

Weekly News Digest #8

20

of announced deals

\$750m

announced deals' size

15

of closed deals

Hi everyone,

2020 was a great year for gaming companies and the financial reports of the last week continue to prove it. We have collected almost a dozen of those so that you could check them yourselves:

- Starbreeze Interim Report Q4 and full-year 2020 ([financial report](#) and [presentation](#));
- Nitro Games Year-end report 2020 ([press release](#) and [presentation](#));
- Netmarble Q4 and full-year 2020 ([press release](#) and [presentation](#));
- Paradox Interactive Year-end Report 2020 ([press release](#) and [presentation](#));
- Thunderful Group Q4 and full-year 2020 ([press release](#) and [presentation](#));
- Enad Global 7 Interim Report Oct-Dec'20 ([press release](#) and [presentation](#));
- Playtika Q4 and full-year 2020 ([press release](#) and [presentation](#));
- MTG Interim Report Oct-Dec'20 ([press release](#) and [presentation](#));
- NetEase Q4 and full year 2020 ([press release](#) and [presentation](#));
- Bilibili Q4 and full year 2020 ([press release](#) and [presentation](#));
- Roblox [SEC filing](#) with 2020 results.



Enad Global 7 acquires Innova for \$132m

Sweden-based multiplatform games developer and publisher **Enad Global 7** (ST: EG7) has entered into an agreement to acquire Russian PC MMORPG games publisher **Innova** for EUR 109.8m (~\$132m). Innova will continue to operate as an independent publisher and a separate entity within the EG7 group. The transaction is expected to be completed in Q1'21.

100% upfront consideration paid fully in shares

The consideration does not include any earn-out payments and is paid entirely in newly issued EG7 shares. Given the absence of long-term incentive for the sellers, the 24-months lock-up period used for 75% of consideration seems reasonable and results in aligning the interests of both parties.

Transaction multiple 8.1x EV/EBITDA'20

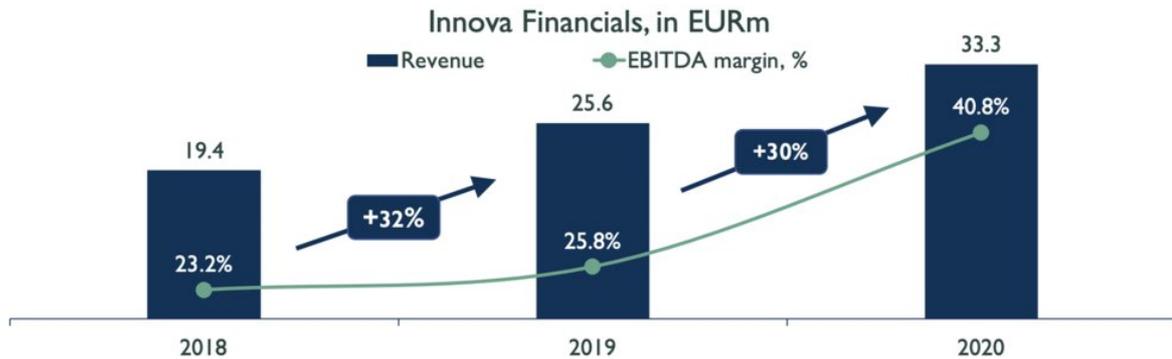
Based on Innova's CY 2020 performance — \$40m Revenue (EUR 33.3m) and \$16m EBITDA (EUR 13.6m), the transaction multiplies are 3.3x EV/Revenue and 8.1x EV/EBITDA. It should be noted that the target's profitability (40.8% EBITDA margin) was much higher in 2020 compared to the historical average of 24.5%, which is most probably driven by an increased interest in games during the lockdown. There is a risk of declining EBITDA figures in the following years.

Strategic rationale

- EG7 continues to expand its presence across the video game industry value chain by acquiring PC F2P game publishing and distribution expertise (200+ experienced professionals);
- EG7 further diversifies its product portfolio by adding publishing licenses for F2P MMORPGs (*Lineage*

2, *Ragnarök Online*, and *Point Blank*);

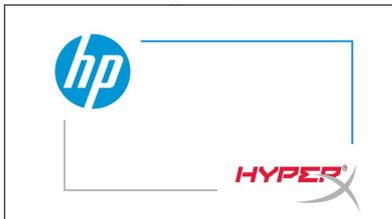
— EG7 improves its position in CIS and European regions with Innova being one of the largest PC game publishers and distributors in the European region.



About Innova

Founded in 2006, Innova has published over 20 games and currently operates 9 cash flow-generating PC F2P MMORPG titles with more than 400k monthly active users, including *Lineage*, *Ragnarök Online*, *Point Blank*, *Aion*, and others. The majority of the games are developed by South Korean gaming companies NCSOFT, Zepetto, and Pearl Abyss.

Sources: [Press Release](#), [M&A presentation](#)



HP agrees to acquire HyperX for \$425m

American PC hardware company **HP** (NYSE: HPQ) has entered into a definitive agreement to acquire the US-based gaming peripherals manufacturer **HyperX** for \$425m from **Kingston Technology Company**. The deal includes such gaming peripherals as headsets, keyboards, mice, mousepads, USB microphones, and console accessories. The remaining part (DRAM, flash, and SSD products) remains under Kingston.

The acquisition is in line with the HP growth strategy for the Personal Systems business and allows HP to further expand its gaming offer with HyperX being a great addition to Omen and other gaming product lines of the company.

As stated in the [press release](#), the transaction should be accretive on a non-GAAP basis in the first year after closing. The deal is expected to close in Q2'21.



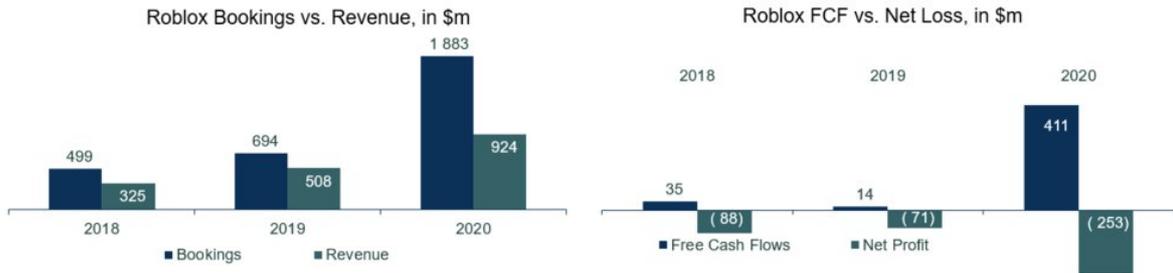
UPDATE: Roblox will go public on March 10

CA-based video game platform **Roblox** is expected to go public on the NYSE through a direct listing of shares on March 10.

Earlier this year, 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.

The company has changed its revenue recognition methodology in the identification of performance obligations. Initially, Roblox based its revenue on the time period for which the user is estimated to access

the Roblox platform and now based on the consumption pattern/nature of the virtual good (consumable/durable).



Hiro Capital invests \$15m into three gaming companies

Founded in 2019, **Hiro Capital** is a London-based venture capital firm, which focuses on such sectors as games, esports, and meta-verse technologies. The fund typically participates in the post-seed Series A and B stages (from \$1m to \$10m checks). Hiro Capital has invested \$15m into three gaming studios:

Happy Volcano

Founded in 2017 and headquartered in Belgium, the game developer is known for its *The Almost Gone* puzzle game available on Steam, Nintendo Switch, and mobile. Now Happy Volcano works on two new games: *You Suck At Parking* (racing arcade, expected to be launched in 2021 on Steam) and AR game *Pixel Picasso* (release date unknown).

Double Loop Games

Founded in 2019, an American gaming studio raised its first \$2.5m investment in Feb'20 to develop its debut mobile game. The title is still unannounced but is expected to be released this year.

Snowprint Studios

Founded in 2015, Stockholm-based mobile games developer Snowprint is known for its turn-based RPGs *Legend of Solgard* and *Rivengard*.

Notable Transactions

MERGERS & ACQUISITIONS

UPDATE: Stockholm-based mobile games developer and publisher **Stillfront Group (OM:SF)** completes the acquisition of Indian mobile social casino games developer **Moonfrog Labs** for a total of \$45m, including future earn-outs.

Japanese game publisher and developer **Bandai Namco** has acquired a minority stake in Germany-based third-party developer **Limbic Entertainment** for an undisclosed sum. Limbic has worked on several *Might & Magic Heroes* games, *Memories of Mars*, and *Tropico 6*.

Israel-based advertising tech company **ironSource** has acquired London-based creative management platform **Luna Labs**. This is the second acquisition the company made this year. In January, ironSource acquired mobile apps monetization analytics company **Smoola** for an undisclosed amount.

Wiki hosting service **Fandom**, formerly known as Wikia, has acquired an online marketplace **Fanatical** for an undisclosed sum. Though Fanatical sells e-books and e-learning courses, its primary focus is on PC games distribution with over 8,000 games in the catalog.

Sweden-based gaming-related business **Thunderful Group** has entered into an agreement to acquire German multiplatform game publisher and developer **Headup** for up to \$13m (€11m).

Tencent's mobile publishing subsidiary **Miniclip** has made a strategic investment into Romanian mobile games developer **Green Horse Games**, becoming a controlling shareholder of the studio (65.9% share).

VENTURE FINANCING

Istanbul-based mobile game developer **Dream Games** has raised \$50m in a series A funding round led by **Index Ventures**, with participation from **Balderton Capital** and **Makers Fund**. Alongside the investment, Dream Games has also launched its first product — match-3 puzzle game *Royal Match*.

American tech company **Beamable** has raised \$5m in its latest oversubscribed round to further develop its LiveOps tools for developers.

US-based mobile match-3 games developer **BebopBee** has raised \$2m from **BITKRAFT Ventures**, **1Up Ventures**, and others.

UK-based mobile gaming studio **Soccer Manager** has raised \$4.2m (£3m) in a funding round led by **Mercia Asset Management**, which now controls 46.6% of the company.

PUBLIC OFFERINGS

Finland-based mobile shooters developer **Nitro Games** has resolved a direct share issue with plans to raise up to \$4.2m proceeds before issue costs.

Finnish PC&console games developer **Remedy Entertainment** has registered 1m new shares (~8.3% of all shares) to its institutional investors, raising around \$50m.

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