

## Weekly News Digest #10

17

# of announced deals

\$449.3m

announced deals' size

13

# of closed deals

**ROBLOX**UPDATE: Roblox goes public through direct listing at \$42.6B market cap

CA-based video game platform Roblox went public via a direct listing on the NYSE under the symbol RBLX at market cap of \$42.6B valuation. Unlike other recently announced gaming companies, Roblox preferred direct listing to traditional IPO or SPAC, which allowed the founders and shareholders to sell some of their shares from the initial date of public listing.

The Company's shares started trading at \$64.50 per share and closed at \$69.50 per share, which is much higher than the reference price of \$45. Based on Roblox's 2020 performance (\$923.9 Revenue, \$1.9B Bookings, and \$411m Free cash flow) the trading multiples are **40.7x EV/Revenue**, **19.8x EV/Bookings**, and **91.8x EV/Free cash flow**).

A year ago, in Feb'20 Roblox closed its Series G round at a \$4B valuation, then the company closed its Series H round at a \$29.5B valuation in Jan'21 and today it is one of the most expensive gaming companies in the world — all this over the last 12-13 months. Though the company shows unprecedented growth, it is currently unprofitable in accordance with GAAP.

You can read more about Roblox business and financial results [here](#).

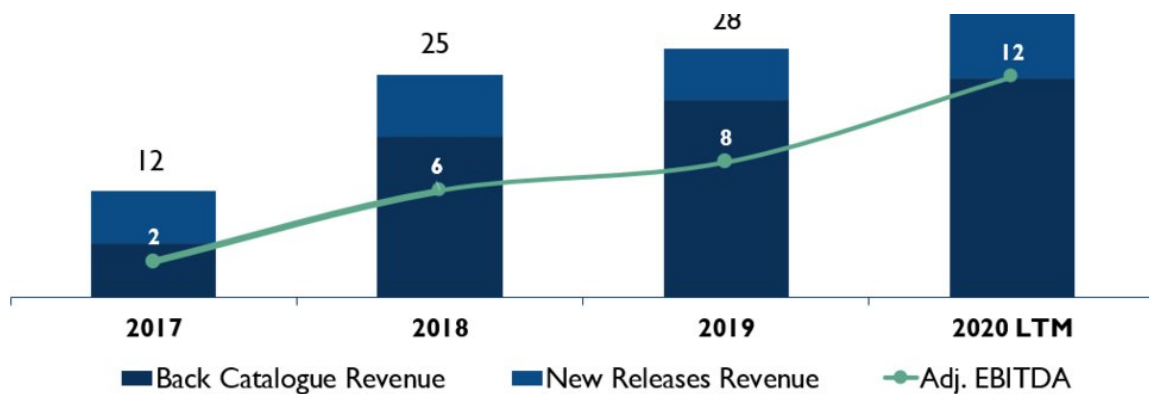
tinyBuild goes public at \$473m market cap

US-based indie game publisher and developer tinyBuild (LON: TBLD) went public at ~\$473m (£340.6m) valuation.

The company has offered around 202m shares at 169 pence share price. As a result of the IPO tinyBuild raised gross proceeds of ~\$213m (£154.4m), most of which go to the institutional and other shareholders of the company and only ~\$50m (£36.2m) are for tinyBuild.

The IPO will allow the company to invest more into the talents and the development of new and existing franchises, using its multi-title and cross-media approach. The proceeds will also support the future acquisitions of the company and increase the average M&A consideration. We can expect tinyBuilds to further establish its international development network and diversify into new markets, platforms, and media.

tinyBuild's financial performance, in \$m



### tinyBuild — unique diversification strategy

- The company has its own-IP focused strategy, which is based on strong long-term relationships with early-stage developers. tinyBuild helps them to grow expertise and develop their IPs and then acquires the team and acquires its franchise;
- tinyBuild has an impressive geographical spread with 44 development partners across five continents, which allows the company to work with different, mostly emerging, markets and further diversify its offering;
- The company focuses on digital-led premium gaming, publishing its key titles on all the major PC, mobile, console, and streaming platforms. Games are usually first published on PC and then launched on other platforms depending on their performance, which ensures lower upfront development risk;
- tinyBuild works on expanding its gaming IPs into other markets, including books, TV, film, and merchandise — the company has sold over 1.6m books and reached more than 40m views on YouTube.

### tinyBuild — long relationship-focused approach to M&A

- Rather than making traditional acquisitions, tinyBuild tend to acquire the developers and buy the franchise the team has worked on. Moreover, tinyBuild proposes acquisitions only to the developers it has worked with. The average relationship length before each transaction is around 3.6 years;
- Since 2013, the company has completed six acquisitions and two strategic investments. Such transactions typically consist of cash, royalty-based benefit programs, and incentives for the developers;
- In line with tinyBuild's M&A strategy goes its franchise-focused approach characterized by long product lifecycles and monetization opportunities. The company considers *Hello Neighbor* an example of a successful multi-title franchise and plans to develop other franchises the same way

### Business Overview

Founded in 2011, tinyBuild is known for AA and indie games publishing and development. Up to date, the company has published 40 titles and now it expects to publish 23 more in 2021 and 2022, of which 19 games are entirely new games and 4 games are based on the current IPs.

The company has 7 internal studios with 147 employees working in offices across 15 countries. tinyBuild has a vast and diversified portfolio — 28 titles contributed 79.2% of revenue in 2019. However, one of the main assets of the company is an indie survival horror franchise *Hello Neighbor*, which has over 60 million downloads across all titles.



**Epic Games** has announced a purchase of a Slovakia-based photogrammetry software developer **Capturing Reality** for an undisclosed sum.

With the acquisition, Epic Games continues to incorporate new technology into Unreal Engine and the game development segment of its business. The company has previously acquired **Quixel**, the world's largest photogrammetry asset library, a digital facial animation firm **Hypersense**, **RAD Game Tools**, a

gaming middleware solutions company, and **3Lateral**, known for developing tools to create photo-realistic 3D human body models.

Epic plans to integrate Capturing Reality's photogrammetry software into the Unreal Engine ecosystem. Nonetheless, the company will continue to work with established partners beyond the videogames industry that do not use Unreal Engine.

Founded in 2013, Capturing Reality produces photogrammetry software that allows users to translate photographed objects and laser scans into digitized 3D models. This technology is used in gaming, visual effects, engineering, medicine, cultural heritage preservation, and more.

## Notable Transactions

### MERGERS & ACQUISITIONS

*UPDATE:* The biggest deal of 2020 (\$7.5B) is now closed — **ZeniMax Media** is officially a part of **Microsoft**. Moreover, some future Bethesda titles, including Fallout and TES, are already confirmed to be published exclusively on Xbox and PC. You can learn more about the deal [here](#).

Vancouver-based mobile game developer **LEAF Mobile** has signed a non-binding letter of intent to acquire a US-based mobile casual games developer and publisher **Truly Social Games** for up to \$29.7m (CAD \$37m). The deal structure will consist of \$2.4m initial consideration and 2 earn-outs payable over 42 months, based on TSG financial performance.

US-based esports company **Super League Gaming** agrees to buy multiplatform live streaming service **Mobcrush** for an undisclosed consideration. The deal is expected to bring the total SLG's audience in the United States to 85 million.

Sports management firm **SPORTFIVE** has acquired German-based esports management and promotion company **build a rocket** for an undisclosed sum.

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### VENTURE FINANCING

UK-based **Omeda Studios** has raised \$2m to create a cross-platform MOBA game *Predecessor*, based on Epic Games' canceled MOBA game *Paragon*.

**Rogue Games** has secured \$2.5m in a funding round led by Dubai-based **Riva Technology and Entertainment** to support its multiplatform indie games publishing.

**Envy Gaming**, a North American esports organization, has closed a \$40m investment round, **Gray TV** being their main supporter. Gray TV will get to appoint two directors to the company's BOD, following the \$28.5m investment.

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### PUBLIC OFFERINGS

Toronto-based esports company **Engine Media** reports the completion of a \$15m private placement of 2 million shares at a price of \$7.50 per unit.

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