



Animoca Brands 4Q16 Report

Highlights

- Total unaudited operating revenues of A\$2.5m for the quarter, a 12% increase on 3Q16 driven by the growth in games revenue, the launch of new products including a paid book app and the subscription e-book service *Thomas & Friends™: Read & Play*.
- Cash receipts from customers totalled A\$2.5m (vs A\$2.5m in 3Q16 and A\$1.6m in 4Q15).
- Downloads grew to 260 million, with a total of 19 million new downloads during the quarter driven by the launch of 6 new games, book apps and a subscription e-book service on iOS and Android. The e-book service consists of over 50 books, games, activities, and videos.
- Monthly Active Users ("MAU") averaged 12 million per month during the quarter, an increase of 4% on 3Q16
- *Thomas & Friends: Read & Play*, first subscription e-book by Animoca Brands, launched globally in December, attracting 12,000 subscribers in its first month since global launch, with a total of more than 22,000 subscriptions as at 31 January 2017

31 January 2017 - Animoca Brands (ASX: AB1 or the "**Company**") has today released its Appendix 4C Report for the quarter 1 October 2016 to 31 December 2016 (**4Q16**) and is pleased to provide a review of the progress made during the period.

Financial Update

Cash receipts from customers totalled A\$2.5m. This represents a 54% increase on the prior corresponding period (A\$1.6m in cash receipts in 4Q15).

Total revenues increased 12% on the prior quarter, bringing the total to A\$2.5m. This is a 6% increase on the prior corresponding period (4Q15).

The increase in revenue can be attributed to the continued popularity of *He-Man™: Tappers of Grayskull™*, which launched in September 2016, the launch of the book app *Trolls: Poppy's Party*, and the subscription e-book service *Thomas & Friends™: Read & Play*.

Total operating cash outflow was A\$1.3m, a A\$0.3m reduction on 3Q16. This reflects the Company's strategy to maintain a stable cost base while increasing revenue.

Cash at the end of the period totalled A\$1.5m.



Operational Update

Portfolio Performance and Downloads

During 4Q16 key operating metrics across the portfolio increased, with monthly active users (MAU) reaching an average of 12 million, up 4% on 3Q16. In 4Q16, the Company achieved an average of 6.4 million new user downloads per month.

The growth in MAU can be attributed to a number of factors including the launch of 6 apps and the subscription services launched during the period and also to the continuing success of apps launched earlier in 2016, especially *He-Man™: Tappers of Grayskull™*.

The Company's app portfolio now stands at 481 apps available to consumers globally across platforms such as Apple App Store and Google Play.

	4Q15	3Q16	4Q16
MAU	9.1m	11.5m	12.0m
Average Monthly New Users	5.2m	6.9m	6.4m
Total Apps	411	473	481
New Apps in portfolio	17	32	8
Quarterly Operating Revenue	A\$2.4m	A\$2.2m	A\$2.5m
Average Monthly Revenue	A\$0.8m	A\$0.7m	A\$0.8m
Total Cumulative Downloads	174.7 million	240.6m	259.8m

First Subscription E-book Product Launched

In December, the Company's first subscription e-book service, *Thomas & Friends™: Read & Play* launched globally. The service is a children's entertainment and learning mobile app based on Mattel's popular preschool franchise *Thomas & Friends™*. The product performed significantly above the Company's expectations, securing 12,000 paid subscriptions in the first month since global launch, and a further 10,000 subscriptions in the last three weeks. Published through the Company's partnership with Mattel, Inc (NASDAQ; MAT), and billed to users as an auto-renewing subscription, this product delivers a new recurring revenue stream for the Company.

Outlook

The Company's focus for the coming months will be to continue to grow the number of game apps in its portfolio through further game development and acquisition opportunities. Additionally, the Company will utilize its existing resources to enhance revenue opportunities for existing games and rapidly publishing more games by leveraging off its popular game engines.

The Company is also focused on the growth of its subscription products and has further



subscription products planned with existing partners Mattel and Dreamworks Animation, as well as with new licensing partnerships.

Robby Yung, CEO, Animoca Brands commented "The encouraging performance of our first subscription e-book service, *Thomas & Friends: Read & Play*, is a testament to the quality of the product and we will continue to work toward maximizing subscription revenue opportunities."

"We have a strong distribution network and the marketing capabilities to match, and we will continue to leverage our strengths to produce new products and secure additional partners in order to scale our revenue."

- ENDS -

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 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..12....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,508	8,339
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(603)	(2,964)
(d) leased assets	-	-
(e) staff costs	(1,768)	(6,436)
(f) administration and corporate costs	(546)	(3,407)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	12
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)	(852)	(3,677)
1.9 Net cash from / (used in) operating activities	(1,259)	(8,133)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(30)	(139)
(b) businesses (see item 10)	(193)	(3,735)
(c) investments	(23)	(229)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..12....months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
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)	76	1,983
2.6	Net cash from / (used in) investing activities	(170)	(2,120)

3.	Cash flows from financing activities		
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)	-	-
3.10	Net cash from / (used in) financing activities	-	7,098

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	2,808	4,936
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,259)	(8,133)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..12....months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(170)	(2,120)
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	152	(250)
4.6	Cash and cash equivalents at end of quarter	1,531	1,531

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	1,385	1,963
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Share Investments	146	845
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,531	2,808

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

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

Current quarter \$A'000
106
-

2016 director fees

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	169
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: spending is managed jointly with a related party to leverage. Desk fee: some facilities are provided by a related party.

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.		

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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	(734)
9.4 Leased assets	-
9.5 Staff costs	(1,610)
9.6 Administration and corporate costs	(622)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(3,131)

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	3,735	-
10.4	Total net assets	1,891	-
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: 31 January 2017

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.