

Weekly News Digest #38

26

of announced deals

\$42.42B

announced deals' size

22

of closed deals

Hi everyone,

It is our third weekly news digest tracking investments in the video game industry. Our digests summarize only major deals in the industry with all transactions being stored in the [Deals section](#). We also track [the most active VC and strategic investors in 2020](#) league table for you. You'll see more structured data on VC funds and deals' data in the future.

Here's your weekly summary of investments in the video game industry.




NVIDIA acquires Arm for around \$40B

US-based **NVIDIA (NasdaqGS:NVDA)** has entered into a definitive agreement to acquire hardware and software design company **Arm** from multinational conglomerate SoftBank for up to \$40B. The deal is subject to customary closing conditions and is expected to close in ~18 months.

Arm excluding IoT Products Group generated \$1.8B TTM Revenue and \$0.63B TTM EBITDA (35% margin) as of March 2020. Based on the TTM financials, the expected valuation multiples including earn-out consideration of \$5B are ~22x EV/ Revenue and ~63x EV/ EBITDA.

To compare with NVIDIA results \$13B LTM Revenue with 34% EBITDA margin as of July 2020. Current trading multiples are ~23x EV/Revenue and 65x EV/EBITDA. The deal is expected to be immediately accretive to NVIDIA's non-GAAP gross margin (64% vs +90%) and non-GAAP earnings per share.



UPDATE: Unity raises over \$1.3B in IPO with market cap of \$18B+

US-based **Unity Software (NYSE: U)** raised gross proceeds of over **\$1.3B+** with trading started on September 18, 2020. Unity offered 25 million shares (app. 9.5% of outstanding shares) of common stock at \$52 price per share.

Unity's share close price on September 18 accounted for \$68.35 (+31% increase to) with the market cap of around \$18B trading at 29x EV/Revenue (LTM as of June 30, 2020).



Stillfront Group acquires Nanobit for up to \$148m

Sweden-based mobile-focused game developer and publisher **Stillfront Group (OM:SF)** has entered into an agreement to acquire 100% of shares in Croatia-based mobile narrative lifestyle games simulation RPGs developer **Nanobit** for up to \$148m on a cash and debt free basis.

The total purchase price consists of two tranches:

- 1st tranche of \$100m for 78% stake;
- 2nd tranche of up to \$48m for 22% stake depending on Nanobit's EBITDA level for the FY2021-2022.



Embracer Group acquired Vertigo Games for up to \$136m

Sweden-based PC/console games developer and publisher **Embracer Group (OM: EMBRAC B)** has acquired 100% of VR games developer and publisher **Vertigo Games** through its wholly owned subsidiary Koch Media for a total purchase price of ~\$136m.

The maximum purchase price of ~\$136m consists of:

- \$59m of upfront equity purchase price with 80% paid in cash and 20% in shares;
- \$77m of a maximum earn-out consideration with 62% paid in cash and 38% in shares.

The transaction multiples are 3.8x-4.5x EV/Revenue and 5.6x-7.5x EV/EBIT (based on the estimated Vertigo's 2020FY results excluding earn-out consideration).

Notable Transactions

US-based online gamified fitness platform **Zwift** has raised \$450m in Series C round led by KKR reaching over \$1B valuation. Launched in 2015, Zwift has raised around \$620m to date.

Indian fantasy sports platform developer **Dream Sports** has secured \$225m funding through a mix of primary and secondary investments, reaching post-money valuation of over \$2.5B.

Indian esports mobile platform **Mobile Premier League** has raised \$90m in Series C round led by SIG, RTP Global, MDI Ventures. Founded in 2018, the company has raised \$130m to date.

GameLoft has acquired Argentina-based mobile games developer **The Other Guys**, known for interactive stories Linda Brown and storytelling platform Journeys.

Video chat platform for mobile multiplayer games **Bunch** has raised \$20m in Series A funding round led by General Catalyst. Founded in 2017, Bunch has raised about \$28m to date.

Finland-based mobile puzzle games developer **Metacore** has raised \$17.7m investments and \$11.8m credit line from Supercell to support the release of casual title Merge Mansion.

Games-focused creative and technical service provider **Keywords Studios (AIM: KWS)** acquires game development services provider **Heavy Iron Studios** for up to \$13m.

Esports data platform **Bayes Holding** has secured \$6m investment from Fertitta Capital, Sony Innovation Fund and Pohlads Family. Founded in 2014, Bayes became profitable this year.

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