



ASX Announcement Animoca Brands Q4 2015 Report

Highlights

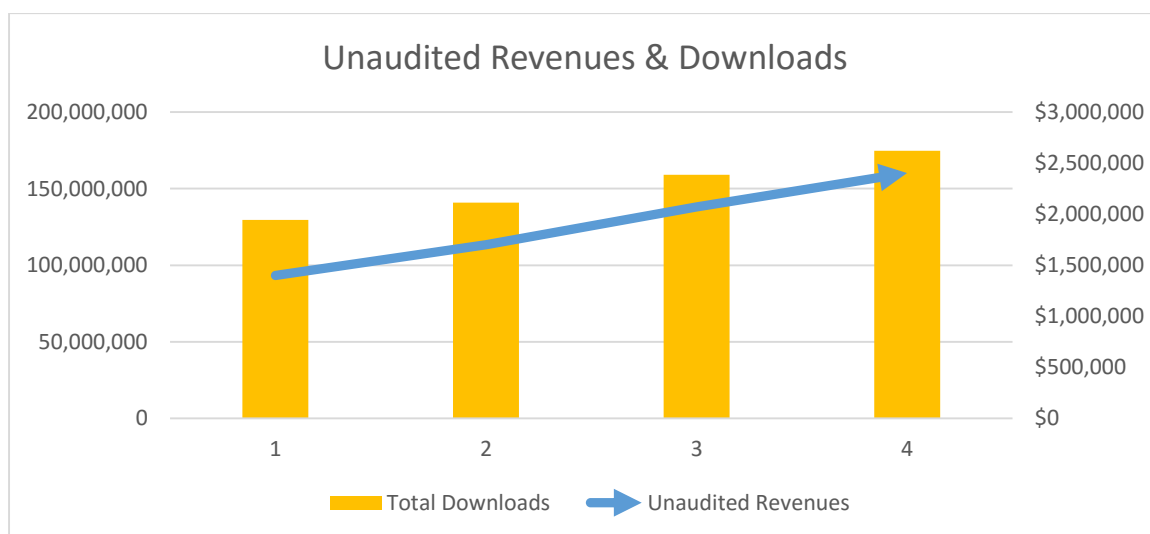
- Cash receipts from customers increased in the quarter to \$1.6m, a 16.7% increase over the September 2015 quarter and a 697% increase on the previous corresponding quarter in December 2014
- Unaudited revenue of A\$2.39m recorded in Q4 2015, an average of A\$797,000 per month, and up 15.46% quarter on quarter from unaudited revenues of A\$2.07m in Q3 2015
- Strong operating metrics: total number of installations continued to rise, reaching 174.7m and average monthly active users ("MAU's") of 9.07m were recorded
- Secured cash investment of A\$4.69m at A\$0.14 from investors in December 2015 to fund growth of the existing business and the expansion into e-books
- Successful launches of first co-development projects with Mattel Inc., including *Ever After High™ Tea Party Dash*, and *Thomas and Friends™: Race On!*
- Well funded to continue to drive product development and fuel expansion of the user base, ahead of implementing a number of new monetisation opportunities

HONG KONG 29 January 2016 - Animoca Brands (ASX: AB1 or the "Company") has today released its Appendix 4C Report for the three-month period to 31 December 2015 and is pleased to provide a review of the progress made during the period.

Financial and Operational Update

Cash receipts from customers increased in the quarter to \$1.6m, a 16.7% increase over the September 2015 quarter and a 697% increase on the previous corresponding quarter in December 2014. Net operating cashflows in the quarter were materially less negative, at \$(0.7)m, compared to the September 2015 quarter of \$(1.6)m, primarily due to higher receipts from customers and the payment of marketing costs now being in equilibrium with the company's reporting periods. This trend in the improvement of net operating cashflow is expect to continue over the coming quarter.

Unaudited revenues of A\$2.39m were recorded in Q4 2015, an average of A\$797,000 per month, up 15.46% from unaudited revenues of A\$2.07m in Q3 2015. The increase was driven by the ongoing growth in total downloads for the period which reached 174.7m by 31 December 2015, a 10% increase on the prior quarter.



The correlation between total downloads and revenue growth continues to validate the Company's strategy of releasing a high volume of apps based on leading brands with global appeal.

CY2015	Q1	Q2	Q3	Q4
MAU's	7.9m	6.4m	10.9m	9.07m
Average Monthly New Users	5.4m	3.7m	6.1m	5.2m
Total Apps	358	385	394	411
New Apps	22	27	9	17
Revenue (A\$)	\$1.4m	\$1.7m	\$2.1m	\$2.4m
Average Monthly Revenue (A\$)	\$467,000	\$567,000	\$690,000	\$797,000
Total Downloads	129.7m	141.0m	159.1m	174.7m

During Q4 2015, key operating statistics continued to strengthen, with the average MAU's reaching 9.07m, up 70% on the average 5.33m MAU's in Q4 2014. While this number was a slight decrease from the 10.9m achieved in Q3, many key products were held for launch until the Christmas holiday period at the very end of Q4, including *Thomas and Friends™: Race On!*, *Ever After High™ Charmed Style*, and *Groove Planet*, and it is expected that the MAU's and other metrics of Company will only fully-reflect the performance of these Q4 titles in Q1 2016.

The Company saw an average of 5.2m new users per month, an increase of 63% on Q4 2014. The quarter saw the Company's total downloads across its game portfolio continue to rise, reaching a total of 174.7m at year end.

During the period the Company released 17 new titles, bringing the total number of revenue generating games to 411. This compares favourably to the previous quarter, which saw the Company release a total of 9 new titles. The Company has a strong pipeline of games that are nearing release, in development, or to be developed.

Investment in TinyTap Ltd.

During the quarter, the company invested A\$205,000 in TinyTap Ltd. ("TinyTap"), an unlisted technology company based in Israel. TinyTap provides software tools in mobile app development. As a shareholder the commercial relationship has been strategically strengthened.

Ongoing Game Development

In October, the Company launched its first game in partnership with Mattel, called *Ever After High™ Tea Party Dash*, based upon Mattel's popular girls' brand *Ever After High™*. The Company continued its partnership with Mattel in December with the launch of its first app focused on boys called *Thomas and Friends™: Race On!*, featuring Thomas the Tank Engine, the beloved children's character who is turning 70 years old.

The Company continues to work with Mattel to jointly develop games based on Mattel's leading portfolio of brands and further games will be launched throughout 2016, accelerating the global reach of Animoca Brands apps.

December also saw the launch of *Groove Planet*, a novel music-related game that received accolades from industry reviewers and was featured prominently by Apple. *Groove Planet* was widely downloaded in the Christmas period and is indicative that the Company continues to successfully innovate in a crowded marketplace. The Company also launched its first app in partnership with Lionsgate Entertainment, featuring characters from their animated feature, *Norm of the North*.

Corporate Update

During the quarter, the Company raised A\$4.69m by way of a share placement to sophisticated and professional investors at A\$0.14 per share, issuing 33,504,141 new shares. These funds will be invested in the development of new mobile entertainment products and the launch of subscription based products such as e-books, opening up new revenue streams.

The proceeds of the fundraise are enabling Animoca Brands to accelerate and fuel its expansion into the rapidly growing mobile gaming industry through ongoing product development and the launch of new mobile entertainment products and subscription based products including E-books.

Cash Position

During the quarter, the Company received total cash receipts from customers of A\$1.632m and produced aggregate cash outflows of A\$2.301m, resulting in a net cash outflow of A\$0.669m. Staff costs remained flat, while advertising and marketing cash flow was down significantly on Q3. In addition, the Company successfully raised A\$4.69m by way of a share placement, further strengthening the Company's balance sheet. The Company ended the quarter with a cash balance of A\$4.937m, which the Company believes will sustain operations for the foreseeable future in 2016.

Outlook

The progress made in Q4 towards expanding the Company's catalogue of products based on licensed intellectual property, particularly those featuring brands from the Mattel Corporation, is expected to have a significant impact on the Company's revenues, cash flows, and ability to acquire new users in 2016.

Following on the successful share placement in December 2015, the Company is sufficiently capitalised to fund the growth of the existing business and well-positioned to launch new lines of business in the coming quarters.

The Company has earmarked a number of growth initiatives, which it intends to roll out in 2016. These include a focus on children's entertainment (including E-book products) across its brand portfolio. With the addition of the Mattel brands, the Company has a wealth of leading brands to leverage for the development of both its mobile apps and E-Books including Thomas & Friends, Hot Wheels®, Monster High®, Thomas and Friends®, Barbie® and more.

Animoca Brands will also look to make full use of advertising revenue opportunities across its portfolio. As advertising on mobile continues to grow (global mobile advertising revenue increased by 64% in 2014 to US\$31.9 billion – *IAB Mobile Global Ad Revenue Report*) the Company is well positioned to tap into the advertising market and leverage its highly active user base.