

Weekly News Digest #45

8

of announced deals

\$1.03B

announced deals' size

6

of closed deals

Hi everyone,

Our colleagues at **Griffin Gaming Partners** have just announced that they raised \$235m to invest in video game studios (excluding AAA-games), gaming-related platforms, and infrastructure projects.

Founded in 2019 by Peter Levin, Phil Sanderson, and Nick Tuosto, Griffin Gaming Partners already has 12 investments, including AppLovin, Discord, Skillz, N3TWORK, Wave, Tactile Games, Subspace, Frost Giant, Wizard, Latitude, SuperSocial, and Funzy.

The fund will be flexible in terms of investment stage (from seed to later-stage deals) and check size (\$1m — \$20m), with approximately half of investments being focused on the North American region.

As always, please find below your weekly summary of investment deals in the video game industry.



Take-Two Interactive is in talks to acquire Codemasters for \$973m

U.S.-based video game giant **Take-Two Interactive Software (NASDAQ:TTWO)** has made a non-binding proposal to acquire UK-based racing games publisher and developer **Codemasters Group (LON:CDM)** for \$973m (£740m).

- The offer consideration is based on \$6.4 price per share, which includes ~24% premium over Codemasters' pre-offer price assuming the initial offer discussions were held on October 14, 2020;
- The consideration is expected to be paid ~25% in cash and ~75% in TTWO shares;
- The preliminary transaction valuation multiples are 9.7x Revenue, 40.7x EBITDA. The multiples will be adjusted later in November based on interim results for the six months ended 30 September 2020.

Though the potential transaction discussions were confirmed by both sides, TTWO must submit its final intention to make an offer by December 4, 2020. The announcement has already increased the price of Codemasters' shares by 9% and TTWO's shares by 3%.

The acquisition offers multiple benefits to Take-Two Interactive:

- i) Complementary product portfolio of high-quality Premium & GaaS racing games to the existing sports (NBA 2K series) and arcade portfolio (Midnight Club series);
- ii) Further diversification of gaming portfolio across platforms — increasing presence in mobile (F1® Mobile Racing, GRID Autosport, Project CARS GO, mobile project with NetEase) and cloud (GRID on Stadia);
- iii) Cross-selling opportunities for the existing audience of TTWO and Codemasters;
- iv) Leveraging its own expertise in publishing and live operations to substantially improve Codemasters' performance over the next few years.

This is the third acquisition Take-Two Interactive has announced this year:

— In October 2020, the company acquired Ruffian Games, the PC&Console games developer of Crackdown series, for an undisclosed sum;

— In September 2020, Take-Two Interactive acquired NYC-based mobile puzzle games developer **Playdots** for \$192m.

Notable Transactions

Beijing-based mobile games publisher **ByteDance**, known for short-video apps Douyin and TikTok, is in talks to raise \$2B financing at \$180B valuation prior to listing some of its businesses in Hong Kong.

UK-based indie publisher **Curve Digital** has acquired Canadian **IronOak Games**, a developer behind the PC&Console game “*For the King*” — a strategic RPG with tabletop and roguelike elements. The game is published by IronOak.

UK-based mobile game developer **Lockwood Publishing** has raised \$25m of Series A financing for its 3D life simulation game Avakin Life with over 200m registered users to date.

California-based esports organization **Immortals Gaming Club** has raised \$26m of Series B-1 funding for its esports clothing shop and matchmaking platform. The company has also recently sold its Call of Duty franchise to 100 Thieves.

UK-based fintech startup **Sugar** has raised about \$1.9m in a pre-seed funding round to support developers by scaling up their games via marketing loan and granting early access to store’s revenue.

Spain-based influencer monetization platform **Streamloots** has raised \$7.2m to increase its user base and develop new service offerings.

Canada-based esports company **Engine Media Holdings** has completed the sale of Motorsport Assets to fully focus on esports (Stream Hatchet, UMG) and gaming (Eden Games) businesses.

Esports transactions management platform **Edge** has secured \$1.5m investment to attract more talent and improve the platform.

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Recent investment news in the gaming industry
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