

Weekly News Digest #16

18

of announced deals

\$176m

announced deals' size

13

of closed deals

Hi everyone,

We hope you enjoyed our Global Video Game Investment Activity Report Q1 2021. If you somehow missed the report you can download it [here](#). 2021 showed a blasting start and is set to become yet another record year for the gaming industry.

We also launched our Patreon, so if you feel like supporting InvestGame, we have some optional Patreon bonuses listed [here](#). If you are already our Patron, be sure to check our Patreon feed, as we published there some unique tables to dive even deeper into our data.

p.s. we've updated the numbers for news about Keywords and Mighty Kingdom



Keywords Studios acquires Climax Studios for up to ~\$59.8m

Dublin-based technical & creative gaming services provider **Keywords Studios** (LON: KWS) has acquired UK-based third-party games developer **Climax Studios** for up to \$59.8m (£43m), including:

- an up-front consideration of \$37.5m, paid 75% in cash and 25% in new ordinary shares
- up to \$22.3m of an earn-out, based on Climax's financial performance during the next 12 months

Based on Climax Studio's adjusted EBITDA of ~\$6m (£4.3m) in 2020, the transaction multiples are ~**10x EV/adj.EBITDA** with an earn-out and ~**6x EV/adj. EBITDA** without an earn-out consideration.

Company overview

Founded in 1988, Climax Studios offers full-service game production, co-development, porting, and technical consulting capabilities. Among the clients of the company are some of the world's largest game publishers, including Sony, Microsoft, 2K, Codemasters, and Electronic Arts.

The acquisition is another step in Keywords' expansion strategy — last year, the company acquired 7 companies for a total deal value of ~\$108m, further expanding its offering in games production, PR, tech solutions, and marketing. In 2021, Keywords closed the acquisition of Heavy Iron Studios for \$13.3m and entered into an agreement to acquire an Australia-based game developer **Tantalus** for up to \$46.8m.



Mighty Kingdom raised \$14m through IPO

Australian game development studio **Mighty Kingdom** (ASX: MKL) went public on April 21 through IPO on Australian Securities Exchange (ASX). The company has raised around \$14m (AUD \$18m) at a ~\$36m market cap. The IPO comes after Mighty Kingdom raised \$3.1m in a pre-IPO round in December 2020.

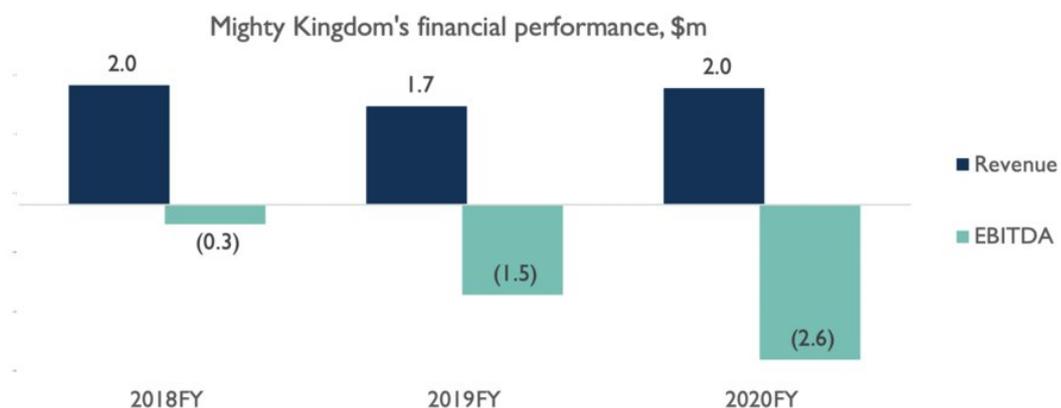
Use of the proceeds

Mighty Kingdom will allocate ~\$5.7m to develop the original IPs and ~\$4.4m to work on third-party licensed projects. The company also plans to spend ~\$1.4m on future M&As. Other funds will cover the expenses of the offering and support the development of the self-publishing capabilities of the company.

Company overview

Mighty Kingdom is known for the games developed under licenses from foreign companies, including Sony, Disney, and LEGO. However, the company is now shifting further towards making its own games, presenting more profitability.

Overall, the company worked on more than 50 different games for mobile platforms, including *Shopkins*, *LEGO Friends: Heartlake Rush*, *Gabby's Dollhouse*, *Wild Life*, and *Ava's Manor*. Within the first half of this year, the company plans to release its first console title, roguelike *Conan Chop Chop*, and Sony Pictures' *Peter Rabbit Run*.



Financial Performance

For the last three years, the company has been unprofitable, with a total loss spiking from \$0.7m in 2018 to \$2.8m in 2020. At the same time, the company's revenue almost didn't change over the last three years, remaining at ~\$2m, as in 2018.



People Can Fly has acquired Phosphor Games

Poland-based game development studio **People Can Fly** (WSE: PCF) has acquired a US-based multiplatform game developer with VR focus **Phosphor Games** for an undisclosed sum.

The studio is now a wholly-owned subsidiary of People Can Fly, rebranded as People Can Fly Chicago, which will start operation on May 1, 2021. This is the company's seventh site, including its headquarters in Warsaw, Poland.

Company overview

Founded in 2009, Phosphor Games is an Unreal Engine-powered games developer best known for IOS titles *Dark Meadow* and *Horn*, VR project *The Brookhaven Experiment*, PS title *Heroes Reborn: Gemini*, and PC action RPG *Nether Resurrected*.

After finishing its work on *The Brookhaven Experiment* in 2016, the company has announced shifting its focus towards innovative VR experiences. Since then, the studio has released two VR projects: *VRSE Jurassic World* and *Ballistic Drift* (alpha version).

Strategic rationale

Shortly after going public, People Can Fly acquires an experienced team, which will be of help while

working on new upcoming AAA titles with [Square Enix](#) and [Take-Two Interactive](#). As stated by the company's CEO, taking over the Phosphor Games' team is "simply an execution of the company's strategy".

Notable Transactions

MERGERS & ACQUISITIONS

France-based game publisher [Focus Home Interactive](#) has announced the acquisition of [Stream On Studio](#), the developer of FPS games based on the Warhammer 40,000 universe. The purchase terms were not disclosed.

Singapore-based venture capital company [Play Ventures](#) has concluded an agreement with Singapore-based [Golden Gate Ventures](#) to purchase a share of its Singapore-based subsidiary [LuneX Ventures](#) to establish a dedicated blockchain gaming fund.

US-based video game commerce company [Xsolla](#) has acquired US-based data analytics and visualization reporting platform [Slemma](#).

Denmark-based fantasy sports games developer [Trophy Games](#) has entered into an agreement to acquire Denmark-based game development company [Xombat](#) for an undisclosed sum paid in cash and shares.

FUNDRAISING

According to [TechCrunch](#), China-based business accelerator [Westward Gaming Ventures](#) is about to raise \$30m, to invest in gaming companies over the next three years, with checks ranging from \$307k to \$614k per studio.

VENTURE FINANCING

US-based game developer [Multiverse Entertainment](#) has secured \$17m of Series A funding to continue developing its new platform *One More Multiverse*, which enables the development of hybrid tabletop roleplaying games and video games.

[ByteDance](#) has invested around \$15.3m in Chinese Roblox-like platform [Reworld](#), as part of its growing competition with video game giant [Tencent Holdings](#), which owns rights to Roblox in China through a joint venture. ByteDance has previously invested around \$43m in Reworld.

US-based gaming tech startup [Pragma](#) has closed Series A round of \$12m led by [Greylock Partners](#) with participation from [Zynga](#), [Oculus](#), and [Cloudera](#) founders.

Turkey-based game development startup [Ace Games](#) has secured \$7m at a \$25m valuation in a funding round led by [Actera Group](#) and [NFX](#) venture capital fund.

Finland-based mobile game company [Lighthouse Entertainment](#) has announced the completion of a \$6.8m Series A financing round. [Makers Fund](#) led the funding round, which also included existing investors [Galaxy Interactive](#), [Sisu Game Ventures](#), and other investors.

Australia-based esports organization [ORDER](#) has secured \$4.1m to "diversify operations into the content and lifestyle space".

PUBLIC OFFERING

According to [The Wall Street Journal](#), US-based global communication platform **Discord** has not agreed on a \$10B deal with **Microsoft** and may now be considering an initial public offering in the future.

Trophy Games [has completed](#) a new share offering on NASDAQ First North Growth Market Denmark raising around \$9.6m.



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