



**ANIMOCA BRANDS CORPORATION LTD**  
**ABN 29 122 921 813**

**Q3 2015 Report**

**Highlights**

- Unaudited revenues of A\$2.07 million recorded in Q3 2015, an average of A\$690 thousand per month and up 21.56% quarter on quarter from unaudited revenues of A\$1.7 million in Q2 2015
- Strong operating metrics: total number of installations continued to rise reaching 159.1 million and MAUs grew by 70% to 10.88 million
- Secured cash investment of A\$3.1 million at A\$0.21 per share from strategic partner Ourpalm Co. Ltd, China's leading listed mobile and social web game developer and publisher
- Appointment of Steven Hu, co-CEO of Ourpalm, to the Board of Directors, brings in-depth knowledge of the Chinese mobile gaming market
- Paris Hilton virtual merchandise launched in existing and highly successful mobile app Star Girl

**Hong Kong – 30 October 2015:** Animoca Brands (ASX:AB1 or the "Company") is pleased to provide an update on its performance in Q3 2015.

**Operational Update**

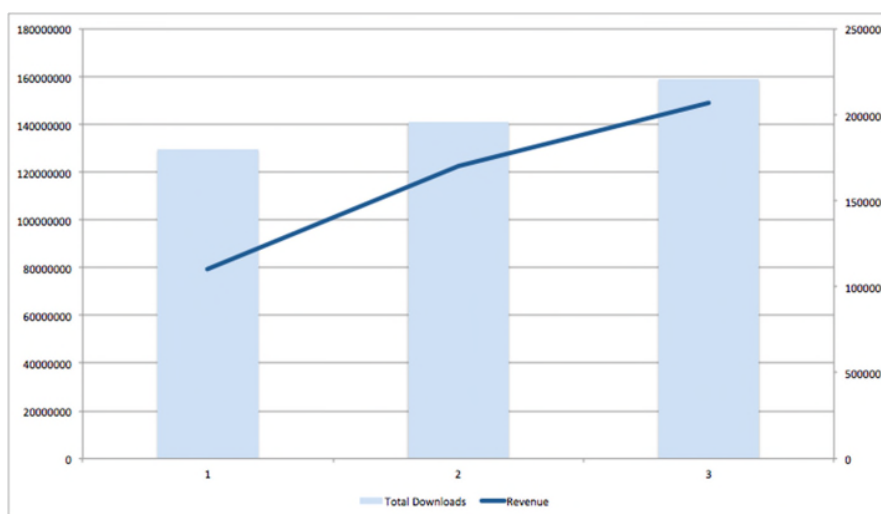
During the September quarter key operating statistics showed strong growth, with the average monthly active users ("MAU's") reaching 10.88 million, a significant 70% increase on the previous June quarter (6.4million). This was driven by continued growth in existing games, as well as the addition of new titles to the portfolio.

The Company saw an average of 6.1 million new users per month, an increase of 65% on Q2 2015 (3.7 million). The quarter saw the Company's total downloads across its game portfolio continue to rise, reaching a total of 159.1 million downloads.

During the quarter, Animoca Brands experienced modest growth across its game portfolio. During the quarter the Company released 9 new titles, bringing its total number to 394. This compares to the previous quarter, which saw the Company release a total of 27 new titles.

	Q1	Q2	Q3
<b>MAUs</b>	7.9 million	6.4 million	10.9 million
<b>Average Monthly New Users</b>	5.4 million	3.7 million	6.1 million
<b>Total Apps</b>	358	385	394
<b>New Apps</b>	22	27	9
<b>Revenue</b>	\$1.1 million	\$1.7 million	\$2.1 million
<b>Average Monthly Revenue</b>	\$367,000	\$567,000	\$690,000
<b>Total Downloads</b>	129.7 million	141.0 million	159.1 million

**Strong correlation between total downloads and revenue growth**, validating the Company's strategy to focus on generating a higher volume of games based on strong Intellectual Property.



In August, Animoca Brands and AID Partners announced the availability of Paris Hilton virtual merchandise in the existing and highly successful mobile app *Star Girl*, a fashion role-playing game popular with a global female audience. This marked an expansion in strategy for the Company, being the first time that Animoca Brands has introduced branded goods into an existing game.

On 29 October 2015 the Company launched its first game in partnership with Mattel. The game is based on Ever After High, a popular franchise of fashion dolls, animated series and books and is available to download for free globally from the Apple Store and Google Play.

The Company's strategy to focus on growing its game portfolio has proved successful to date and it will continue to focus on generating games based on strong brands in order to drive ongoing user growth.

### **Corporate Update**

During the quarter the Company secured a A\$3.1 million investment from strategic investor Ourpalm. Ourpalm has now invested A\$3.1 million in cash in consideration for 14,785,714 shares representing 11.03% of the Company's share capital at \$0.21 per share.

Both parties have entered into a Framework Publishing Agreement, which includes a revenue share agreement on all apps developed in partnership and distributed through the Company globally or through Ourpalm in China.

As part of the investment Ourpalm also nominated one director to the Board of Directors of the Company and on 28 August 2015 Mr. Steven Hu, co-CEO of Ourpalm was appointed as Non-Executive Director of Animoca Brands following completion of the investment.

With his experience spearheading the transformation of Ourpalm into a global gaming company, Mr. Hu's appointment is expected to provide Animoca Brands with access to in-depth knowledge of the Chinese mobile gaming market.

### **Cash Position**

During the quarter, the Company received total cash receipts from customers of A\$1.398 million and produced aggregate cash outflows of A\$2.986 million, resulting in a net cash outflow of A\$1.588 million. Of the aggregate cash outflows, A\$1.065 million were items related to listing and fundraising expenses, or that were otherwise non-recurring in nature. Therefore, net cash outflow for the quarter, subtracting non-recurring items, was A\$0.523 million. Relative to the aggregate cash outflow this quarter, the Company expects there to be materially less cash outflows in the coming quarters as a result of recent partnership and product announcements which will impact the results in the coming months. The Company ended the quarter with a cash balance of A\$1.539 million, which the Company believes will sustain operations for the foreseeable future into 2016.

### **Outlook**

The progress made this quarter towards expanding licensed IP and the distribution network is expected to have a significant impact on the Company's revenues, cash flows, and ability to acquire new users in Q4 2015 and into 2016.

In the previous quarter Animoca Brands partnered with Mattel on a license agreement, which was a landmark agreement for the Company. Through its partnership with Mattel the Company intends to develop and launch a number of apps based on Mattel's intellectual properties including Thomas and Friends, MEGA BLOKS, Hot Wheels, Monster High and more. This partnership, in addition to other recently announced deals, are expected to contribute positively to the revenues and cash flows of the Company over the coming quarters.

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Animoca Brands Corporation Limited

ABN

29 122 921 813

Quarter ended ("current quarter")

30 September 2015

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter AUD\$'000	Year to date (9 months) AUD\$'000
1.1	Receipts from customers	1,398	4,001
1.2	Payments for (a)staff costs	(1,028)	(2,663)
	(b)advertising and marketing	(1,134)	(1,770)
	(c)research and development	-	-
	(d)leased assets	-	-
	(e)other working capital	(149)	(1,098)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (Cost of sales)	(675)	(1,887)
	<b>Net operating cash flows</b>	<b>(1,588)</b>	<b>(3,412)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter AUD\$'000	Year to date (9 months) AUD\$'000
1.8 Net operating cash flows (carried forward)	(1,588)	(3,412)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	(10)	(15)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	(401)
1.12 Loans repaid by other entities	-	401
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	(10)	(15)
<b>1.14 Total operating and investing cash flows</b>	(1,598)	(3,427)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	3,105	3,105
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	(908)
1.19 Dividends paid	-	-
1.20 Other (Capital raising costs)	-	-
<b>Net financing cash flows</b>	3,105	2,197
<b>Net increase (decrease) in cash held</b>	1,507	(1,230)
1.21 Cash at beginning of quarter/year to date	217	2,855
1.22 Exchange rate adjustments to item 1.20	(185)	(86)
<b>1.23 Cash at end of quarter</b>	1,539	1,539

+ See chapter 19 for defined terms.

## Payments to directors of the entity and associates of the directors

## Payments to related entities of the entity and associates of the related entities

		Current quarter AUD\$'000
1.24	Aggregate amount of payments to the parties included in item 1.2	110
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions	

## Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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## Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$AUD'000	Amount used \$AUD'000
3.1	Loan facilities	
3.2	Credit standby arrangements	

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$AUD'000	Previous quarter \$AUD'000
4.1	Cash on hand and at bank	1,539	217
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		<b>1,539</b>	<b>217</b>

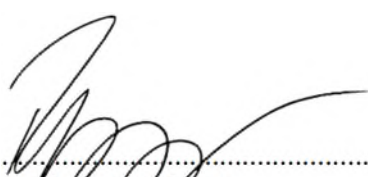
**Acquisitions and disposals of business entities**

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....

  
 Robert WHS Yung  
 Managing Director

Date: 30 October 2015

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+ See chapter 19 for defined terms.

## 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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