

Weekly News Digest #39

19

of announced deals

\$8.76B

announced deals' size

13

of closed deals

Hi everyone,

Here's some good news: we're taking part in the webinar with Elite Game Developers, Deconstructor of Fun, and Aream&Co. on October 8th, where we will present Q3 findings and talk about recent investment activity in the gaming sector. To register for the webinar, please [click here](#).

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



Microsoft acquires ZeniMax Media for \$7.5B

Microsoft (Nasdaq: MSFT) acquires **Bethesda Softworks** parent company **ZeniMax Media** for \$7.5B, bringing the team of more than 2,300 employees on board.

With this transaction, Microsoft gets direct access to new **C**ontent increasing the number of gaming studios from 15 to 23 studios and adding a massive library of publicly acclaimed games to the existing **C**loud (Azure), and **C**ommunity (Xbox Games Pass).

The deal is a great exit for PE investment company Providence Equity Partners. In 2007 and 2010, ZeniMax raised \$450m from Providence Equity Partners and other undisclosed investors.

The transaction is expected to be finalized by the second half of the fiscal year 2022, and will probably have a minimal impact to non-GAAP operating income in fiscal years 2021 and 2022. As of June 30, 2020, Microsoft's annual gaming revenue (incl. hardware, software) is \$11.5B (~8% of group's revenue).



Playco has raised \$100m at \$1B valuation in Series A round

Tokyo-based instant games developer **Playco Global** has raised \$100m at a \$1B post-money valuation in Series A round led by Sequoia Capital Global Equities and Josh Buckley. Playco was founded earlier this year and has already become a gaming unicorn in the first round of financing.

The valuation is relatively high, considering that the first game is yet to be released this year. Though such an impressive valuation could be partially explained by its successor heritage — Game Closure, the developer of cross-platform HTML5 instant games. Playco has acquired some tech solutions and hired part of the team from Game Closure.

The financing is used to gather the large team (currently 75+ people) in a short period of time and bring the product to the market.



UPDATE: Corsair Gaming has completed IPO raising \$238m

US-based gaming hardware manufacturer **Corsair Gaming (NasdaqGS:CRSR)** has completed IPO on the Nasdaq Global Market raising gross \$238m with trading started on September 23, 2020 at \$17 price per share.

Corsair Gaming offered 14 million shares (~8.2% of outstanding shares) with ~46% of net proceeds to shareholders and ~54% (\$119m) to the company. Corsair plans to use net proceeds to repay ~\$87m of outstanding indebtedness (Net Debt of \$382m as of June 30, 2020). The remaining proceeds will be spent on and general corporate purposes.

Corsair's share close price on September 25 accounted for \$17.25 (+1.5% increase) with the market cap of around \$1.6B trading at 1.5x EV/Revenue (LTM as of June 30, 2020).

Notable Transactions

Russian-based internet giant **Mail.ru Group (LSE: MAIL)** raises \$600m via cash capital increase (\$200m) and convertible bonds (\$400m). Mail.ru Group operates a large gaming business MY.GAMES generating \$474m in annual gross revenue (over 35% of the total group's revenue) in 2019.

Mobile game developer and publisher **Scopely** is in talks with investors to raise at least \$200m of funding at \$3B valuation — a notable increase compared to \$1.9B valuation in March 2020.

Stockholm-based gaming company **Enad Global 7 AB (ST: EG7)** will carry out a direct new shares issue (~20% of outstanding shares) with plans to raise about \$48m.

Leslie Benzies, former Rockstar producer, who worked on the GTA series, has raised \$40.8m to support the development of its future open-world sci-fi game Everywhere.

California-based **Manticore Games**, the developer of a user-generated gaming platform, has raised \$15m in funding led by **Epic Games**. The money will support the beta launch of the platform.

PlayerUnknown's Battlegrounds developer **PUBG Corp** plans to merge with its parent company Krafton. This restructuring is expected to optimize the internal processes of game development.

Media tech firm **4D Factory** has acquired Seattle-based gaming services provider **Neon Media**. In April 2020, Neon Media spun out from HBO's Interactive and Immersive Group.

Epic Games has acquired London-based **SuperAwesome**, a company that creates a safe digital environment for children.

Spectrum Labs, San Francisco-based creator of algorithms preventing bullying and harassments in the gaming environment, has raised \$10m in series A funding round.

Spain-based marketplace for gaming creators, streamers, and influencers **Streamloots** has raised \$5.6m in the funding round led by Bessemer Venture Partners and several angel investors.

London-based in-play advertisement startup **Admix** [has raised](#) an extra \$1.5m in Series A funding round. In June, Admix raised \$7m, but then extended the round because of high interest from investors.

Rumored talks: Seattle-based indie games publisher TinyBuild prepares for the IPO — a logical conclusion based on the [recent article](#) from Alex Nichiporchik, CEO of tinyBuild.

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