



ASX Release

28 April 2017

Animoca Brands 1Q17 Report

Highlights

- Total unaudited revenues of A\$2.2m for 1Q17, in line with 1Q16, and gross unaudited profit of \$1.5m for the quarter
- Cash receipts from customers of A\$1.9m, a 25% decrease on 4Q16 and a 31% decrease on 1Q16 (vs A\$2.5m in 4Q16 and A\$2.7m in 1Q16) due to collection timing
- Downloads grew to 280.6m, with a total of 20.8m new downloads during the quarter driven by the launch of 15 new mobile game apps
- Monthly Active Users ("MAU's") averaged 11.0m per month during the quarter
- *Thomas & Friends™: Read & Play!*, e-book subscribers totaled 32,000 during the period, accounting for 5% of the revenue in 1Q17
- Capital raise of A\$5.2m, bolstering the Company's cash position and providing funding to drive the growth of portfolio or recurring revenue apps

28 April 2017 - Animoca Brands (ASX: AB1, or the "Company") has today released its Appendix 4C Report for the three month period from 1 January 2017 to 31 March 2017 and is pleased to provide a review of the progress made during the period.

Financial Update

At \$2.2m, total revenues for 1Q17 are in line with 1Q16. However, gross profit increased 21% vs last year, from \$1.3m to \$1.5m, reflecting early results of the increased focus on achieving profitability by the board and management team.

Cash receipts from customers totaled A\$1.9m representing a 25% decrease on the previous period (A\$2.5m in 4Q16) and a 31% decrease on the prior corresponding period (A\$2.7m in 1Q16). While revenue was in line with previous quarters, this decrease in collection is due to the timing of receivables and trade receivables of A\$2.4m at the end of 1Q17 should be collected in 2Q17.

Payments for administration and corporate costs of A\$1.3m in 1Q17 higher than previous comparative periods due to higher prepayments for full year insurance expenses (A\$0.1m), for service/tool providers (A\$0.2m) and licensors (A\$0.1m).



During the quarter, the Company successfully completed a fully underwritten Accelerated Entitlement Offer raising A\$5.2m (before costs of the offer) resulting in a bolstered cash position of A\$4.6m at the end of the quarter.

Operational Update

Portfolio Performance and Downloads

During 1Q17, key operating metrics across the portfolio increased with monthly active users (“MAU’s”) reaching 11.0m.

The high MAU level was sustained with the help of 15 new apps being launched during the quarter and the continuing success of the growing portfolio of apps now totalling 496. New launches this quarter included *Garfield Fit*, a fun wearable-enabled pedometer designed to track and motivate family members to move more. The growing app portfolio provides the Company with valuable, annuity-style revenues.

Total downloads at the end of the quarter reached 280.6m, with an average of 6.9m new users downloading an app each month.

	1Q16	4Q16	1Q17
MAU’s	13.1m	12.0m	11.0m
Average Monthly New Users	8.9m	6.4m	6.9m
Total Apps	433	481	496
New Apps in portfolio	22	8	15
Revenue	A\$2.2m	A\$2.5m	A\$2.2m
Average Monthly Revenue	A\$0.7m	A\$0.8m	A\$0.7m
Total Downloads	201.4m	259.8m	280.6m

Product and Licensed Brands Portfolio Expansion

The Company signed a partnership with Star Stable Entertainment AB (Sweden) to co-develop and publish a portfolio of games based on its highly popular online 3D game, *Star Stable Online*,



the fastest growing horse-themed massively-multiplayer online game (MMORPG) in the world, with over 350,000 weekly players across 180 countries. Games are currently in development and should be launched in 2Q17. This partnership, similar to the Company's partnership with Mattel, will see both parties invest in and share revenue from the games created together.

In March, Animoca Brands renewed its brand license with Paws, Inc. for the popular Garfield character for another 6 years. The parties have also launched a new product under the partnership: *Garfield Fit*, a fun pedometer designed to track and motivate you and your family to move more, which is Animoca Brands' first health mobile app and the Company's entry into both the substantial digital health apps market as well as the market for software for wearables, like the Apple Watch and Samsung Gear.

The Company also signed a publishing agreement with leading Japanese game developer and publisher Colopl (TYO: 3668) to publish Colopl's highly successful *Tokyo Casino Project* game worldwide, excluding Japan. *Tokyo Casino Project* is one of the highest-grossing mobile social casino games in the Japanese market. Colopl is partnering with Animoca Brands in order to access the Company's strong publishing network in Asia Pacific, Europe, the Middle East and the Americas as well as its localisation expertise to increase the awareness and users of the game worldwide.

Subscription E-Book Product Launched

The Company's first subscription e-book, *Thomas & Friends™: Read & Play!* was launched globally in 4Q16 on Apple App store and Google Play. E-book subscribers totaled 32k during the period, with a total of 44k subscriptions recorded since the global launch of the app in December 2016. In March 2017, *Thomas & Friends™: Read & Play!* was released on the Amazon Underground app store, which will make the app available to a much broader audience of devices and territories. Published under the Company's partnership with Mattel Inc., this product also delivers a new recurring revenue stream for the Company in 2017, generating 5% of 1Q17 revenue of Animoca Brands.

Corporate Update

Entitlement Offer

The Company undertook an Institutional and Retail Entitlement offer, raising a total of A\$5.2m. Both the offers were fully underwritten by Baillieu Holst, with shareholders subscribing for 4 new shares for every 5 shares held.

The Company ended the quarter with a total of \$4.6m cash at bank to fuel the growth of its product portfolio.



Outlook

As games-based learning continues to grow, with expected revenues to reach \$9.7 billion by 2021 (Source: Ambient Insight Report), Animoca Brands is well positioned to take advantage of this growth. The Company continues to expand its brand portfolio with leading popular brands and the audience reach of its apps increases. The Company's extensive brand portfolio is a key asset driving user acquisition, and the Company's ability to secure both new brands, like *Star Stable* and *Tokyo Casino Project*, as well as renew existing relationships, like that with Paws Inc. for *Garfield* for another 6 years, which provides an enviable foundation as the Company continues growing its audience and revenues in future.

Following on the successful institutional and retail entitlement offer, the Company is focused on increasing its operating leverage, streamlining costs, and delivering profitability as soon as possible. While revenues in 1Q17 were in line with the same period last year, margins increased, demonstrating this renewed focus for the Company. In addition, the combination of this focus on streamlining of costs and the investments in new products and partnerships following the entitlement offer are intended to strengthen the Company's financial position going forward.

- ENDS -

About Animoca Brands

Animoca Brands publishes globally a broad portfolio of mobile games and e-books, including several games based on popular intellectual properties such as Thomas & Friends™, Astro Boy, and Doraemon. Animoca Brands' games have been downloaded over 260 million times. In November 2016 the Company launched its first e-book, adding new products to its portfolio and subscription revenue to its business model. For more information visit www.animocabrands.com or get updates by following Animoca Brands on [Facebook](#), [Twitter](#) or [Google +](#).

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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")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..3....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,874	1,874
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(66)	(66)
(d) leased assets	-	-
(e) staff costs	(1,557)	(1,557)
(f) administration and corporate costs	(1,339)	(1,339)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(663)	(663)
1.9 Net cash from / (used in) operating activities	(1,750)	(1,750)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(b) businesses (see item 10)	(22)	(22)
(c) investments	23	23

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

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	5,208	5,208
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	(348)	(348)
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)	-	-
3.10	Net cash from / (used in) financing activities	4,860	4,860

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,527	1,527
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,750)	(1,750)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..3....months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,860	4,860
4.5	Effect of movement in exchange rates on cash held	(61)	(61)
4.6	Cash and cash equivalents at end of quarter	4,575	4,575

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,435	1,381
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other - Share Investments	140	146
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,575	1,527

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	28
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	
Director fees paid		

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	66
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	

Marketing and Desk fee paid.

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	(165)
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	(770)
9.4	Leased assets	-
9.5	Staff costs	(1,674)
9.6	Administration and corporate costs	(521)
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	(3,130)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

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: 28 April 2017

Print name: Alyn Tai

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.