



ASX Release

27 June 2019

## Animoca Brands acquires Gamma to boost gamer audience and distribution capabilities

- Animoca Brands to acquire 100% of Gamma Innovations Inc. (“Gamma”) to leverage new audiences and leverage distributed computing power
- Gamma’s GammaNow computing engine is a desktop application that leverages users’ idle processing power
- Acquisition price is US\$350,000, with a potential earnout of US\$2,500,000 if Gamma achieves (a) a cumulative revenue target of at least US\$5 million over the three year period after the closing of the transaction, and (b) a net profit of at least 5% over that period. Animoca Brands may also, at its sole discretion, commit up to an additional US\$350,000 to fund Gamma’s operations, research and development, and customer acquisition
- Gamma has a Software License and Development Agreement with Razer (HKSE: 1337), a leading global lifestyle brand for gamers. Gamma whitelabeled GammaNow to develop ‘Razer SoftMiner’, software that utilises users’ idle processing power to mine for ethereum (Gamma collects 50% of the value of tokens mined). In return, users receive Razer’s own loyalty credits called Razer Silver
- Razer SoftMiner launched in December 2018 and was integrated into the software that runs across Razer’s user base of over 60 million. To date, there have been 692,000 installs of the Razer SoftMiner software
- The acquisition of Gamma confers to Animoca Brands a commercial relationship with Razer, which represents a potential audience of 60 million users, consisting primarily of gamers
- The Company is exploring opportunities for the inexpensive, reliable, and scalable computing power of GammaNow.

Animoca Brands Corporation Limited (ASX: **AB1**, “Animoca Brands” or “the **Company**”) is pleased to advise that it has entered, via its wholly owned subsidiary Animoca Brands Limited, into a binding term sheet (“the Agreement”) to acquire 100% of the issued capital in Gamma Innovations Inc. (“Gamma”).

# gamma



Gamma, based in Los Angeles, is focused on developing the GammaNow computing engine, a desktop application that allows users to leverage their computers' idle processing power to generate Gamma Points, which are used to acquire in-game rewards for their favorite games.

Gamma recently executed a software license and development agreement with Razer (HKSE: 1337), a leading global lifestyle brand for gamers. As part of the agreement, Gamma whitelabeled its GammaNow computing engine to develop 'Razer SoftMiner', a mining software that utilises users' computers' idle processing power to mine for ethereum, with Gamma collecting 50% of the value of tokens mined. In return, users receive Razer's own loyalty credits called Razer Silver. This agreement runs for a term of 36 months, and subsequently automatically renews for one year terms. Either party may terminate the agreement for cause with immediate effect upon written notice (in cases of uncured material breaches or insolvency), or without cause upon thirty days' written notice.

Razer SoftMiner launched in December 2018 and was immediately integrated into Razer Central software. This software runs across Razer's user base of over 60 million and enables users to receive notifications to download and install SoftMiner. After users agree to the terms and conditions, Softminer will begin the download and installation process.

#### **Strategic rationale**

The acquisition of Gamma confers to Animoca Brands a commercial relationship with Razer, which represents a potential audience of 60 million users, consisting primarily of gamers. The current install base for Gamma's software is above 700,000 (with 692,000 installs through the RazerSoftMiner platform, plus an additional 15,000 direct downloads of the GammaNow version of the platform). There are currently no other licensees for Gamma's platform. There are approximately 60,000 daily active users of Razer SoftMiner. Gamma will continue to focus on its core competency without being involved in the development of any games for Animoca Brands.

The Company is also exploring the opportunity to utilise the computing power generated by GammaNow users to power artificial intelligence (AI) and machine learning functionalities. GammaNow's computing power is inexpensive, reliable, scalable, and in the long term has the potential to overpower cloud supply, which is expensive and unable to meet future demand projections.

#### **Acquisition terms**

The Company, via its wholly owned subsidiary Animoca Brands Limited, will acquire from Gabriel Schillinger, Samuel Snyder, and other Gamma shareholders (collectively, "the Sellers") 100% of the issued capital in Gamma Innovations Inc. for an upfront consideration of US\$350,000 (approximately A\$511,600). This consideration is payable in either cash or common shares of the Company's stock, determined at the Company's sole discretion, on the date of the execution of the definitive agreement, which will be executed as soon as practicable.

Additionally, Animoca Brands will pay to the Sellers an earn-out payment equal to US\$2.5 million (approximately A\$3.65 million) in the event that Gamma achieves a cumulative revenue milestone of US\$5 million for the three-year period measured from the effective date of the definitive agreement. This earn-out payment may be made in cash or in shares, at the Company's sole discretion. In order to qualify for the earn-out payment, Gamma must have at

For personal use only



least broken even (such that there exists a net profit equal to at least five percent of Gamma's revenues).

To date, Gamma has raised a total of US\$2.5 million in outside investment, and has generated cumulative gross revenues (before rewards payment and Razer's revenue share) of about US\$77,000 since FY 2018.

The price of any new shares of Animoca Brands to be issued in connection with the Company's acquisition of Gamma will be calculated based on the seven-day volume weighted average price of the Company's shares as of the date of the signing of the definitive agreement. Such shares would be subject to a 12-month voluntary escrow period.

The Agreement specifies that the Company may, at its sole discretion, invest up to an additional US\$350,000 (approximately A\$511,600) to fund Gamma's operations, research and development, and customer acquisition.

### **Management commentary**

Yat Siu, co-founder and chairman of Animoca Brands said: "The acquisition of Gamma continues the strategic expansion of Animoca Brands. We are immensely looking forward to working with both Gamma and Razer, who powerfully boost our focus on gamers and have a large audience of PC users - representing millions of potential candidates for our blockchain gaming products."

Gabriel Schlinger, co-founder and chief executive officer of Gamma said: "We are excited to join forces with a fantastic partner and believer in our vision with Animoca Brands, which is at the intersection of two of the fastest growing and most exciting spaces today: games and blockchain. Becoming a part of Animoca Brands, Gamma has the potential to grow exponentially by giving users access to Animoca Brands' incredible portfolio of products, NFTs from top tier global brands, blockchain games, and beyond."

Min-Liang Tan, co-founder and chief executive officer of Razer, said: "We at Razer are thrilled that Gamma is joining the dynamic and innovative Animoca Brands family, and we look forward to a fruitful collaboration with both companies."

**-END**

### **About Animoca Brands**

Animoca Brands (ASX: AB1) leverages gamification, blockchain, and artificial intelligence technologies to develop and publish a broad portfolio of mobile products including games such as *The Sandbox*, *Crazy Kings*, and *Crazy Defense Heroes* as well as products based on popular intellectual properties such as Garfield, Snoopy, Thomas & Friends™, Ever After High and Doraemon. Animoca Brands' portfolio of blockchain investments and partnerships includes Dapper Labs, WAX, Harmony, and Decentraland, and it is also the exclusive China distributor of *CryptoKitties*. The Company is based in Hong Kong, Canada, Finland, and Argentina. For more information visit [www.animocabrands.com](http://www.animocabrands.com) or get updates by following Animoca Brands on [Facebook](#) or [Twitter](#).

**Contact:** [press@animocabrands.com](mailto:press@animocabrands.com)

For personal use only