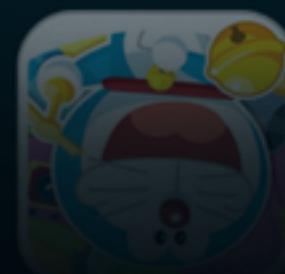


Animoca Brands (ASX:AB1)



Bell Potter Emerging Leaders Conference  
23 March 2016 | Sydney



# Disclaimer

This presentation has been prepared by Animoca Brands Corporation Limited (“AB1” or the “Company”). It does not purport to contain all the information that a prospective investor may require in connection with any potential investment in the Company. You should not treat the contents of this presentation, or any information provided in connection with it, as financial advice, financial product advice or advice relating to legal, taxation or investment matters.

No representation or warranty (whether express or implied) is made by the Company or any of its officers, advisers, agents or employees as to the accuracy, completeness or reasonableness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this presentation or provided in connection with it, or any omission from this presentation, nor as to the attainability of any estimates, forecasts or projections set out in this presentation.

This presentation is provided expressly on the basis that you will carry out your own independent inquiries into the matters contained in the presentation and make your own independent decisions about the affairs, financial position or prospects of the Company. The Company reserves the right to update, amend or supplement the information at any time in its absolute discretion (without incurring any obligation to do so).

Neither the Company, nor its related bodies corporate, officers, their advisers, agents and employees accept any responsibility or liability to you or to any other person or entity arising out of this presentation including pursuant to the general law (whether for negligence, under statute or otherwise), or under the Australian Securities and Investments Commission Act 2001, Corporations Act 2001, Competition and Consumer Act 2010 or any corresponding provision of any Australian state or territory legislation (or the law of any similar legislation in any other jurisdiction), or similar provision under any applicable law. Any such responsibility or liability is, to the maximum extent permitted by law, expressly disclaimed and excluded.

Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in the Company.

## Future matters

This presentation contains reference to certain intentions, expectations, future plans, strategy and prospects of the Company.

Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of the Company may be influenced by a number of factors, many of which are outside the control of the Company. No representation or warranty, express or implied, is made by the Company, or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved.

Given the risks and uncertainties that may cause the Company’s actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. The Company does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended.

For personal use only

# Company Overview

Animoca Brands is a leading global developer and publisher of mobile games, with one of the largest licensed brand portfolios in the industry.



ASX	AB1
52 Week Share Price	A\$0.12 - A\$0.28
Shares on Issue	167,520,708
Share Price	A\$0.21 (as at 10 Mar 2016)
Market Cap (undiluted)	A\$35.2 million (as at 10 Mar 2016)
Cash at bank	A\$4.94 million (as at 31 Dec 2015)

Substantial Shareholders	ordinary shares	%
FingerFun (HK) Ltd.*	14,785,714	8.83%
Asyla Investments Limited	14,021,882	8.37%
Datahouse Investments Limited	14,013,115	8.37%
Intel Capital Corporation	10,934,232	6.53%
Yong Hui Capital Holdings I and II, IDG-Accel China entities, and Chi Sing Ho	10,934,231	6.53%

\* Fingerfun (HK) Ltd. is a 100% subsidiary of Ourpalm.

## Portfolio of globally recognised brands



## Established distribution channels with global publishers



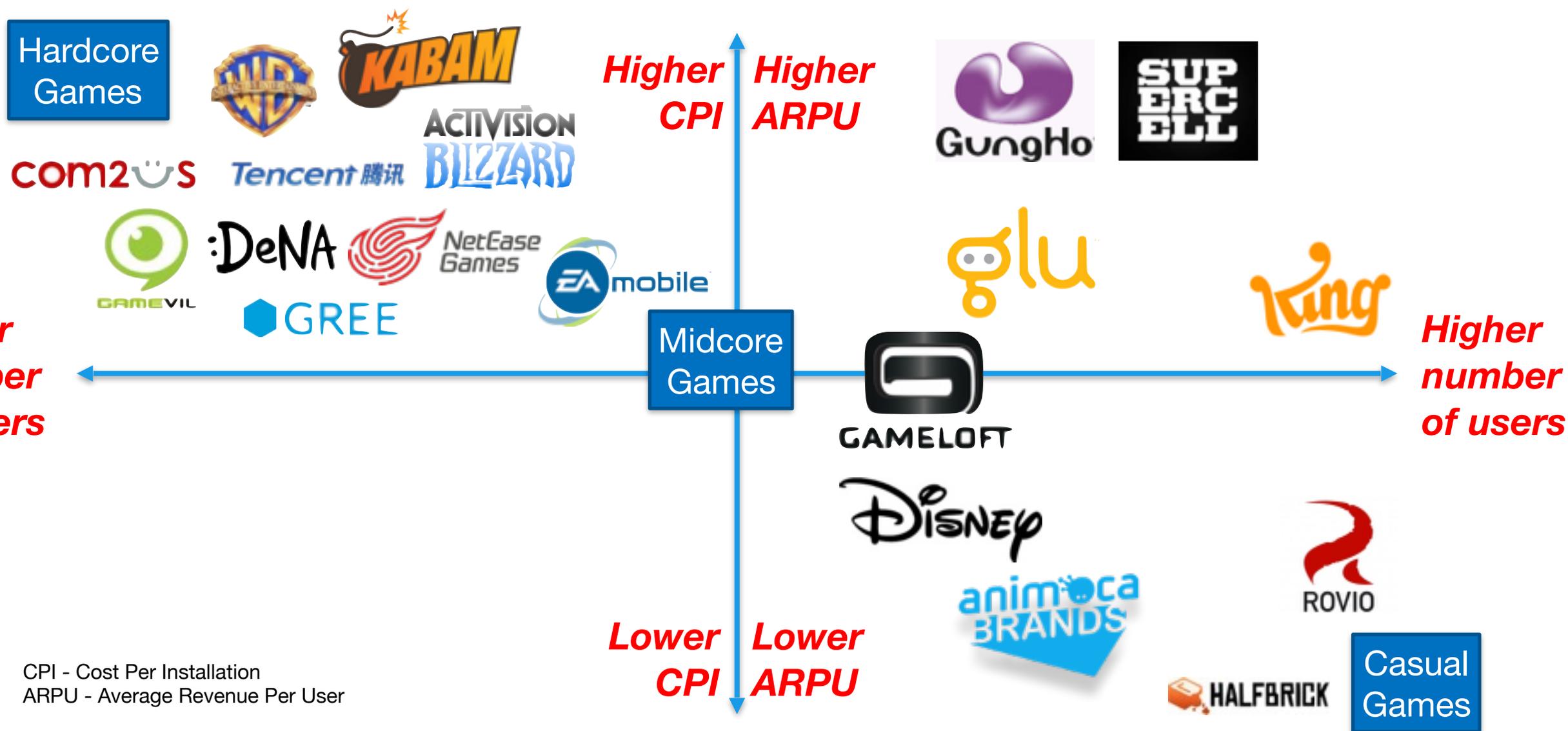
## Strong operating metrics

- 61m downloads in 2015
- over 174m lifetime downloads
- Average 8.6m monthly active users (MAUs) in 2015.

For personal use only

# Business Strategy

For personal use only



- Game companies tend to be hit-driven, but no guaranteed formulae for making a successful game.
- Animoca Brands has a portfolio approach, launching many more games than a typical studio in an effort to achieve a greater overall return on investment and diversify risk.
- The more games the company launches, the more chances it has to have a hit.

# Business Model

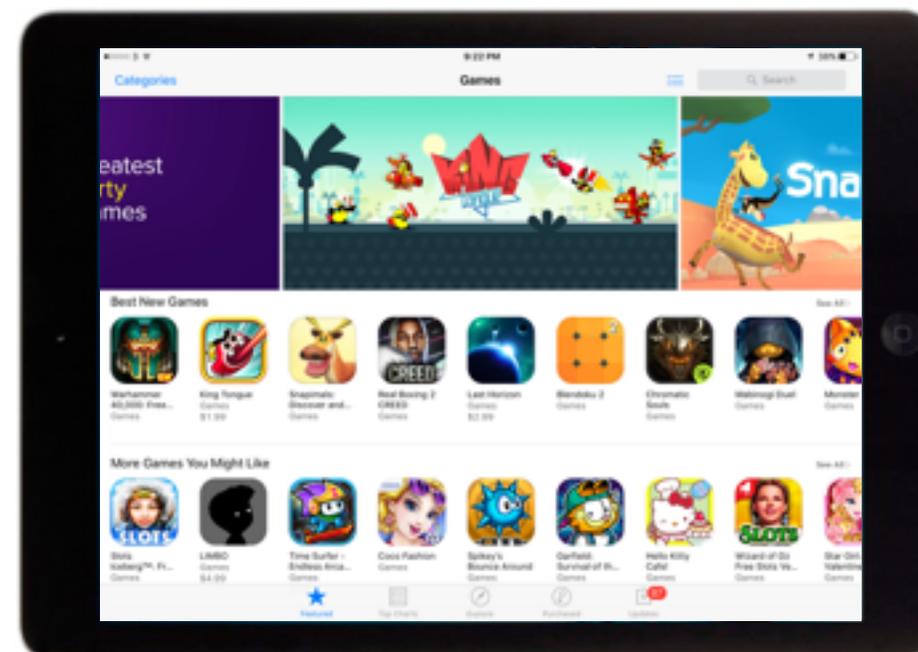
For personal use only



- Specialist developer and publisher of games for iPhone and Android mobile operating systems
- Focused on *casual* games, targeted at 3 – 5 minutes of play
- **Revenue is made in two ways:**
  - freemium model – free download with in-app purchases
  - advertising, which is typically sold to other mobile companies (gaming, transport, platforms).
- **Advertising typically accounts for 20 - 30% of revenues**, the remainder is in-app purchases.
- The higher the MAU's, the bigger the audience, the stronger one's ability to attract advertisers.
- **New e-book products to be sold on a subscription basis** – i.e. paid in full at time of download
- Vast majority of games sold through Apple, Google, and Amazon app store platforms for a 30% share of revenue
  - Android platform fees in China are materially higher but audience is huge

# Game Deployment Models

- Our games get to market in two ways:
  - Self-developed and self-published, usually with licensed characters
  - Developed by third parties and published by Animoca Brands
- Royalties of 25 - 40% of net revenues (i.e. post platform fees) are generally paid on licensed characters.



## Three Development Models

### Developer / Publisher Model

- Animoca develops and distributes games
- 100% of costs borne by company
- 100% of revenues (after platform fees) earned by company

### Publisher Model

- 3rd party develops the game
- Animoca distributes the game and incurs marketing and distribution costs
- Net revenues (after platform and recovery of marketing costs) are typically shared equally with developer

### Partnership Model

- Animoca Brands and partner co-develop the game and share distribution and marketing costs.
- Net revenues (after platform fees) are shared equally.

# The Largest Brand Portfolio in Mobile Gaming

Animoca Brands is the licensee of some of the largest brands for use in mobile games, including:

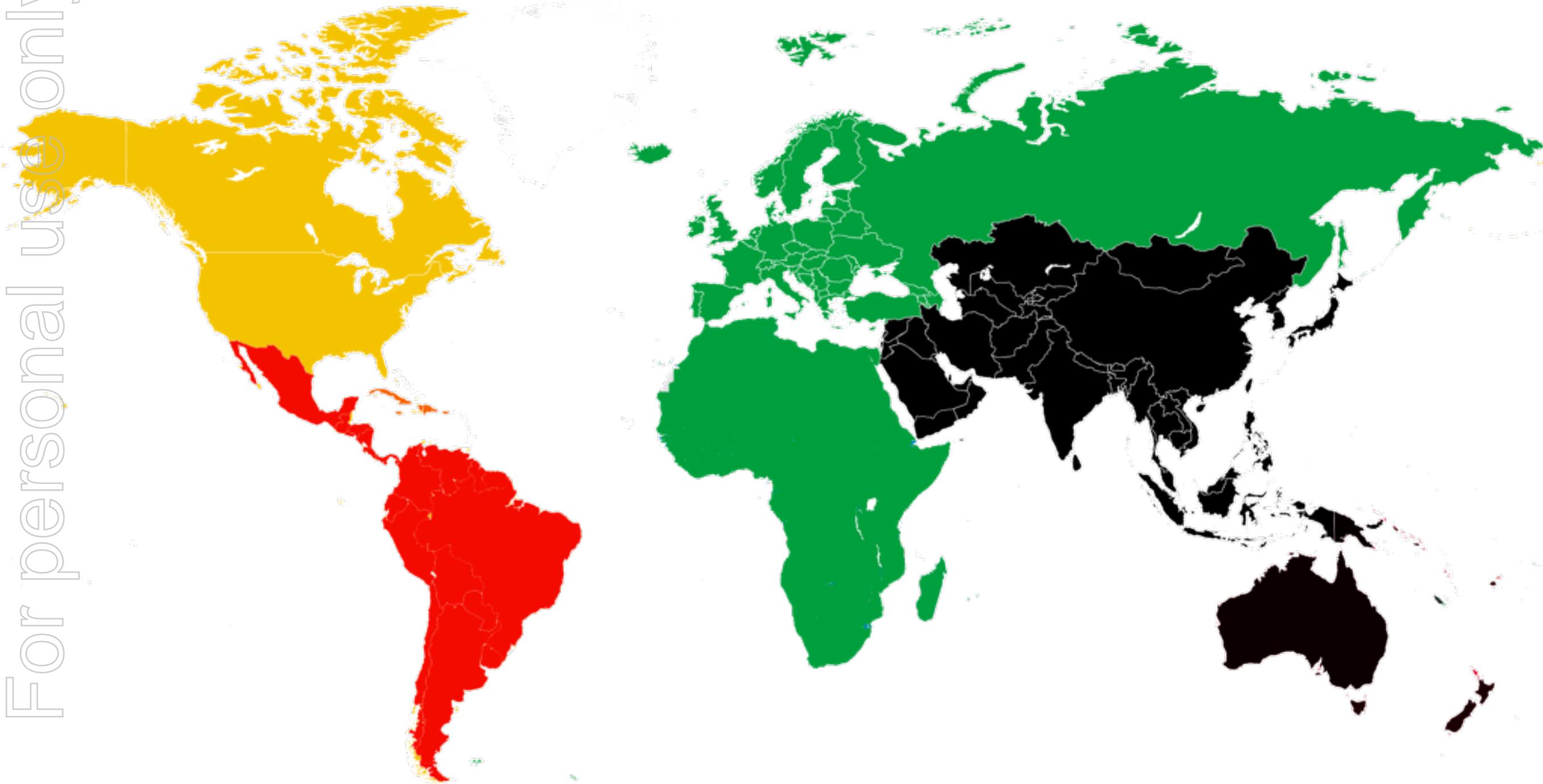


For personal use only

# THE MARKET

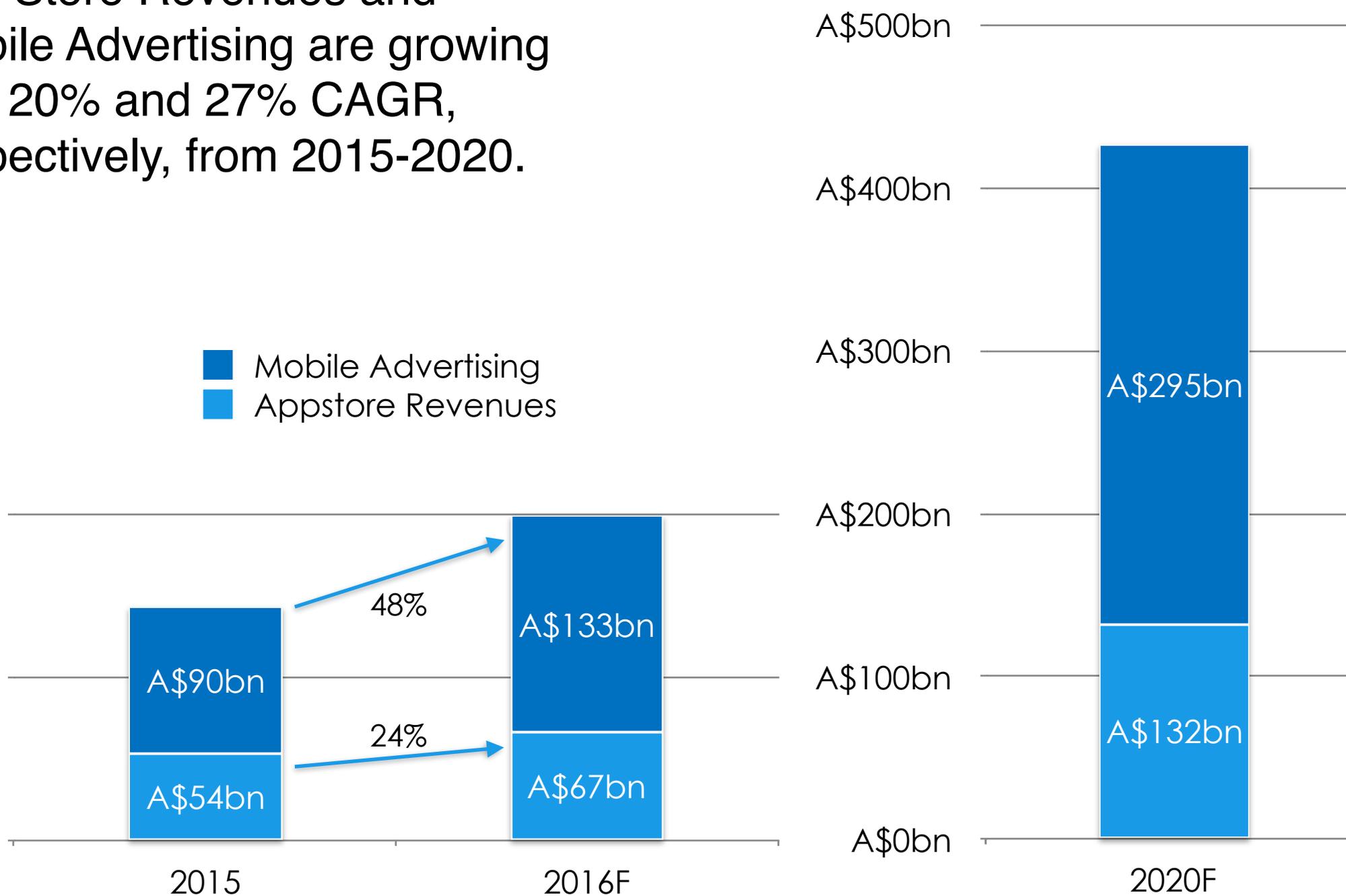


For personal use only



# The Global Mobile Entertainment Market is Huge

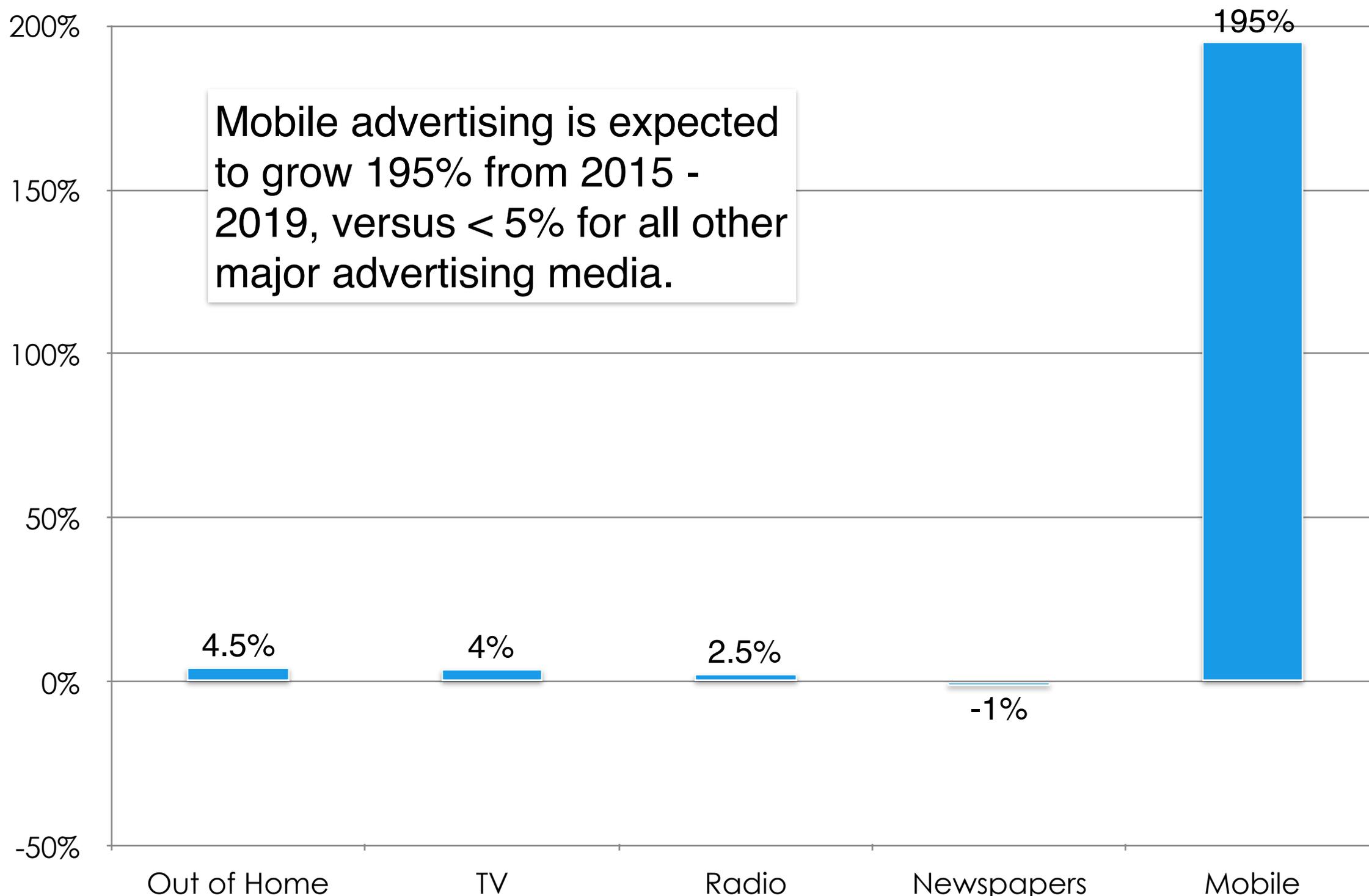
App Store Revenues and Mobile Advertising are growing at a 20% and 27% CAGR, respectively, from 2015-2020.



For personal use only

# Mobile is the fastest growing ad segment

For personal use only



# Global App Engagement Continues to Surge

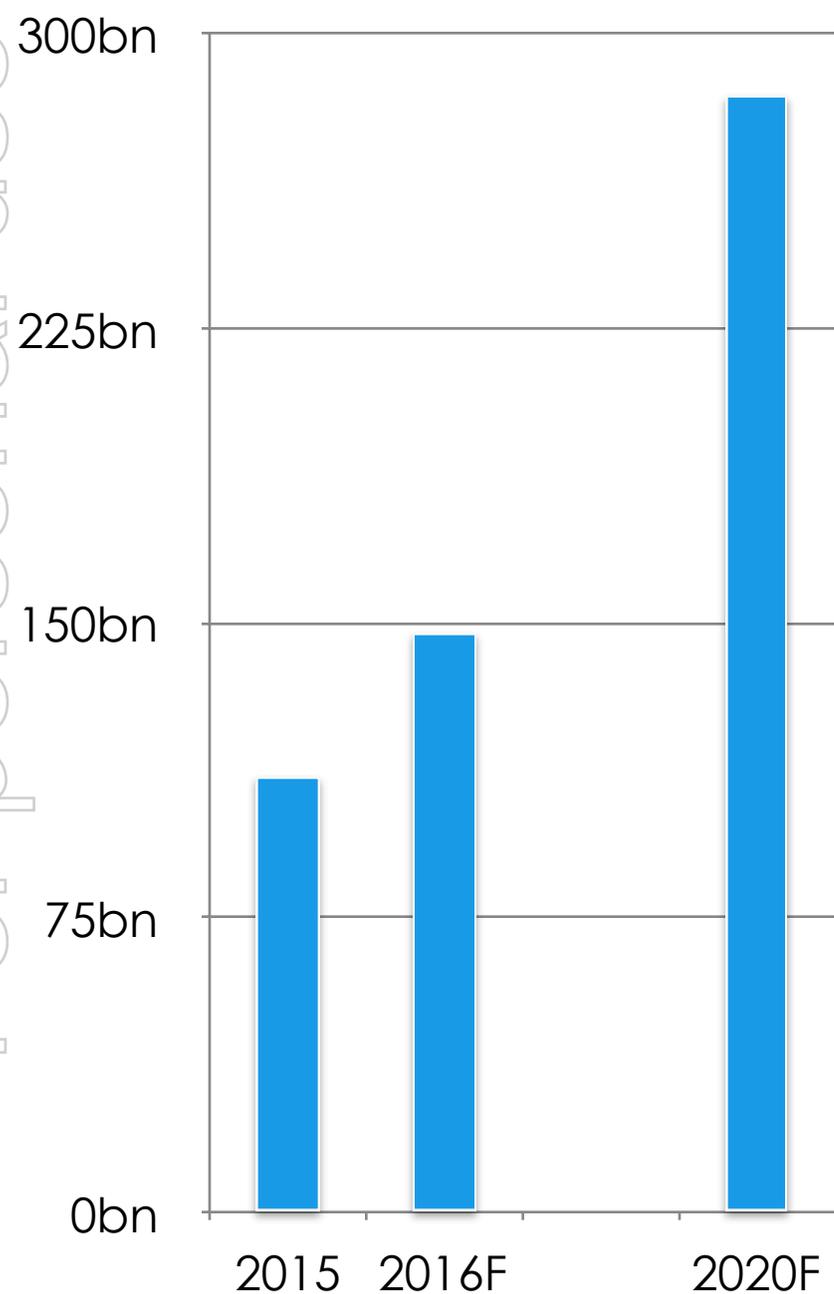
For personal use only

**Up 32.4%**

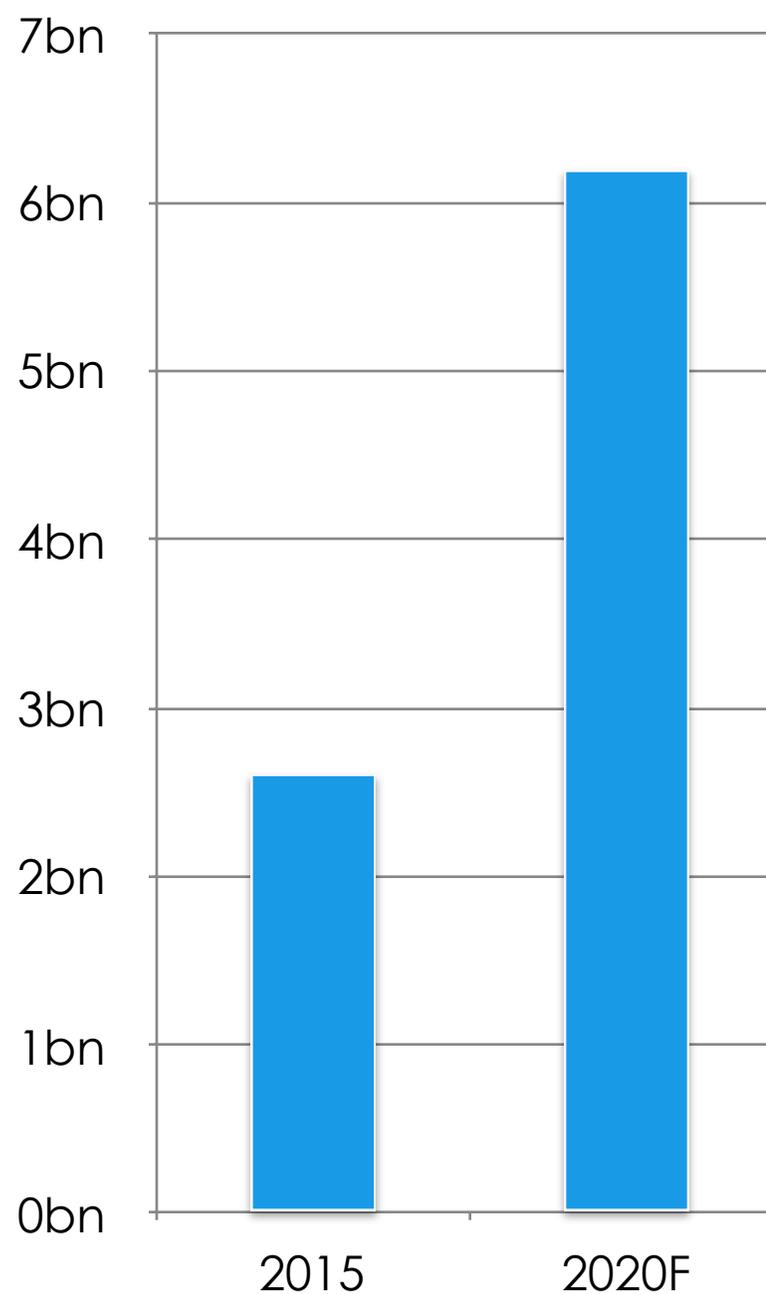
**Up 138.5%**

**Up 63%**

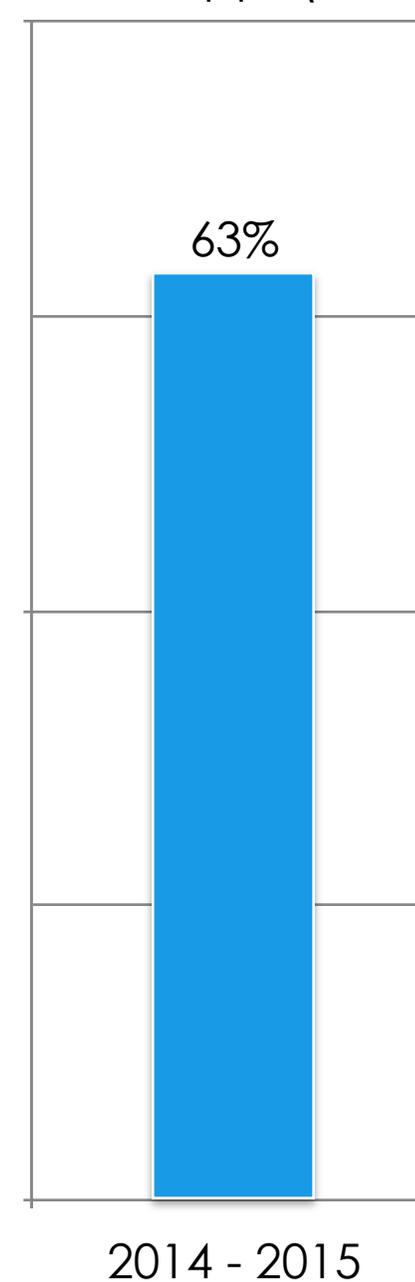
■ Global App Downloads



■ Global Installed Base



■ Time Spent in Android Apps (ex-China)



# AB1 Compared to Global Trends

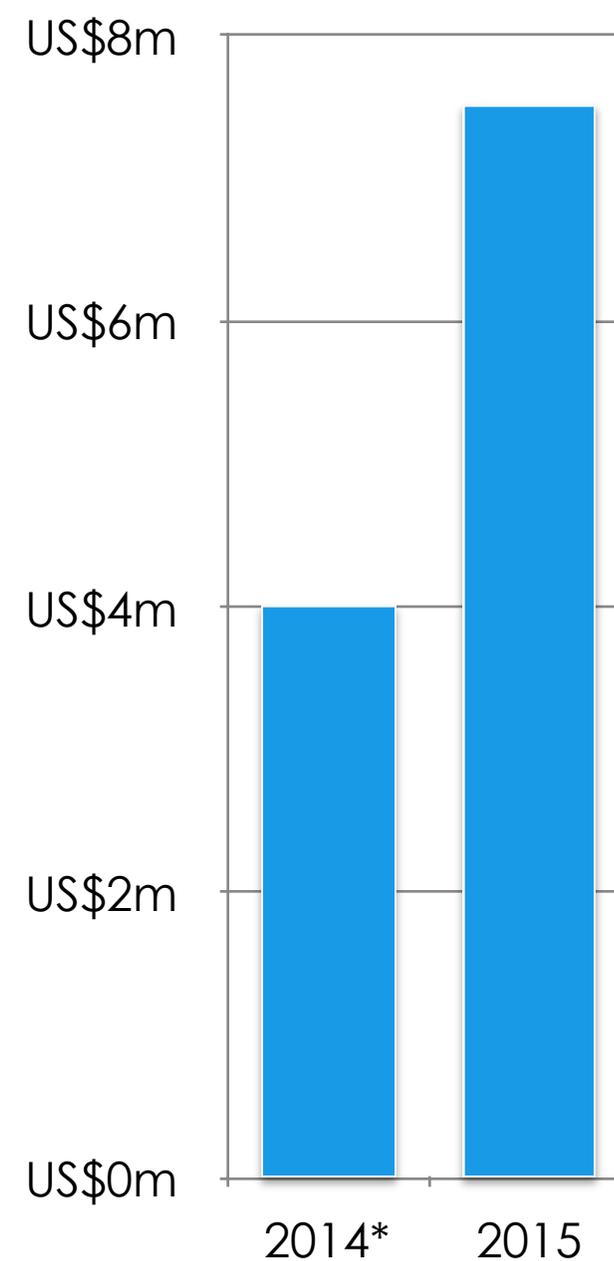
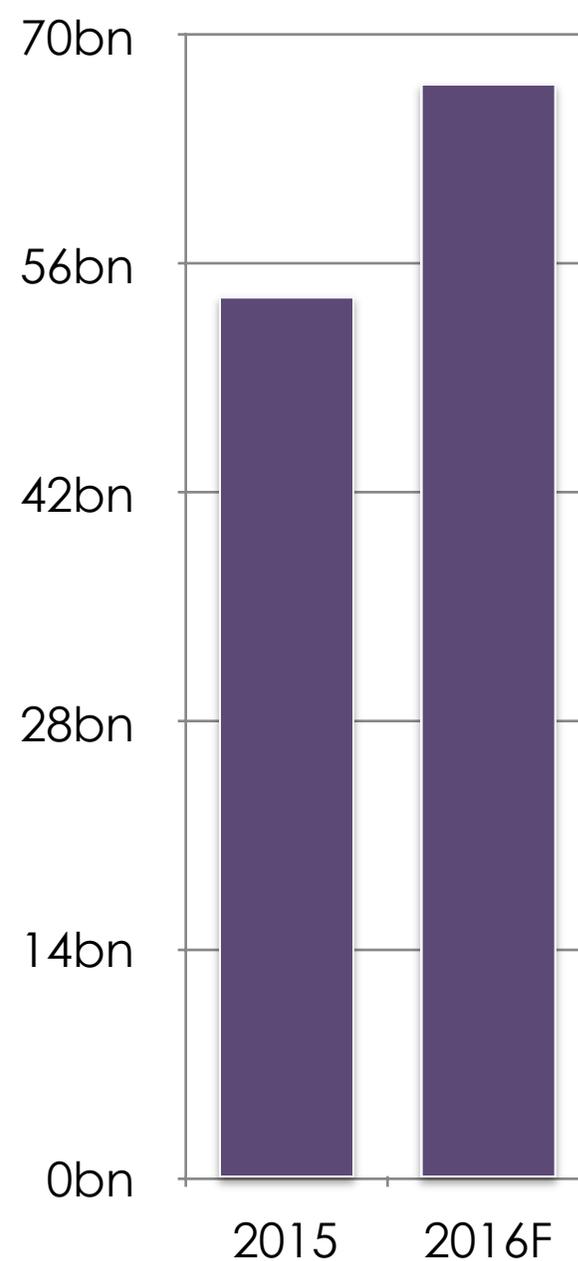
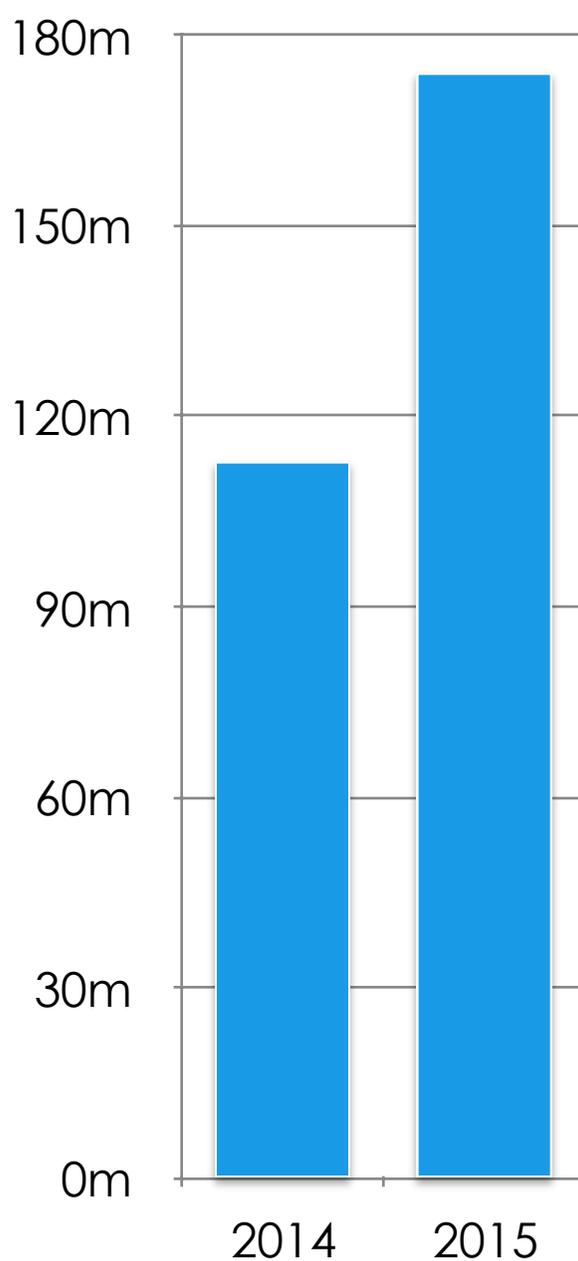
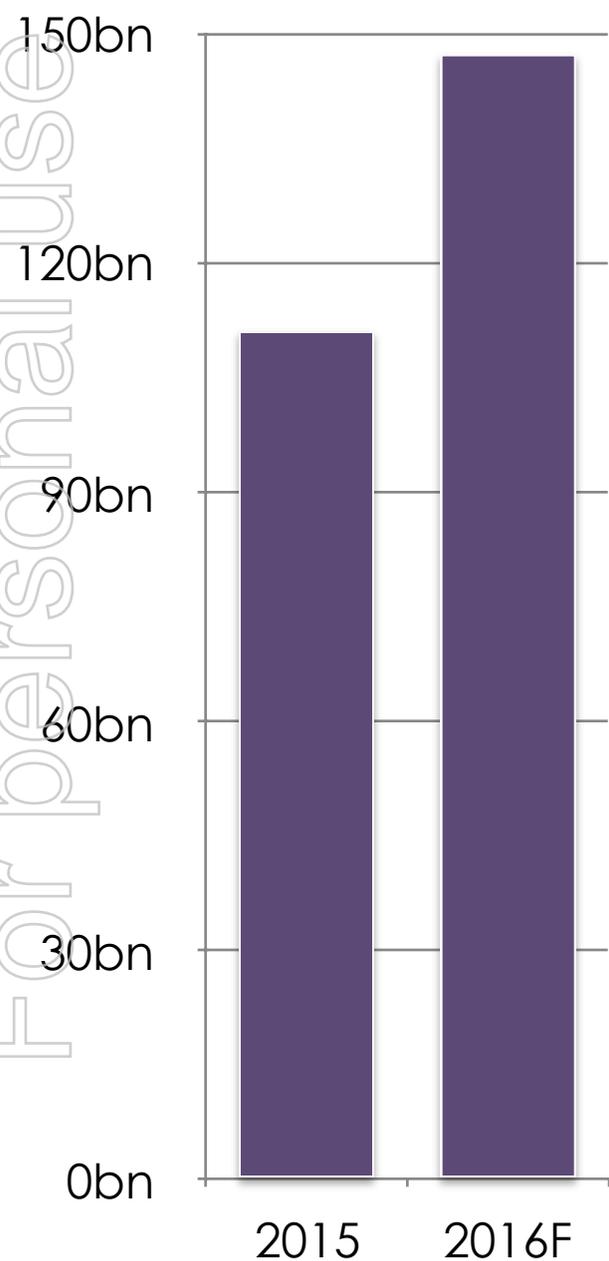
**Up 32.4%**

**Up 53.9%**

**Up 24%**

**Up 69%**

■ Global App Downloads 
 ■ AB1 App Downloads 
 ■ Global App Revenues 
 ■ AB1 App Revenues



For personal use only

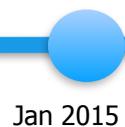
# A Year of Milestones

Successfully raised a total of A\$10.2m

Largest and Growing Brand Portfolio

Expansion of Distribution Channels

Successful listing on the ASX raising \$2.4m



Jan 2015

Doraemon Gadget Rush app dominated Asian charts, with 1.8m downloads in less than two weeks



Feb 2015

First celebrity license for the name and image of Paris Hilton



Mar 2015

Collaboration with Neocyon and Gravity, Gung Ho subsidiaries



Apr 2015

Ourpalm to publish Doraemon Gadget Rush



Agreement with Mattel, global toy producer, to license leading brands Thomas & Friends, Ever After High, Monster High, BLOKS, Bob the Builder and more

Framework Agreement with Ourpalm Co. Ltd signed for the development and distribution of the Company's apps in China



May 2015

Google Play store "Designed for Families" incorporates 15 Animoca Brands' apps



Google play  
Jun 2015

A\$3.1m investment secured from strategic investor Ourpalm



July 2015

Appointment of Mr Steven Hu, co-CEO of Ourpalm, as Non-executive Director

First Paris Hilton branded merchandise published in popular Star Girl app



Aug 2015

Distribution agreement with Tencent to publish successful Armies of Dragons app



Sept 2015

Launch of first mobile game in partnership with Mattel: Ever After High, Tea Party Dash!



Oct 2015

A\$4.7m placement to professional and institutional investors



Dec 2015

Launch of second mobile game in partnership with Mattel: Thomas & Friends: Race On!



Partnership with Lionsgate to produce mobile games for animated feature film Norm of the North

Xiaomi to publish popular Garfield Chef in China

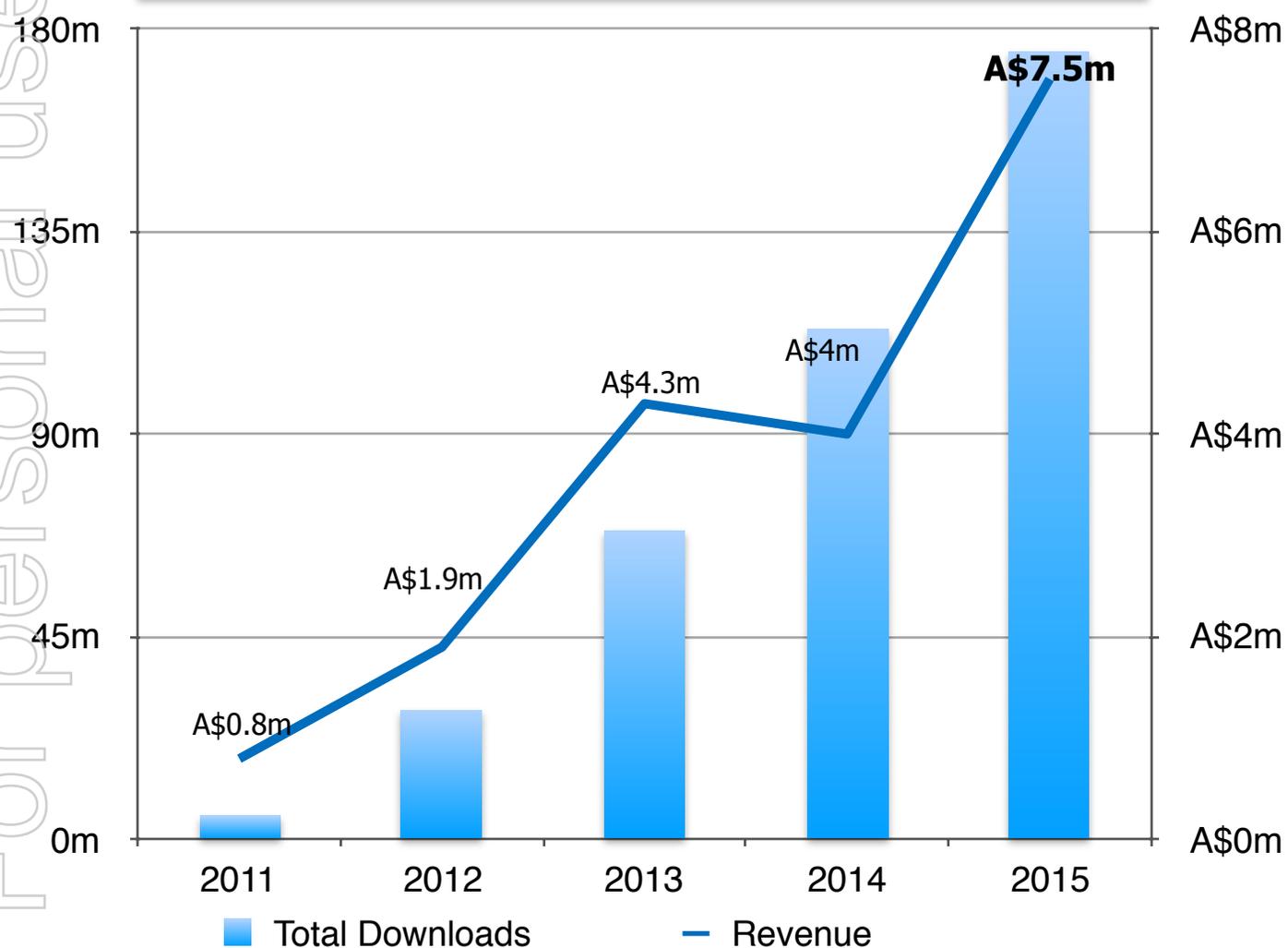


2016

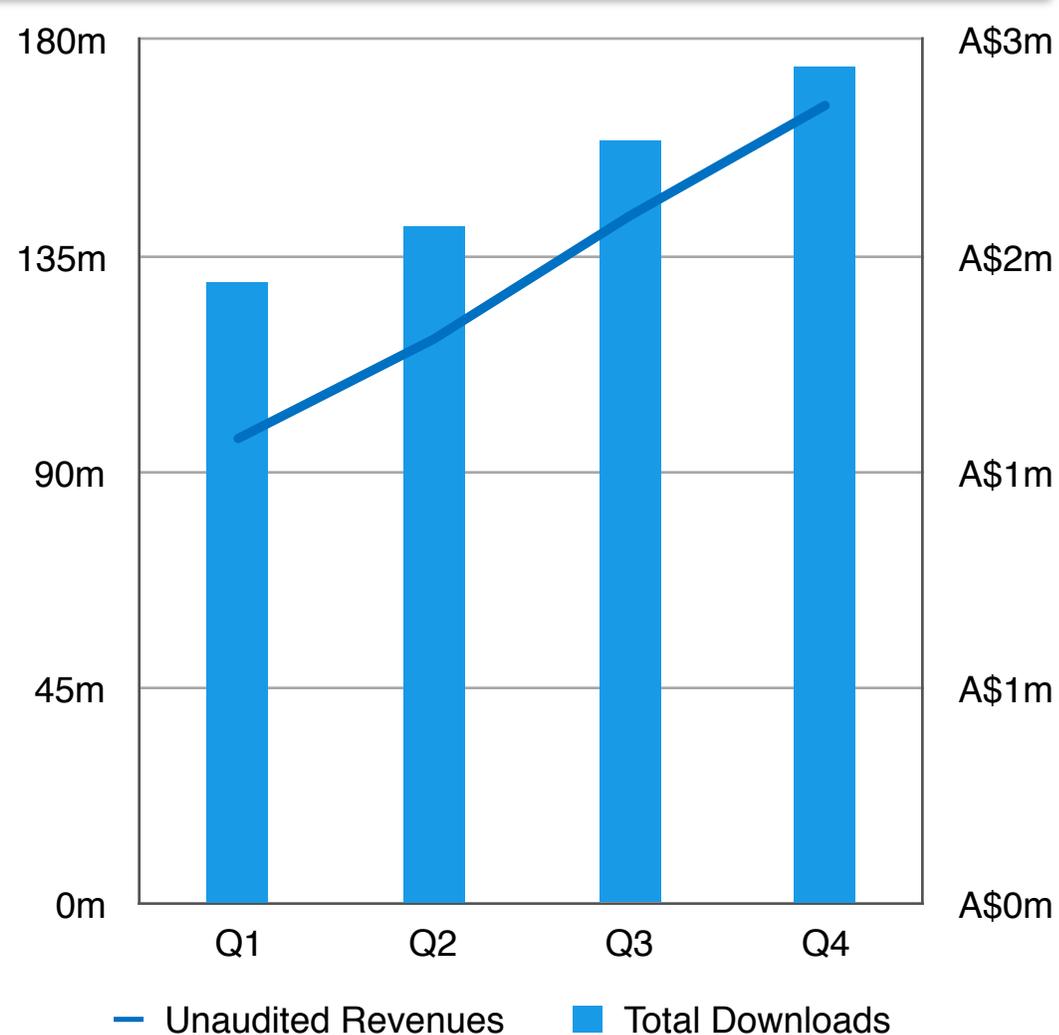
# Revenue Growth of 69%, YoY to A\$7.5m

Strong correlation between total app downloads and revenues, affirming the Company's strategy to focus on producing a high volume of games in order to drive users and revenue.

Annual Revenue Growth vs Total Downloads



Quarterly Revenue Growth vs Total Downloads FY2015



For personal use only

*Note: The 2014 revenues are comprised of pro forma results from January – June 2014, audited results from August – December 2014, and unaudited management accounts for July 2014. The pro forma revenue figures above are originally in US\$ and were disclosed in the Company's prospectus issued in December 2014 and have been translated to A\$ for reference purposes only. The rate used is the year end US\$/A\$ FX rate of the RBA, namely 1.2192 for the year ending 31 December 2014. Some of the quarterly revenue figures illustrated in the chart and table are originally in US\$ and have been translated to A\$ for reference purposes only. The rates used are the year end US\$/A\$ FX rate of the RBA, namely 1.1675, 1.2712, 1.2839, 1.3105, and 1.3917 for each of Q4 2014 through Q4 2015, respectively.*

# Partnerships with Leading Global Companies



Multinational toy manufacturing company with leading global brands under its umbrella.

Leading film producer, having created globally recognised films including *The Hunger Games* and *Divergent*.

Gung Ho Online Entertainment is a leading Japanese game corporation. Animoca has partnered with its subsidiaries Neocyon and Gravity.

mkt cap: \$15.2bn

mkt cap: \$4.4bn

mkt cap: \$3.5bn



World's 4th largest smartphone maker (61m handsets in 2015) who operates one of the leading Chinese app stores.

Ourpalm is China's leading listed mobile and social web developer and publisher with a global network of companies.

Chinese largest Internet company whose subsidiaries provide media, entertainment, internet and mobile phone services.

mkt cap: \$63bn

mkt cap: \$5.8bn

mkt cap: \$240bn

For personal use only

# OPERATIONAL OVERVIEW

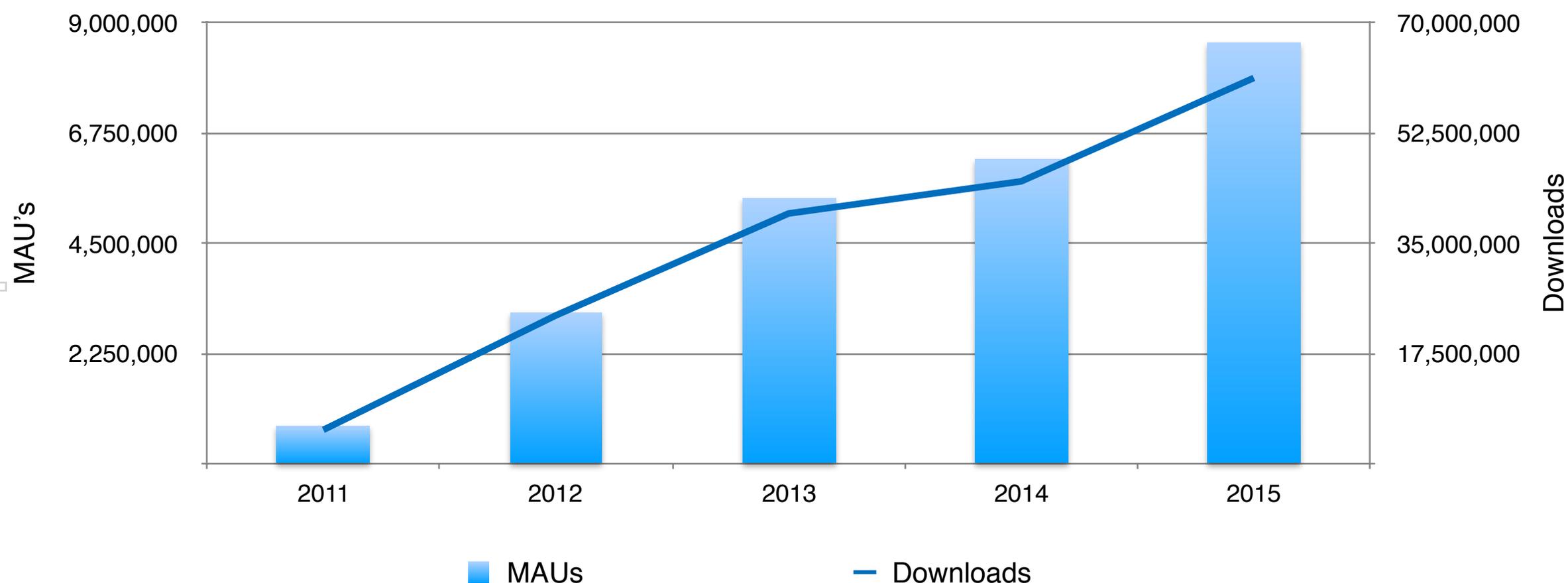


For personal use only



# Key Performance Metrics – Ongoing Growth

	2015	2014	% change
Cumulative new installations / downloads	174.7m	113.4m	+54%
Monthly average new installations / downloads	5.1m	3.7m	+38%
Average monthly active users (MAU's)	8.4m	6.2m	+35%
Titles released	75	92	-18%



For personal use only

# 75 New Games Launched – Total 411

For personal use only



# Many Critically - acclaimed titles

For personal use only

**NEWS**

## TouchArcade Game of the Week: 'Groove Planet'

AUTHOR: Jared Nelson | POSTED ON: 2015-12-04 21:16:21

Arcade, Featured, Free, Game Center, Game of the Week, Games, iPad Games, iPhone games, iPod touch games, Music / Rhythm, News, Universal

The idea behind the TouchArcade Game of the Week is that every Friday afternoon we post the one game that came out this week that we think is worth giving a special nod to. Now, before anyone goes over thinking this, it doesn't necessarily mean our Game of the Week pick is the highest scoring game in a review, the game with the best graphics, or really any other quantifiable "best" thing. Instead, it's more just us picking out the single game out of the week's releases that we think is the most noteworthy, surprising, interesting, or really any other hard to describe quality that makes it worth having if you were just going to pick up one.

These picks might be controversial, and that's OK. If you disagree with what we've chosen, let's try to use the comments of these articles to have conversations about what

App Store Japan

ビートに合わせて画面をタップする音楽系クリッカーゲーム、「グルーブプラネット」が登場。ライブラリ内の楽曲をゲームに使用できます。 [tw.appstore.com/6013BrA9c](http://tw.appstore.com/6013BrA9c)

RETWEETS: 20 | LIKES: 21

4:55 PM · 6 Dec 2015

THOMAS & FRIENDS  
**RACE ON!**

DADA Trains Education \$3.49

Sesame Street Makes Music Education \$3.49

Thomas & Friends: Race... Games

PlayKids - Preschool... Education

Disney Junior Magic Phone... Education \$3.49

KING OF KAI 3D Racing F... Games \$4.59

節'S DAY

DORAEMON 道具大暴走

Best New Apps

- Tyazou Sketches - Draw, paint... Productivity \$15.99
- Hopper - Flight Research &... Travel
- Pinkie Lifestyle
- 24 Days Productivity
- PosterLabs - Stylish collage... Photo & Video
- SwiftKey Keyboard Utilities
- ArtStack - discover art Lifestyle
- Voice Walker - Take PTT Productivity

Best New Games

- Doraemon: Gadget Push Games
- Dark Echo Games \$15.99
- LEGO® Ninjago Tournament Games
- Midnight Star Games
- Rambo Game
- BEAST BUSTERS... Games
- The Hardest Fight Games
- Breakin' Grounds Games

小米应用商店 APP.MI.COM

首页 专题 客户端 开发者

快速链接

- 游戏
- 装机必备
- 客户端下载
- 小米应用助手

应用分类

- 实用工具
- 影音视听
- 聊天与社交
- 图书与阅读

精品推荐

元旦新关卡 冲击排行 新年极限!!!

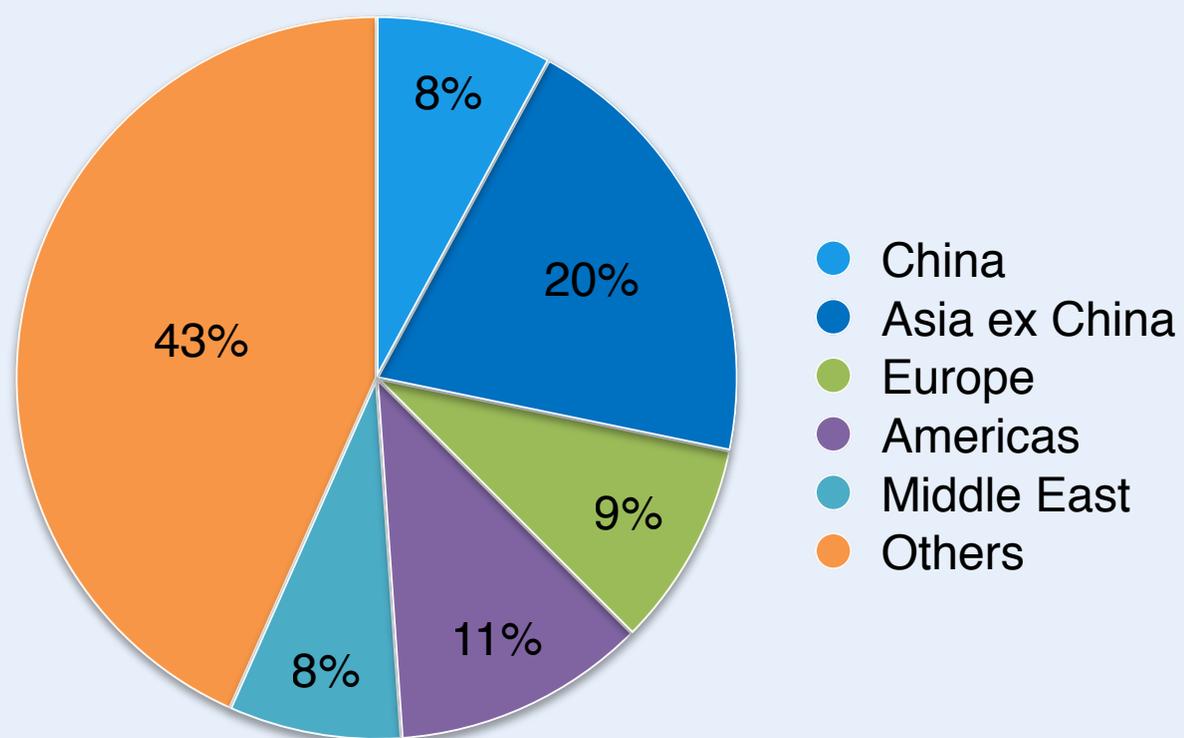
查看全部

# Key Metrics by Region FY15

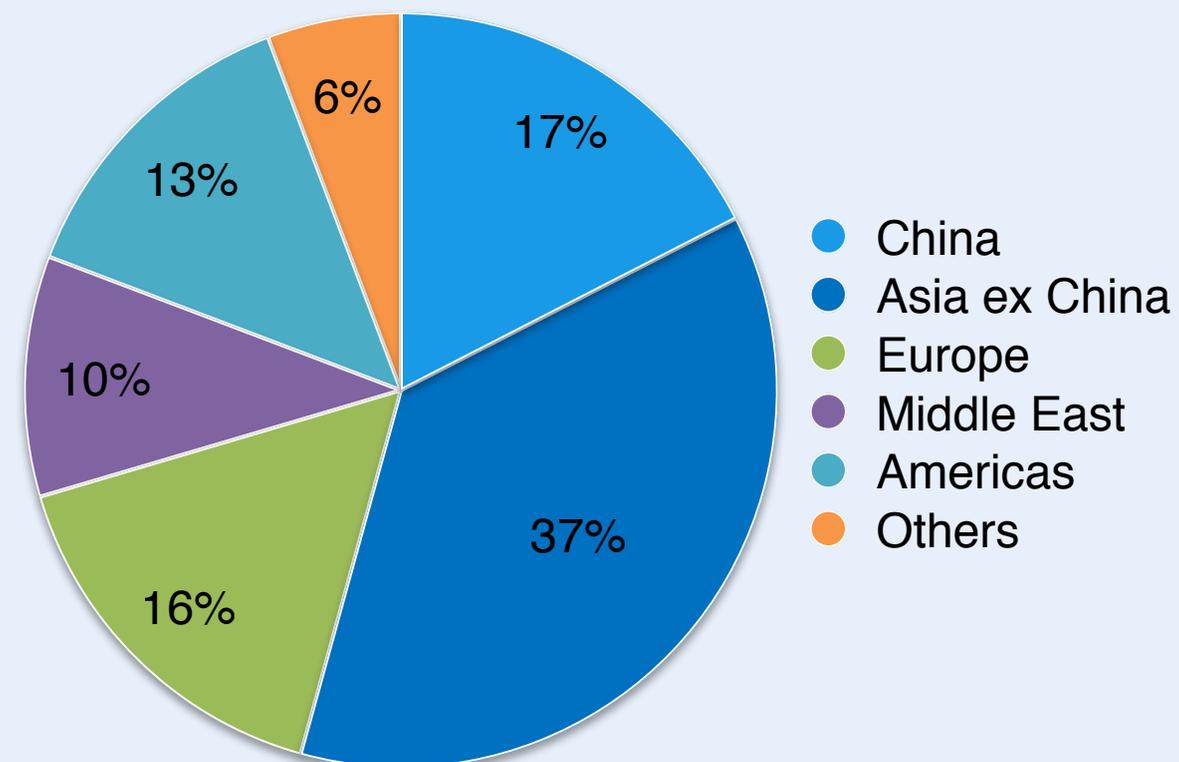
Average monthly average users (MAUs) totalled 8.4m, representing a 36% increase on 2014.

Total downloads up 36%, from 45m in 2014 to 61m in 2015

**Average MAUs by Region**

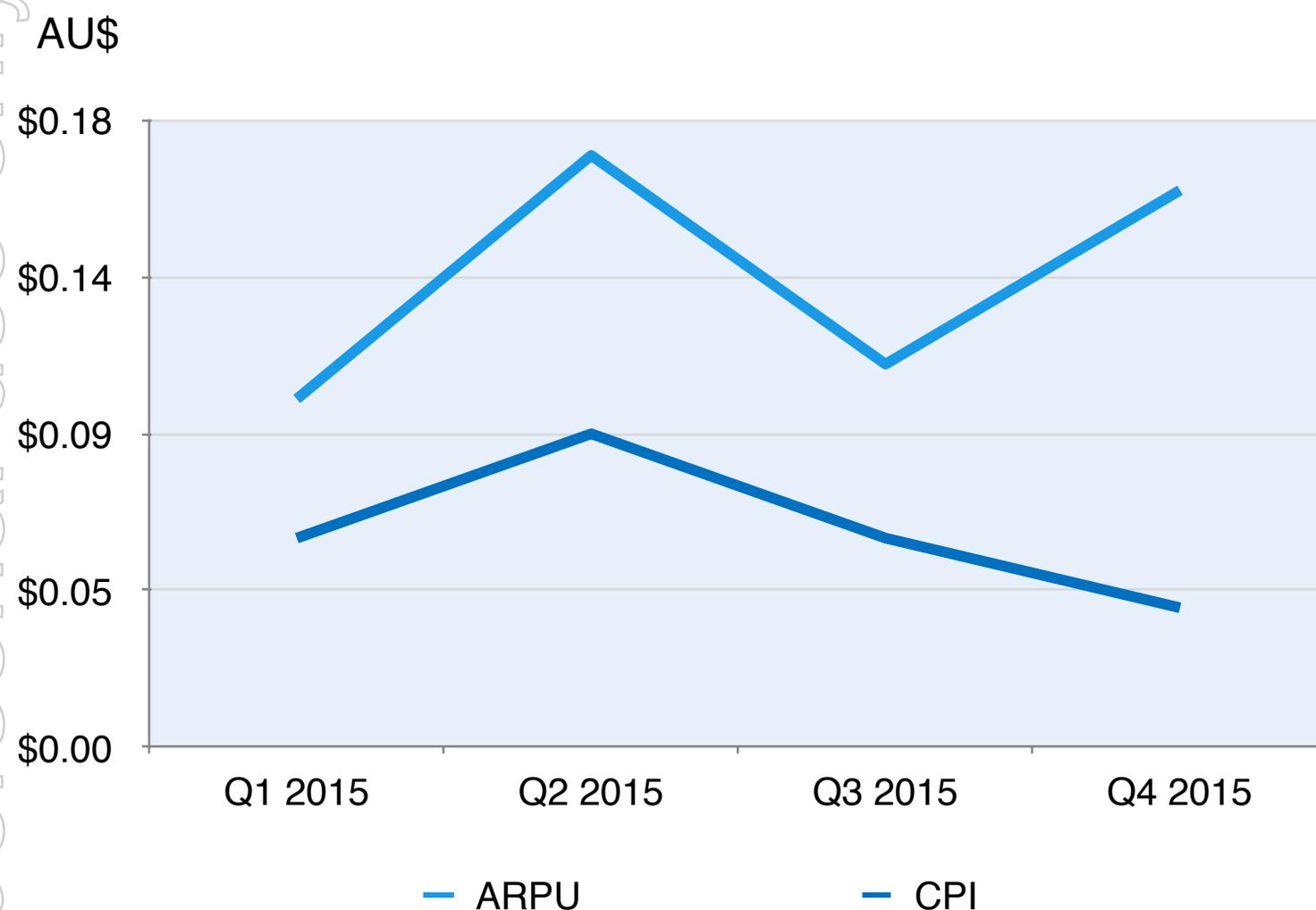


**Average New User Growth by Region in 2015**



For personal use only

# Positive Metrics - ARPU Increasing as CPI Falls



**Compelling metrics**

Increase in ARPU due to an increasingly engaged audience making In-App-Purchases (IAPs) and growth of advertising revenues.

Decrease in Cost per Install (CPI) due to increased organic traffic and a higher number of apps.

For personal use only

**ARPU to increase further as additional products are rolled-out and a wider audience is reached.**

*\*ARPU and CPI originally in USD. Exchange rate as at 9 Feb 2016 has been applied.*

# STRATEGY & OUTLOOK



For personal use only



# Diversifying Revenue Streams

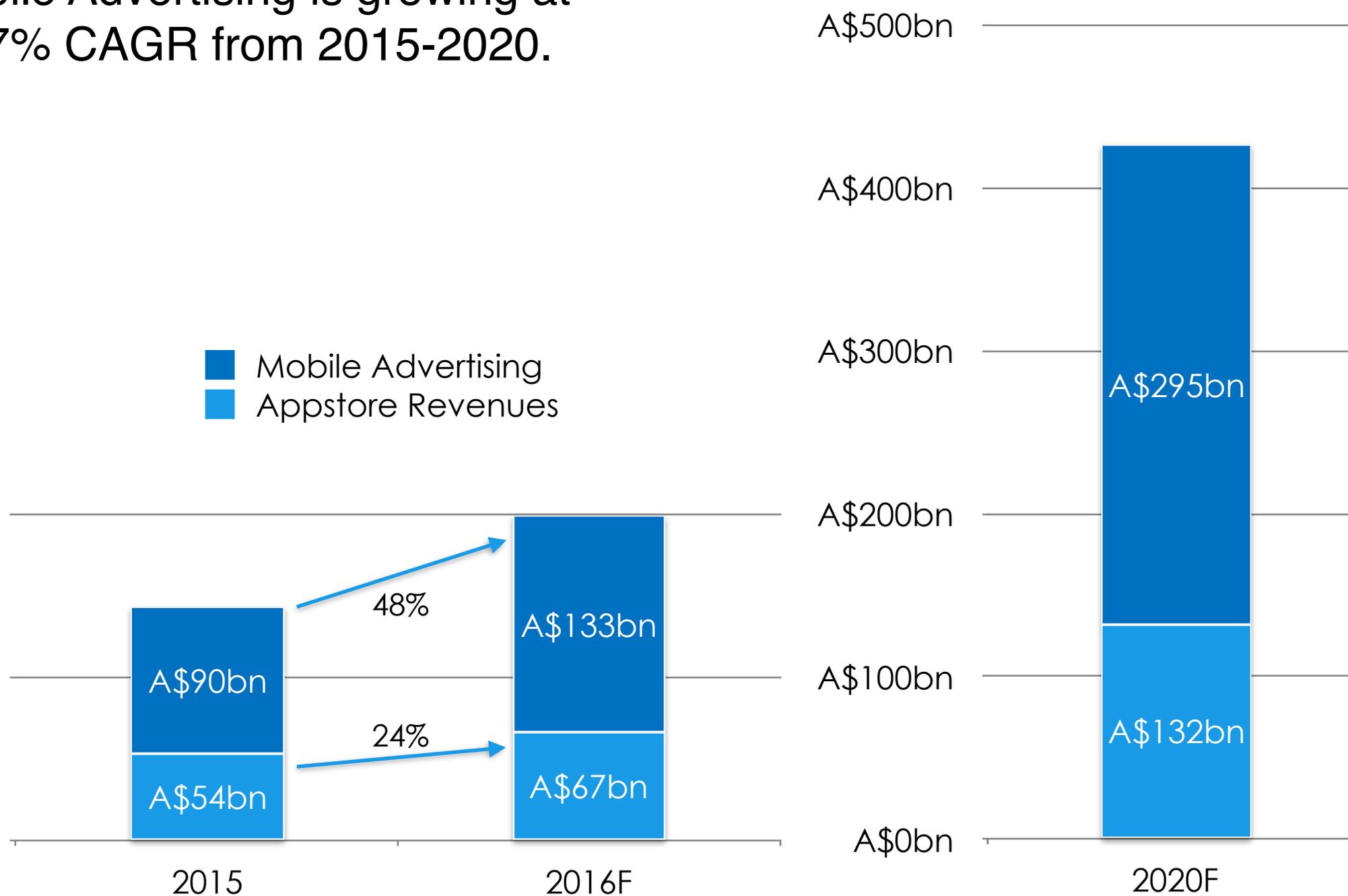
## **Focused strategy to increase revenues through new initiatives: mobile advertising and E-Books**

- **Interactive Learning and Entertainment Products / E-Books**
  - Subscription basis – product paid in full at the time of download
  - Potential to provide a strong recurring revenue stream
  - Simple and highly scalable model, leveraging existing content from Mattel's range of properties with additional interactive content
- **Focus on increasing advertising revenue**
  - Currently accounts for 26% of revenue
  - Animoca Brands high MAUs allow for cross-promotion of products, which drastically decreases the Cost per Installation (CPI)
  - Its highly engaged user base enables the Company to attract advertising by third parties, in turn increasing its revenue
  - New advertising formats, like video, continue to attract more advertisers to mobile

# Mobile Advertising is Just Getting Started

Mobile Advertising is growing at a 27% CAGR from 2015-2020.

For personal use only



# E-Books – Global Opportunity

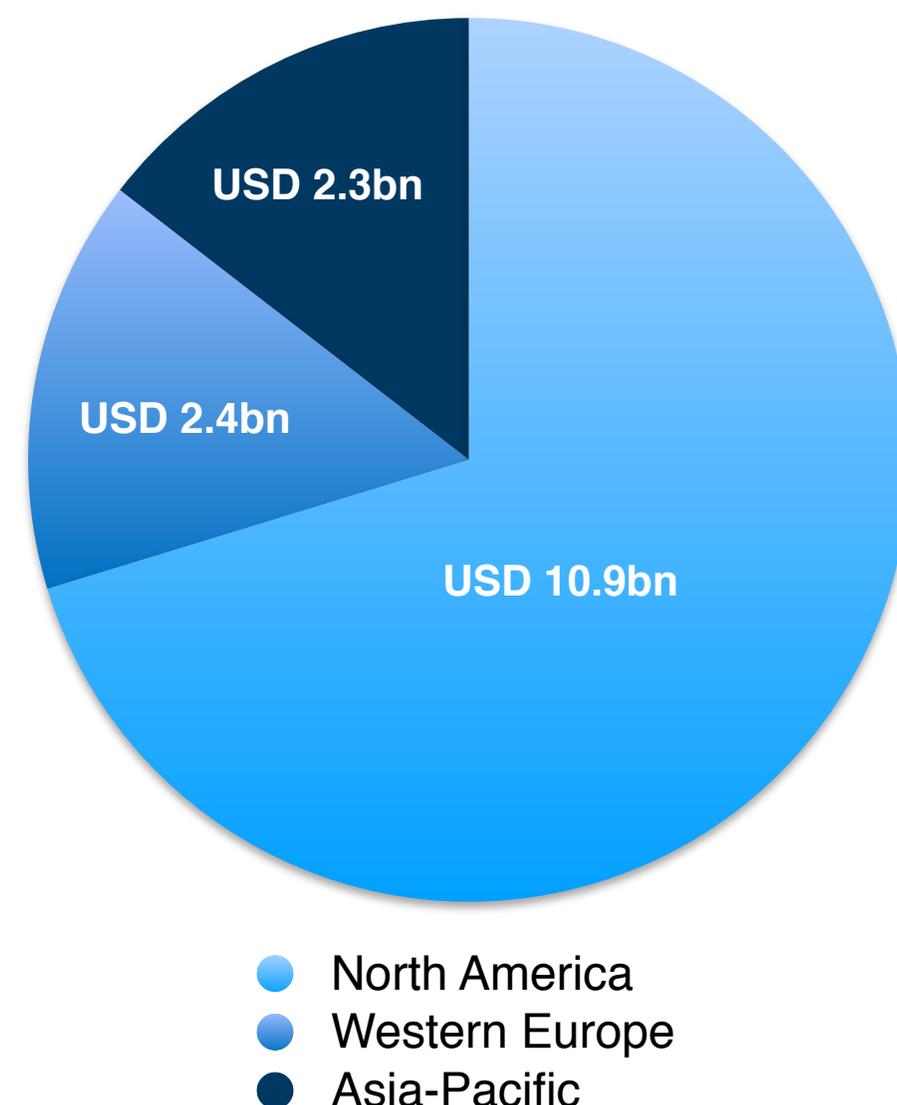
E-Books are rapidly overtaking traditional print publications and there is a huge potential market opportunity.

Total forecasted global E-Book revenue of US\$15.9bn in 2016, up from sales revenue of US\$13.bn in 2015

Asia-Pacific is a large and growing e-book market, with a penetration rate of only 12% in 2016 and expected continued growth.

The most prolific e-book readers are Millennials (Ages 18-29), of which there are 2.5bn worldwide.

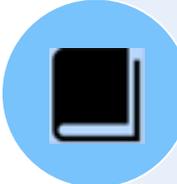
**Forecast 2016 E-Book Revenue (Billions of USD)**



For personal use only

# Outlook - Well Positioned For Growth

For personal use only

-  Established partnerships with leading global companies, demonstrating ongoing ability to partner with global giants.
-  Growing portfolio of mobile apps an engaged and increasing user base, which can be leveraged with advertising opportunities.
-  Strong portfolio of licensed brands to develop further games and increase global audience appeal
-  Significant opportunity to increase exposure to growing mobile ad market and entrance into e-book sector, worth US\$100bn in 2016 and over US\$13bn in 2015, respectively
-  Solid pipeline of new products, including mobile apps based on leading brands and a new e-Book initiative in partnership with Mattel and its leading children's brands

# FINANCIALS



For personal use only



# Financial Overview – Profit & Loss Statement

For personal use only

- Record revenue of A\$7.5m for FY2015, representing an increase of 69% on the prior year<sup>1</sup> driven by;
  - An expanded app portfolio and a growing user base
  - Increased distribution channels, resulting in user growth
  - Strong growth from advertising revenue
  - Continued performance of in-app purchases which accounted for +50% of revenues.
- Net loss of A\$2.9m (inc. 1m gain on FV adj of performance shares), a 63% decrease on FY14 due to one-time transaction costs of A\$6.7m in FY14.
- An increase in marketing activities drove growth of user base that led to increased expenses and higher revenues.

Summary consolidated income statement	12 months to Dec 2015 (A\$) Audited	5 months to Dec 2014 (A\$) Audited
<b>Revenue from operating activities</b>	7,544,457	1,033,916
Cost of revenue from operating activities	(2,603,921)	(634,376)
<b>Gross profit</b>	4,940,536	399,540
Interest Income	7,693	-
Gain on fair value adjustment – Performance Shares	1,010,808	-
Employee benefits	(1,402,963)	(1,091,033)
Marketing	(3,632,871)	(138,674)
R&D	(2,320,000)	-
Other expenses including occupancy	(1,537,662)	(182,021)
RTO transaction costs (one time)	-	(6,686,927)
Exchange differences	(22,893)	(102,012)
<b>Net loss</b>	<b>(2,957,352)</b>	<b>(7,801,127)</b>

1. Full year 2014 estimated results based on the aggregate of pro forma, management, and audited accounts during the period.

# Financial Overview – Cash Flow Statement

For personal use only

- Receipts from customers increased by 267% on FY14 due to continued investment in the development and marketing of mobile app portfolio.
- Cash receipts of A\$5.5m vs. revenues of A\$7.5m during FY 2015, with A\$2.4m in trade and other receivables as at 31 December 2015.
- The company ended the year well funded to drive future expansion initiatives and associated sales and marketing activities.

Summary consolidated statement of cash flows	12 months to Dec 2015 (in A\$) Audited
<b>Cash flows related to operating activities</b>	
Receipts from customers	5,455,559
Interest from other items of similar nature received	7,693
Payments to suppliers and employees	(9,721,588)
<b>Net operating cash flows</b>	<b>(4,258,336)</b>
<b>Cash flows related to investing activities</b>	
<b>Cash flows from financing activities</b>	
Transaction costs for issue of shares	(285,778)
Repayment of borrowings	(976,629)
<b>Net financing cash flows</b>	<b>6,719,593</b>
<b>Net increase in cash held</b>	<b>2,228,424</b>
Exchange rate adjustments	(148,120)
<b>Cash at the beginning of FY 2015</b>	<b>2,855,443</b>
<b>Cash at the end of FY 2015</b>	<b>4,935,747</b>

# Financial Overview – Balance Sheet

For personal use only

- The Company finished 2015 with assets of A\$7.6m:
  - A\$4.9m in cash and equivalents
  - A\$2.4m in trade and other receivables
  - A\$205k investment in TinyTap Ltd.
- Other liabilities of A\$2.9m relate to the Performance Shares - due to convert to ordinary shares in Q3 2016
- Development costs fully expensed, not capitalised

Summary consolidated statement of financial position		12 months to Dec 2015 (in A\$) Audited
<b>Current Assets</b>		
Cash and cash equivalents		4,935,747
Trade and other receivables		2,401,703
Financial Assets		205,310
Other Assets, Plant & Equipment		69,844
<b>Total Assets</b>		<b>7,612,604</b>
<b>Current Liabilities</b>		
Trade & Other Payables		2,898,458
Short-term provisions		42,123
Other Liabilities		2,906,250
<b>Total Liabilities</b>		<b>5,846,831</b>
<b>Net Assets / (Liabilities)</b>		<b>1,765,773</b>
<b>Equity</b>		
Contributed Equity		16,192,964
Reserves		(3,793,617)
Accumulated Losses		(10,633,574)
<b>Total Equity</b>		<b>1,765,773</b>

# Contact Details

## **Animoca Brands**

Robby Yung (CEO)

E-mail: [ryung@animocabrands.com](mailto:ryung@animocabrands.com)

Tel: (+852) 2534 1222

For personal use only