

Weekly News Digest #4

19

of announced deals

\$538m

announced deals' size

14

of closed deals

Hi everyone,

The investment activity in the gaming market continues booming. In January, we've tracked over 60 deals with an announced deal value exceeding \$4.8B. Now, we observe a great start of February with two deals announced today:

- 1) **Stillfront** has entered into an agreement to acquire Indian mobile game developer **Moonfrog Labs** for initial consideration of \$90m, with the possible EBITDA-based earn-outs in the future;
- 2) Cyprus-based mobile game developer **Nexters** has announced its plans to go public via **Kismet SPAC** with an enterprise value of \$1.9B, representing 11.6x projected management EBITDA in 2022.

We will analyze these two in the upcoming digest, but for now, let's dive into the most important deals of the last week.



DONTNOD raises \$60m in a private placement with major investment coming from Tencent

DONTNOD (EPA: ALDNE) has raised €50m (~\$60m) in a private placement with a major investment of €30m coming from **Tencent (HKG: 0700)**.

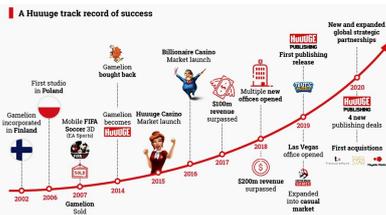
- > The newly issued shares represent ~38% of share capital — a substantial dilution;
- > Tencent has become the 2nd largest shareholder (22.6%) in DONTNOD after K. Yanev (29.5%);
- > The proceeds will be used to finance the company's ramp-up strategy of developing new self-published original IPs.



The private placement was substantially oversubscribed, increasing the total public offering from €40m to €50m. Such a strong interest in DONTNOD shares could be explained by a recent ~45% increase in share price over the Sep-Dec'20 period, driven by a strong product pipeline and an improvement in

financial performance with a 64% increase in net income in H1'20 (€0.7m) vs. H1'19.

Founded in 2008 and started publicly trading on Euronext Growth in 2018, DONTNOD is a French PC&console game developer, known for such AA narrative games as Life is Strange (adventure), TwinMirror (self-published adventure, released in Dec'20), and Vampyr (action RPG). The company plans to release a new project in co-production with Focus Home Interactive in 2021.



UPDATE: Huuuge expects \$400m IPO proceeds and considers new acquisition targets

Poland-based social casino game developer and publisher **Huuuge Games** has revealed more facts regarding its future IPO in February 2021. The company has set its maximum share price at 50 PLN and expects the public offering value of approximately \$400m (1.5B PLN), including:

- \$150m gross proceeds from the issuance of new shares to Huuuge;
- \$250m proceeds to selling shareholders (Big Bets, Korea Investment Partners, and others).

The company has also disclosed that over 90% of raised proceeds will be used to finance future acquisitions with the main focus on established F2P mobile game developers (up to \$300m valuation). Huuuge has already selected a shortlist of 10 targets with about 5 of them being actively analyzed.

More information about IPO and Huuuge:

- > [Factsheet](#)
- > [InvestGame digest #3'21](#)
- > [EGD podcast: Huuuge Games, talk with Anton Gauffin](#)
- > [DoF podcast: Going Public with Anton Gauffin, CEO of Huuuge Games](#)

UPDATE: Roblox IPO postponed for the 2nd time

CA-based video game platform **Roblox** has postponed its IPO. SEC investigates Roblox's revenue recognition principles. As reported by [Reuters](#), SEC asks Roblox to recognize income from consumable products as they are consumed. By adopting such principles, the company's management anticipates higher reported revenue.

Earlier this month, Roblox raised \$520m of Series H funding, bringing the company's valuation to \$29.5B, which is over 7x times higher than the valuation at the Series G round in Feb'20.

Notable Transactions

MERGERS & ACQUISITIONS

Esports betting platform **Esports Entertainment Group (EEG)** has acquired esports tournament and event organizer **Esports Gaming League (EGL)** for a total consideration of \$5.5m.

Media- and tech-company **Azerion Holding** acquires the remaining 49% stake in Finland-based social web games developer **Sulake**, best known for its *Habbo Hotel* game.

Sweden-based mobile game developer and publisher **Stillfront Group (OM:SF)** has completed the

acquisition of San Francisco-based mobile game developer **Super Free Games**. We've covered the deal in [InvestGame digest #51'20](#).

UK-based media company **GRV Media Limited** has announced [the acquisition](#) of gaming news site **DualShockers** for an undisclosed sum.

VENTURE FINANCING

Social avatar platform **IMVU** [has raised](#) \$35m from the second large Chinese gaming company **NetEase** and several other investors. The funding comes right after IMVU made a restructuring, creating a new parent company **Together Labs**.

LA-based video game and app development platform **AppOnboard** [has raised](#) \$20m in a funding round led by Raine Ventures. The funds raised will be used to scale the company's operations, expand its workforce and further develop its main product — a no-code game engine *Buildbox*. Founded in 2016, AppOnboard has raised \$54m to date.

Russian PC&console game developer **Mundfish** [has secured](#) an undisclosed Series B round, led by Tencent with participation from Gaijin Entertainment and GEM Capital. The proceeds will support the development of the upcoming FPS game *Atomic Heart*.

Mobile casual games developer **Pocket Worlds** [has raised](#) \$7m in a Series A round led by **BITKRAFT ventures**. The proceeds will be used to support its social avatar sandbox game *Highrise*.

The AR startup **Gowalla** [raises](#) \$4m in a Seed round, to establish the second iteration of the company. Gowalla was initially founded in 2009 but was then [acqui-hired by Facebook](#) in Dec'11.

Germany-based startup **MegaDev** [has raised](#) \$1.9m in Series A round to further develop its esports training program **PLITCH**.

OTHER

Tencent's mobile game developer subsidiary **TiMi Studios** [will invest](#) ~\$154m to build an esports ecosystem around a mobile competitive multiplayer game *Honor of Kings*. Among other things, some of the proceeds will be used to increase the total prize pools of the key *Honor of King's* competitions.

UK-based multiplatform video game developer **Sumo Group (AIM:SUMO)** [has raised](#) ~\$2m through the new ordinary shares issue.



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