Play e-book subscription service launched in partnership with Mattel. Over 60 e-books, videos and activities available for subscription of US\$4.99 a month or US\$49.99 a year

22k

22,000 subscribers in the first month since global launch



Prominently featured on the home page of the iPad section of the App Store in 79 countries



Ranked 6th in the "Kids" category of the iPad App Store in the US



#1 app in the "Kids" category in the iPad App Stores of 15 countries



In the Top 100 in the "Kids" category in the iPad App Stores of 40 countries



Outlook and Summary

Focus for 2017 – Our KPIs (1 of 2)



Product Growth and Diversification

- Using existing engines to expand product portfolio
- Launch further e-books and book apps with Mattel and DreamWorks Animation
- Potential to develop further subscription products based on engine developed for e-books
- Explore M&A opportunities with smaller developers where Animoca Brands can leverage its marketing and distribution to scale their revenues, as it did with TicBits in 2016
- Extending the product line to include new technologies including wearables, virtual reality and more as the industry evolves and new revenue opportunities



Increase partnerships with Brands to broaden audience appeal and entrance into new markets

- Explore partnerships with existing and new license partners to develop subscription products
- Partner with more leading brands to create mobile games that appeal to new audiences
- Seek partnerships with global game companies to publish already successful games in new regions and on new platforms



Focus for 2017 – Our KPIs (2 of 2)



Expand distribution platforms through further partnerships

- Build on existing distribution platforms (Google Play, App Store, Xiaomi, WeChat, Amazon) and look to publish more games across these as well as new app stores in emerging markets, such as the Middle East, South East Asia, and Latin America.



Revenue growth via growth of subscription product revenue and enhancing in-app purchases and advertising as the user base grows

- Further drive in-app purchases with new game launches
- Enhance in-app advertising attractiveness as user base grows
- Grow subscription revenue with the launch and promotion of new e-books



Strong activity pipeline



- Organic growth of existing business lines:
 - Further organic growth of the mobile app portfolio and user base driving IAP and advertising revenue
 - Further e-books/subscription products to be launched with our partners Mattel and DreamWorks Animation
- New product growth leveraging existing IP:
 - Growth of subscription revenues as more products are released with new and existing partners leveraging the engines developed
 - Additional licensing agreements of leading brands
- New products with new technologies:
 - Mobile apps leveraging wearables
 - Apps harnessing virtual and / or augmented reality
- Additional growth through potential M&A opportunities



Investment summary



01

Expanding portfolio of globally recognised brands and critically acclaimed titles

02

Strong revenue growth and consistent operating metrics

03

Diversified product portfolio with mobile games and eBooks published globally

04

Established distributional channels with global publishers including Apple App Store and Google Play

05

Positioned in a growing market with a significant opportunity to become a leading player in the edutainment sector

06

Board & Management with a wealth of sector expertise and networks



CONTACT

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Thank you