



ASX Release

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## **Animoca Brands partners with global venture accelerator Brinc for gaming and esports accelerator**

*Partnership provides exposure to global early stage tech business development and investment opportunities*

### **Highlights:**

- Animoca Brands and Brinc enter into a mutual investment for US\$750,000 in shares
- Animoca Brands leads pre-seed investment round into Brinc's subsidiary Brinc AOA with investment of US\$750,000 (~A\$1.06m)
- Artesian - Australia's largest and most active early stage venture capital firm - will also invest US\$750,000 (~A\$1.06m) in Brinc AOA
- Animoca Brands and Brinc will collaborate on the establishment of an esports and gaming accelerator
- Global esports market estimated to be worth US\$1.1B (~A\$1.56B) in 2019 (26.7% year-on-year increase)
- Global esports audience estimated to exceed 450 million in 2019
- The Company will leverage the contacts of its recently appointed head of partnerships Michael Ephraim to advance the new gaming and esports accelerator
- Mr Ephraim, former managing director of Sony Playstation in Australia and New Zealand, was also the chairman of Showdown, a producer of esport tournaments and exclusive distributor for Twitch media in Australia and New Zealand

Animoca Brands Corporation Limited (ASX: **AB1**, "the **Company**") is pleased to advise that it has entered into a series of agreements for collaboration with and investment in global venture accelerator Brinc Limited ("Brinc") and subsidiaries. Animoca Brands will invest the equivalent of US\$750,000 (approximately A\$1.06 million) of its company stock into Brinc via a mutual investment, and is also leading the pre-seed investment round into Brinc's subsidiary Brinc AOA Ltd ("Brinc AOA") with a commitment to purchase US\$750,000 (approximately A\$1.06 million) of Brinc AOA convertible notes; Animoca Brands and Brinc will also collaborate on the establishment of an esports and gaming accelerator program.





Brinc is one of the world's leading venture accelerators, operating seven comprehensive acceleration programs in Hong Kong, the Middle East, Europe, and India. Brinc accelerates startups focused on Internet of Things (IoT), connected hardware, drones, robotics, and food technology startups. To date, Brinc has invested in 60 startups from 26 countries.

Brinc recently spun off its subsidiary Brinc AOA, a new business that provides fee-based training and guidance to incubators, accelerators, and investment companies, which then ties up longer-term relationships through accelerator associations and equity alignment with their startups and programs.

During its pilot phase, Brinc AOA ran three training classes in collaboration with various China government entities and successfully trained over 75 incubator and accelerator programs. Brinc AOA has completed a US\$1.5 million (approximately A\$2.13 million) pre-seed investment round and is developing and operating training programs around China, with the goal to run four programs training over 100 accelerator programs in 2019.

### **Mutual investment**

Animoca Brands and Brinc have entered into a binding Mutual Investment Term Sheet to initiate a mutual investment whereby each company will exchange shares of its stock worth US\$750,000 (approximately A\$1.06 million) for the equivalent value in the other's stock. The Company's shares to be issued will be subject to a lockup period of 24 months, with certain post-lockup trading restrictions.

The number of Animoca Brands shares to be issued will be calculated as US\$750,000 converted into Australian dollars and divided by a deemed issue price being the higher of \$0.15 or the seven-day volume-weighted average price (VWAP) as of the effective date, expected to be within five days of the Company's upcoming AGM.

The Company will seek its shareholders' approval for this transaction.

### **Investment in Brinc AOA pre-seed round**

Animoca Brands has entered into a binding Convertible Note Term Sheet with Brinc, Brinc AOA, and the active seed and early stage venture firm Artesian Venture Partners Pty Ltd ("Artesian"), which is Australia's largest and most active early stage venture capital firm, with over US\$250 million (approximately A\$354 million) under management. The agreement specifies that Animoca Brands and Artesian will each purchase convertible notes in Brinc AOA to the value of US\$750,000 (approximately A\$1.06 million).

The Company will seek its shareholders' approval for this transaction.



## **Collaboration on esports accelerator**

Animoca Brands and Brinc have entered into a Collaboration Memorandum of Understanding specifying that both parties, and/or their relevant subsidiaries, will collaborate to establish, grow, and promote a joint accelerator program focused on investing in startups in the areas of gaming and esports.

The goal of the new accelerator program will be to assist gaming and esports startups through a combination of equity investment, intensive mentoring, and connections to the top sports and esports business executives, sponsors, game developers, publishers, marketers, and investors that are already within the network of Animoca Brands.

The Company recently appointed Michael Ephraim, formerly managing director of Sony Playstation in Australia and New Zealand, as head of partnerships (see ASX announcement of 8 April 2019). Mr Ephraim's relevant experience includes being the chairman of Showdown, which is a producer of esports tournaments and the exclusive distributor for Twitch media in Australia and New Zealand. He was responsible for driving the growth and strategic direction of the Showdown business, as well as the company's esports division, Throwdown. The Company will leverage Mr Ephraim's considerable industry expertise and contacts to advance the new gaming and esports accelerator.

Animoca Brands will leverage Brinc's network, particularly for Europe and the Middle East, as well as its expertise in areas such as drones, hardware, and IoT, to access new customers, new capital, syndicate rounds, training and learning content, and program oversight. The partnership is highly complementary to Zeroth, the Company's own accelerator with a focus on artificial intelligence and blockchain startups.

## **Strategic rationale**

The Company has made the determination that Brinc offers potentially lucrative opportunities for business development across many verticals, access to new markets, and potential strategic partnerships, particularly (but not only) as concerns China. In 2018 alone, there were 97 new unicorns in China (startup companies valued above \$1 billion). The industries that generated the most unicorns were Transportation & Space and AI & Robotics, each with six unicorns. In total, China had a total of 186 unicorn startups in 2018, with a combined valuation of more than 5 trillion yuan (approximately US\$736 billion, or A\$ 1.05 trillion).

Accelerators and incubators are new to China, but are rapidly growing to empower more founders to launch and grow their own startups. There are already over 4,500 incubators and



accelerators and over 5,000 co-working spaces across China, which makes the country one of the fastest growing startup ecosystems in the world.

The Company and Brinc see a significant opportunity to get early access to new deals and opportunities through training programs. As the Guangdong-Hong Kong-Macau Greater Bay Area continues to grow into a major global innovation center, Animoca Brands expects that it will be a preferred region for the identification and development of investment and partnership opportunities, including opportunities well suited to the Company's expertise in gaming, blockchain, and AI.

The gaming and esports accelerator to be jointly established by Animoca Brands and Brinc will tap into the burgeoning global esports market, which is estimated to be worth US\$1.1 billion (approximately A\$ A\$1.56 billion) in 2019, a 26.7% year-on-year increase from 2018. The global audience for esports is estimated to exceed 450 million in 2019, a 15% year-on-year increase, and will reach 645 million in 2022 (source: NewZoo).

North America remains the largest esports market, with 2019 revenues estimated at US\$409 million (approximately A\$580 million). The region is predicted to see continued strong growth in esports, reaching an estimated \$691 million (approximately A\$980 million) yearly revenues in 2022. China also offers significant opportunities: Esports in China will generate revenues of \$210 million (approximately A\$298 million) this year (source: NewZoo), overtaking Western Europe to become the second-largest esports market by revenue.

### **Management commentary**

Yat Siu, co-founder and chairman of Animoca Brands, said: "Here at Animoca Brands and Zeroth we are thrilled to be working with Brinc, the other major accelerator in the immediate region. Brinc's presence and network significantly increase our pathways into Europe, the Middle East, and China. The collaboration with Brinc is the first stage of the establishment of a new ecosystem of accelerators and startups that places us at the epicentre of regional start-up activity."

Manav Gupta, founder and CEO of Brinc, commented: "We are excited to partner with Animoca Brands to help develop the Greater Bay Area as the newest global innovation center. We see a significant opportunity to get early access to new deals and opportunities through our new training programs for accelerators and incubators. Given the size of the market, metrics for business success in China are higher than anywhere in the world, with some Series A rounds being invested only when companies hit over 100 million users or tens of millions of dollars in sales."

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### **About Brinc**

Brinc is a global venture accelerator, manufacturing studio, and distribution company with offices in Hong Kong, China, the Middle East, Europe, and India. Brinc supports entrepreneurs who are looking for speed, access, and the know-how to build successful companies, offering them comprehensive acceleration programs tailored for the fields of IoT, connected hardware, drones, robotics, and food technology startups. Brinc's strong partner network of over 500 suppliers in the Greater Bay region of China enables it to provide the best manufacturing, sales and distribution channels for its B2C & B2B startups. Brinc has made 60 investments in 24 countries across 7 programs run from 6 countries, and has a wide access to follow-on capital across its network of venture partnerships.

### **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 is 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](#).

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