

## Weekly News Digest #13

15

# of announced deals

\$582m

announced deals' size

15

# of closed deals

Hi everyone,

Before we start a quick update on recent news by notable gaming companies:

1) Tencent has revealed its 2020 results: Online Games division generated around \$24B, which accounts for 32% of the total group's revenue. This is a +36% YoY increase — significantly above market average growth of +19.6% as reported by NewZoo.

2) CD Projekt RED joins M&A game and looks for inorganic growth opportunities, as highlighted in their latest Strategy Update. The first acquisition has already been made and more to come.

We are currently working on our Q1 Global Video Game Deals Report and looking forward to presenting you with our findings. So, stay tuned!



### Manticore Games has raised \$100m of Series C funding

UK-based online gaming UGS platform **Manticore Games** has raised \$100m in Series C funding round led by XN Capital, with participation from SoftBank, LVP, Benchmark, BITKRAFT, Correlation Ventures, and Epic Games.

Founded in 2016, Manticore Games has developed *Core* — a free user-generated content platform, which allows PC gamers to create, play and share games with each other. The platform is built with *Unreal Engine 4* and contains a kit of simplified tools with a vast library of assets for easier development.

Despite still being in the alpha stage *Core* has more than 20,000 games available on the platform with more than 1 million registered accounts, both players and developers. In Dec'20, Manticore unveiled a new monetization scheme for *Core*, which allows creators to earn up to 50% of revenue generated by their games.

There is a clear interest in user-generated content in the market, which is surely backed by Roblox dramatic growth and successful direct listing. This also explains the rapid increase in Manticore's total funds raised over the last years (in Sep'19, the company closed \$30m Series B round).

About half year ago, in September 2020, Manticore Games has received \$15m investment from Epic Games. The new Series C funding round is another major step for the company and its partnership with *Unreal Engine* developer — since April 15, *Core* will become available exclusively on Epic Games Store. Making *Core* an EG Store exclusive, Epic Games expands its distribution platform into the new promising market with the potential to build its own metaverse leveraging *Unreal Engine*.



## Dapper Labs has raised \$305m at \$2.6B valuation

Canada-based NFT blockchain and gaming-related company **Dapper Labs** has raised \$305m in the funding round led by **Coatue Management** at \$2.6B valuation. Among other investors of the round are some of the biggest names in Hollywood (Michael Jordan, Ashton Kutcher, Will Smith) and such notable financial investors as Andreessen Horowitz, The Chernin Group, USV, Version One, and Venrock.

The company's valuation marks an increased interest in NFT technology and is influenced by the results of Dapper Labs' latest title *NBA Top Shot* — digital marketplace created by Dapper Labs, NBA, and NBPA. Launched in Jul'19 the platform has generated more than \$500m in sales over 3m+ marketplace transactions.

Founded in 2018, Dapper Labs started its way into blockchain-powered gaming with *CryptoKitties* title, which quickly became one of the top-ranked decentralized games in the world and brought more than \$40m in sales. Afterwards in 2019, the company launched the first decentralized battle royal game *Cheese Wizards*. Up to date, the company has raised over \$28.75M in financing (excl. the latest round).

After *NBA Top Shot* tremendous success the company is planning to shift into other sports leagues with its established blockchain-based technology. It has already formed partnerships with **Warner Music Group**, the **UFC**, and **Ubisoft**.

NFT-based games is an evolving market, which continues to attract more and more investors. Last week, Singapore-based social gaming blockchain platform **Enjin** raised \$18.9m to launch its first dedicated NFT blockchain on the Switzerland-based **Polkadot** blockchain network. Other cryptogaming companies, which raised funding this year include France-based **Sorare** (\$48.3m of funding in Feb'21) and Indian **Gamyfi** (\$1m Seed Round in Mar'21).



## XD Network receives \$143.4m from Bilibili and Alibaba

China-based games distribution company **XD Network** (2400.HK) has raised \$143.4m via private placement from **Bilibili** and **Alibaba Group Holding**. After the announcement, XD Network's stock price saw 22% increase.

Bilibili had purchased a 4.72% stake in the company for \$123.5m, while Alibaba acquired a 0.76% stake for \$19.9m. Both Bilibili and Alibaba are interested in promoting XD's self-developed games and its game distribution platform **TapTap**. The platform allows developers to avoid AppStore and Google Play, publishing their games directly on **TapTap**. This helps to eliminate fees commission, charged by stores.

The investment confirms Bilibili's and Alibaba's interest in further development of their own gaming businesses. Via its subsidiary Bilibili E-Sports, the company owns live-streaming rights for three major global e-sports tournaments: *League of Legends*, *Overwatch*, and *PlayerUnknown's BattleGrounds*. Alibaba also has a range of proprietary smartphone games available on its Taobao e-commerce website.

## Notable Transactions

### MERGERS & ACQUISITIONS

Polish game developer **CD Projekt RED** has acquired Canada-based studio **Digital Scapes**, which has

worked on *Cyberpunk 2077* with CDPR for three years. Becoming CD Projekt RED Vancouver, the studio will use its development and technical expertise to participate in upcoming projects of the company.

Denmark-based game developing studio **Nordisk Games** has purchased a 30.7% stake in UK-based console games developer **Supermassive Games**. The size of the investment hasn't been announced.

China-based esports solutions company **VSPN** has acquired Chinese esports, livestream, and entertainment company **Famulei**. Together, the companies will work on diversified esports content, key opinion leader (KOL) monetization, and livestream talents acquisition.

**505 Games** has purchased *Ghostrunner* IP from a Poland-based game publisher **All In Games** for around \$5.8m. Launched in the end of Oct'20, *Ghostrunner* is a ninja action game in the cyberpunk setting for PC&console, which was sold over 500k times by the end of the year. According to the original publishing agreement, All In Games will still receive a share of profits from ongoing sales of the game.

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## VENTURE FINANCING

UK-based racing esports company **Veloce** has received pre-IPO investment from Hong Kong-based blockchain gaming business **Animoca Brands** and announced the collaboration between the companies.

US-based instant videogame replays startup **Lowkey** has raised \$7m Series A round from US-based venture capital **Andreessen Horowitz** and several private investors.

Canada-based publisher **Graffiti Games** has raised \$1.5m at \$4.5m valuation from undisclosed investors to further scale its indie games publishing operations. Since its inception in 2018, the company has published 10 games across various platforms.

Switzerland-based esports company **Ovation eSports** has closed its Seed round of funding to support its early-stage growth and development.



Recent investment news in the gaming industry  
Deals database, league tables, etc.

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