



ASX Release

10 July 2017

Business Review Update

Animoca Brands Corporation Limited (ASX: **AB1**) (the **Company** or **Animoca Brands**) today announces a business update.

Key points

- **Initiatives intended to strengthen the Company's financial position going forward, with the target of achieving a profitable business by the end of the fourth quarter 2017**
- **22 new titles** on track to be released in 3Q 2017 (vs 12 new titles in 3Q 2016)
- **Rationalisation of cost base following completion of major development phase to drive a \$3m run-rate reduction in expenses by the end of 2017**
- **Two new business segments** created to enable discussions with third parties for capital-efficient growth options that exploit the Company's Intellectual Property

As previously announced on 28 April 2017, the Company commenced a business review to strengthen the Company's financial position going forward.

As a first part of this review, Animoca Brands announced several changes to Board composition and remuneration at the Company's Annual General Meeting on 29 May 2017. The implementation of these changes was confirmed in a subsequent ASX announcement on 6 June 2017.

The Company today updates the market that it has now completed the broader review of the Company's business priorities and cost base to strengthen the Company's financial position going forward.

Review highlights

Portfolio update – new initiatives to extract value from Company's Intellectual Property

The Company has completed a comprehensive review of its portfolio of titles and development pipeline, with the key objective of creating a more sustainable business by the end of the year.

The launch of 18 Mid-core and Hard-core titles and 4 Casual Gaming titles in 3Q 2017 represents a major development milestone and the Company is excited about the potential revenue prospect from this launch period. Following the launch of these titles, the Company intends to streamline in-house development of new titles and pursue a broader range of options to extract value from its IP in a capital-efficient manner.

Key actions taken as a result of this business review include:

- **Establishment of 'Family' and 'Fitness' business segments** to enable the Company to leverage its intellectual property and de-risk ongoing development and operational risks
- **Streamlined approach to e-books category**, with a focus on exploring additional distribution channels to access the high-value education market
- **Continued selective development of Casual and Mid-core/Hard-core games**, given the Company's track record of commercial success, particularly for its TicBits subsidiary
- **Suspension of development activities in other categories**

As previously reported, Animoca Brands has received expression of interest for various parts of its portfolio. The establishment of the Family and Fitness business segments represents the first step for the Company to actively pursue strategic options to develop these categories while minimising up-



front investment from the Company. These options include partnerships, joint ventures, divestments and spin-offs in order to optimise shareholder returns.

Going forward, the Company plans to more actively manage its intellectual property, underpinned by ongoing monitoring of the profitability and potential of games and apps in core segments within the optimised portfolio.

Expenses – major reset of Company cost base

Completion of a major phase of title development reduces the Company's near-term resource requirement and the Company has acted to reducing staffing levels accordingly. Annualised cost savings from headcount reduction are expected to exceed A\$3m. Headcount reductions have commenced and savings are expected to be realised in full by the end of the year.

Outlook

The Company believes the implementation of these measures will support the objective of strengthening the Company's financial position going forward, with the target of achieving a profitable business by the end of the fourth quarter 2017. The Board will consider further actions as needed to achieve this objective.

The Board will continue to evaluate opportunities to maximise the IP and operating platform of the business in the best interests of shareholders. The Company will continue to update the market on key developments.

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For more information:

About Animoca Brands

Animoca Brands (ASX: AB1) publishes globally a broad portfolio of mobile games and subscription products including several games and e-books based on popular intellectual properties such as Garfield, Thomas & Friends™, Ever After High and Doraemon. The Company's games have been downloaded over 265m times. Animoca Brands is based in Hong Kong. For more information visit www.animocabrands.com or get updates by following Animoca Brands on [Facebook](#), [Twitter](#) or [Google +](#).