

Weekly News Digest #52

13

of announced deals

\$2.5B

announced deals' size

10

of closed deals

Dear readers,

We wish you happy holidays and hope you enjoy a wonderful time with your family!

This is the last digest for 2020, and we look forward to publishing our yearly report in January, 2021.

Thank you very much for staying with us and see you in the New Year!



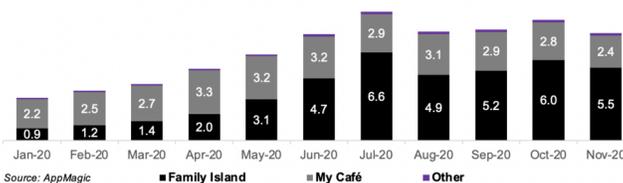
Moon Active acquires mobile game developer Melsoft for an estimated valuation of \$300m

Belarus-based mobile casual games developer **Melsoft Games** has been acquired by Israel-based social casino games developer **Moon Active**. The terms of the deal are not disclosed. The estimated valuation is around \$300m.

Founded in 2007, Melsoft Games (previously known as Melesta Games) is well-known for its casual product portfolio including:

- a) *old titles*: farming management *Farm Frenzy*, and tower defense series *Toy Defense*;
- b) *mature product at live ops stage*: cooking simulator *My Café: Recipes & Stories* (released in 2016 after signing of the strategic partnership with Wargaming);
- c) *new product at scaling phase*: farm simulator *Family Island* (developed by acqui-hired Easy Team and released in 2019).

in-app Net Revenue, in \$m



Overview of basic assumptions for valuation calculation

- Usually, it takes 3 months to close the transaction of such size and complexity (incl. due-diligence, cross-border impact, carve-out from Wargaming). Therefore, most probably the purchase price was based on June-August financial results of Melsoft;
- Since *My Café* is a mature product with gradually declining revenue, we assume 1.25x - 1.75x EV/GrossRev multiple as the fare range for such a product;
- On the contrary, *Family Island* is a rapidly growing, recently launched product with significant potential to scale, therefore a higher valuation multiple should be applied. The valuation multiple depends on the cohort performance, thus we take 1.75x - 2.5x EV/GrossRev;
- *My Café* and *Family Island* are both in-app revenue-driven products, therefore we assume that a major part of revenue (~85% of total) is coming from the sale of in-app items.

Financial Performance (June - August 2020)

In \$m	in-app NetRev	in-app GrossRev	% ads/ in-app	Total Rev
My Café	9.1	13.0	18%	15.3
Family Island	16.2	23.1	18%	27.3
Total	25.3	36.1	18%	42.6

Implied valuation range of Melsoft

Annualized Net Rev	min EV/Rev	max EV/Rev	min EV est.	max EV est.
61.4	1.25x	1.75x	76.7	107.4
109.2	1.75x	2.50x	191.2	273.1
170.6	1.57x	2.23x	267.9	380.5

The implied valuation range accounts for \$270m - \$380m with **\$300m** being the most probable price.

About Moon Active

Founded in 2011, Moon Active is a mobile game developer employing 650 people with headquarter in Tel Aviv, a development center in Kiev, and an office in London. The company is well-known for its critically acclaimed mobile social casino game *Coin Master*, which was released in 2015 and currently generates \$80m net in-app revenue (source: AppMagic). According to [Globes](#), Moon Active was profitable with \$500m revenue in 2019. [Earlier this year](#) the company was valued at \$1.25B and sold its 10% stake to Insight Partners.

Notable Transactions

MERGERS & ACQUISITIONS

The acquisition of PC&Console game developer and distributor **Levou Technologies** (HKG: 01089) by **Tencent** (SEHK: 700) for \$1.4B is **closed**.

China-based internet tech-unicorn and mobile games publisher **ByteDance** is in **rumored talks** to acquire a minority stake in China's IP-oriented mobile game publisher **CMGE Technology Group**.

Sweden-based Enad Global 7 (OM: EG7) has **completed** the **acquisition** of US-based MMORPG developer and publisher **Daybreak Game Company** for up to \$300m on a cash- and debt-free basis.

Denmark-based **Nordisk Games** has acquired 40% of Spain-based PC&Console game developer **MercurySteam**. Founded in 2002, MercurySteam employs 160 people and is well-known for horror FPS *Clive Barker's Jericho*, action-adventure *Castlevania: Lords of Shadow* series, Nintendo 3DS bestseller action-adventure *Metroid: Samus Returns*.

Sweden-based mobile gaming company **MAG Interactive** (OM:MAGI) **acquires** local mobile game developer **Appropo**, which operates word and trivia games, for up to \$12m (50% upfront / 50% earn-out). In the financial year ended August, 2020, Appropo has \$2.1m sales and \$1.4m profit.

UK-based esports organization **Gfinity** (LON:GFIN) **has sold** 33% stake in Esports Awards for £0.5m.

Canadian esports company **TGS Esports Inc** (TSXV:TGS), also known as The Gaming Stadium, has completed the acquisition of Vancouver-based esports organization **Pepper Esports**.

VENTURE FINANCING

AI-driven personalized Lock screen content platform **Glance** has raised \$145m from Google and Mithril Capital, which has invested \$45m in the previous round in 2019. The company owns the short-form video-sharing social media platform Reposo with over 33m MAU and 100m downloads.

Founded in 2012, California-based mobile app marketing business **Liftoff Mobile Inc**, raises \$400m in a funding round led by the private equity firm Blackstone Group. As a result of the transaction, Blackstone will become a major shareholder in the business with a majority stake in the business.

Founded in 2016, esports entertainment platform **BoomTV** has raised strategic investments from **Intel Capital**. Recently in June 2020, BoomTV has raised \$10m.

Launched in 2018, Lithuania-based marketplace for gamers **Eneba** has secured \$8m in a combination of Series A and Seed funding rounds led by **Practica Capital** and **InReach Ventures**. Since its inception, the marketplace has attracted 26 million unique users.

Founded in 2015, Sweden-based content analytics platform for gaming influencer **Lurkit** has raised \$0.67m of funding from **Almi Invest** and several angel investors.

INVESTGAME

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