

## Weekly News Digest #46

20

# of announced deals

\$156m

announced deals' size

13

# of closed deals

Hi everyone,

Last week we updated the [VC Investors section](#) on our website. Per our analysis, top-3 most active VC gaming investors include BITKRAFT, Galaxy Interactive, and Andreessen Horowitz.

By the way, we are very open to new collaborations and would love to set up a call with any of our readers to know more about your organization and investment strategy. Feel free to contact [us](#).

Below is the weekly news summary of recent investment transactions in the gaming industry.



[ironSource is preparing for IPO at \\$7B-\\$8B valuation on NASDAQ](#)

Israel-based advertising tech company **ironSource** plans to go public on NASDAQ in the first half of 2021, targeting a valuation range of \$7B-\$8B. The decision upon going public hasn't been approved by the company's board of directors yet. The news comes shortly after other ads-related businesses Unity Software (NYSE: U) with [Unity Ads](#) raised over \$1.3B in IPO with a current market cap of \$31B+ (vs. \$18B at IPO date; ~70% increase), and [AppLovin](#), backed by KKR, [announced](#) its preparation for public listing.

If ironSource's public offering happens at the rumored valuation, it would be the largest IPO among Israeli companies. It is interesting whether ironSource would prefer SPAC, direct listing, or [Unity's bidding process](#) to the traditional IPO process. Though SPAC seems a very unlikely option here.

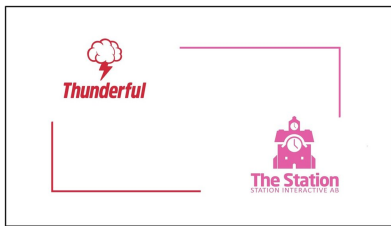
The IPO would result in a great return for many private equity and venture capital funds, including Europe's private equity giant CVC Capital Partners — over 4x times increase in valuation over one year. In October 2019, ironSource was valued at around \$1.7B in its [secondary deal](#) with CVC Capital Partners, which acquired a 25.7% stake for \$430m.

It seems that decision to go public is lobbied by existing private equity funds (Viola Ventures, particularly) looking to take advantage of the pandemic momentum with the market valuation of many online tech-companies being very high. The shareholders include founders (32%), management & employees (~12%), and PE & VC funds (66%), with the largest one being CVC Capital Partners.

Founded in 2010, [ironSource](#) is a software development business specializing in the distribution and monetization of apps with a particular focus on mobile games via its ad network, mobile ad mediation, and UA platforms. The company is based in Tel Aviv with 13 operational offices around the globe and over 850 employees.

According to [CTech](#) and [CVC](#), ironSource:

- raised around \$120m in total funding before CVC's deal;
- had estimated annual revenue of \$1B and profit of \$170m in 2019;
- distributed over \$200m in dividends.



## Thunderful has acquired Station Interactive

Sweden-based indie games publisher **Thunderful Group** has acquired Swedish video game developer **Station Interactive** for an undisclosed sum. As a result of the deal, Thunderful acquires all IPs, assets of Station Interactive and welcomes 35 new employees on board.

Thunderful Group continues its local expansion by acquiring game development expertise in the European market. This is the third acquisition **Thunderful** has made this year.

- In October 2020, Thunderful Group acquired UK-based game developer and publisher **Coatsink** for up to \$85m including \$30m upfront and \$55m earn-out;
- In February 2020, Thunderful Group acquired Sweden-based game developer **Guru Games** for an undisclosed sum.

Founded in 2013, **Station Interactive** is a multiplatform game developer, known for developing the puzzle-platformer franchise *LittleBigPlanet* together with **Media Molecule**. As for in-house projects, the studio has developed *Sniper Extinction*, a mobile game published by **Barnlek**. Currently, Station Interactive develops its second game *Righteous*, featuring a young woman's journey through WWII, and continues working on DLC for *LittleBigPlanet* series.



## Enthusiast Gaming Is Planning To Be Listed On NASDAQ

Toronto-based entertainment platform and esports organization **Enthusiast Gaming Holdings** (TSX: EGLX, OTCQB: ENGMF, FSE: 2AV) is preparing for listing common shares on the NASDAQ exchange. The listing is subject to the NASDAQ's approval and the satisfaction of the regulatory requirements.

The company went public in 2018 on TSX Venture Exchange and graduated to the Toronto Stock Exchange in January 2020. The new listing would allow the company to provide more visibility on its strategy, expand its investors base, enhance brand awareness in the U.S. region, and explore new M&A opportunities.

**Enthusiast Gaming** owns around 100 websites and over 1,000 YouTube channels. The company collaborates with more than 500 esports influencers and has an overall number of 90 million MAU, with 3.2 billion web page views per month.

## Notable Transactions

**UPDATE:** **Take-Two Interactive Software** has officially entered into the agreement to acquire UK-based racing games developer **Codemasters Group** for \$954m consideration at 40.5x EV/EBITDA multiple. The offer represents a 38% premium to the closing Codemasters' share price on the date of Take-Two's initial proposal to Codemasters (22 Sep).

**Griffin Gaming Partners** raised \$235m to invest in gaming studios, platforms, and infrastructure projects. It is now one of the largest gaming-focused VC firms by the amount of raised funds.

**Epic Games** invested in **SideFX**, a company behind **Houdini** 3D animation software used in the development of AAA PC&Console games (incl. *Far Cry 5*, *Ghost Recon Wildlands*, *Mafia 3*). Raising \$1.8B in funding Epic Games closed the fourth deal this year with precedents being **Cubic Motion**, **Manticore Games**, and **SuperAwesome**.

After the conflict with the Indian government, **PUBG Corporation** is planning to return to the country's mobile gaming market with the release of *PUBG Mobile India* game. Moreover, the company plans to invest \$100m in Indian gaming, esports, IT, and entertainment sectors.

**Media and Games Invest** has placed about \$95m (€80m) of senior secured bonds with a tenure of four years. Part of the proceeds will support the M&A strategy of the company.

Esports training tech company **Statespace** has raised \$29m in Series B round. Part of the funding will be used for the launch of *The Academy*, where professional players can share their knowledge with other gamers.

Toronto-based mobile games publisher **PopReach Corporation** has entered into an agreement to sell \$7.6m (CAD 10\$m) worth common shares to Canadian investment firm **Beacon Securities Limited**. The company has also raised about \$11.4m (CAD \$15m) in a bought deal financing to support its mobile gaming M&A strategy.

UK-based esports company **Fnatic** has raised \$10m investment and now is about to launch a crowdfunding campaign on Crowdcube to raise \$1.3m. The funding will help Fnatic to find and nurture young and talented players.

Esports competition platform **Stakester** has raised \$2.7m in a Seed round led by RTP Global with participation from several angel investors.

American office products manufacturer **ACCO Brands Corporation** has signed a definitive agreement to acquire **PowerA**, which produces controllers, headsets, and other gaming accessories.

Russian startup **Fantasy Invest** has raised \$0.47m from IIDF (Internet Initiatives Development Fund), YellowRockets.vc, and several angels for its investment simulation mobile game.

US-based gaming hardware manufacturer **Corsair Gaming** has acquired esports coaching platform **Gamer Sense**.

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