

Weekly News Digest #41

16

of announced deals

\$983.2m

announced deals' size


10

of closed deals

Hi everyone,

We hope you've enjoyed our [Investment Activity Report](#) for Q1-Q3 2020 providing a short overview of deals in the game development & publishing sector ("Gaming") of the huge Video Game market. Your feedback is always welcome. Should you have any questions, comments, or suggestions related to the data, please feel free to write us [@InvestGame](#).

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




**EMBRACER+
GROUP**
PRIVATE PLACEMENT

[Embracer Group has raised \\$657m through the private placement](#)

Sweden-based **Embracer Group (STO: EMBRAC B)** has raised about \$657m through the private placement of 35.7m newly issued B shares. The share issue indicated a strong interest from multiple institutional investors and resulted in ~8.5% dilution in the number of shares.

This year Embracer has acquired 11 companies, with the latest one being Dutch-based VR game developer and publisher [Vertigo Games](#). Apparently, the proceeds from this private placement reinforce Embracer Group's financial position and allow the company to continue its growth strategy by acquiring new game developers and publishers, among other assets.

With share prices and multiples trading at a high range, it is one of the best times to attract money on the public markets. Embracer Group will most probably announce a series of deals or one "huge" transaction in the next 3-6 months.



**MY.GAMES ACQUIRES
DEUS CRAFT STUDIO**

[MY.GAMES acquires 51% of DeusCraft for up to \\$49m](#)

MY.GAMES, a gaming division of **Mail.ru Group (LSE: MAIL)**, has acquired the controlling stake (51%) in the mobile game development studio **DeusCraft**, known for the popular time-management title Grand Hotel Mania.

Maximum transaction price accounts for \$49.1m, including:

- \$14.1m upfront consideration;
- up to \$35m earn-out consideration to be paid in April 2021, if the company's monthly revenue reaches \$15m by the end of Q1 2021.

MY.GAMES will benefit from the expertise of DeusCraft's team, which has a vast background of experience in the development of casual mobile games (15+ years) especially when it comes to new games in the time-management category.

The acquisition follows the two recent investments made by MY.GAMES over the last three weeks:

- US-based mobile game developer HypeMasters in September 2020;
- Cyprus-based mobile game developer Reaction games in October 2020.



Thunderful Group acquires Coatsink for up to \$85m

Sweden-based video game developer, publisher, and distributor **Thunderful Group** has acquired 100% of the UK-based PC, console, and VR game developer **Coatsink** for a total amount of up to ~\$85m.

The total consideration will be paid in the form of:

- an up-front consideration of about \$30m with a half to be paid in cash and the other half in newly issued ordinary shares;
- an earn-out consideration of \$55m to be paid in a mix of cash and shares if Coatsink exceeds its undisclosed financial targets for 2021 and 2022.

Coatsink will remain an independent studio under the Thunderful umbrella. This new partnership will help both companies to accelerate their development capabilities and reinforce their position on the gaming market.

Coatsink has a healthy pipeline of games with 5 titles in development. Two of them have already been announced and are based on famous external franchises: Transformers: Battlegrounds and Jurassic World Aftermath.

This is the second acquisition Thunderful Group has made this year. In February 2020, the company acquired Swedish PC&Console games developer **Guru Games**. The deal also goes in line with Thunderful strategy to expand its game segment through attractive deals and partnerships.

Notable Transactions

Mobile games company **AppLovin** is reportedly planning to go public at the beginning of 2021. There were many rumors about the company's IPO over the last years, but this time AppLovin made its first step toward the offering by hiring **Morgan Stanley** to lead IPO.

Simplicity Esports and Gaming Company is planning to acquire five esports gaming centers while also preparing an issuance of common shares for gross proceeds of \$66.8m.

G-Loot, a Stockholm-based esports platform for players of all levels to compete with each other, has secured \$56m of investment to extend player base, optimize services, and promote its brand.

New York-based esports company **RektGlobal** has raised \$35m of funding from investment firm **Summit Partners** — its new debt capital partner.

San Francisco-based food-and-entertainment chain, combining Esports and HoReCa businesses **GameWorks** plans to go public and raise up to \$15m.

Tokyo-based VR game developer, known for its Sword-fighting VR title Swords of Gargantua, **Thirdverse** has raised \$8.5m in a Series A funding round led by JAFCO.

F2P game publisher **Tilting Point** has acquired the terraforming simulator TerraGenesis from **Edgeworks Entertainment**. The deal terms remain undisclosed, but the sum is said to be multiple millions of dollars.

Esports entertainment company **TGS Esports** is about to acquire Canada-based scholastic & esports tournament organizer **Volcanic Media**, which will make Volcanic free for all high schools in Canada.

Canada-based esports agency **GameSquare Esports** went public on the Canadian Securities Exchange (CSE) under the ticker GSQ, raising about \$2.3m.

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