

Weekly News Digest #18

12

of announced deals

\$748m

announced deals' size

10

of closed deals

Hi everyone,

Before diving into recent news of the gaming industry, we would like to share with you our new [league table of M&A sell-side advisors in the gaming industry](#).

Below are top-5 advisors based on the deal activity over Jan 2020 — Apr 2021:

#1 Aream & Co (12 deals; \$6B value)

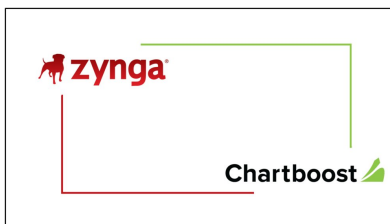
#2 Agnitio Capital (4 deals; \$0.5B value)

#3 Lion-Tree (3 deals; \$0.7B value)

#4 Goldman Sachs (2 deals; \$9.6B value)

#5 Alantra (2 deals; \$1B value)

You can find an extended version of the table with all M&A deals in the Gaming sector exceeding \$80m total deal value in our [Patreon](#) feed. To get exclusive tables and our in-house research please feel free to subscribe.



Zynga acquires Chartboost for \$250m

Zynga (NASDAQ: ZNGA) has entered into an agreement to acquire 100% of US-based mobile ads and monetization platform **Chartboost** for around \$250m in cash.

Zynga was advised in this transaction by [UBS Investment Bank](#) as the sole financial advisor. The final consideration for the upfront deal will require customary closing adjustments and is scheduled to close in Q3'21.

Founded in 2011, Chartboost is a unified mobile programmatic advertising and market analytics platform, which helps mobile apps developers to optimize their advertising, discover and reach a new audience. Today, the company serves a global audience of more than 700m MAU and over 90 billion monthly advertising auctions.

Last week, Zynga reported Q1'21 financial results with \$680m revenue (+68% YoY growth) of which \$123m is ads revenue (+107.5% YoY growth). Nevertheless, such impressive growth was primarily driven by an active M&A strategy with 5 acquisitions in 2020 and 2 announced in 2021. Zynga continues to scale its product portfolio, with a particular emphasis on ads monetization and hypercasual business.

Considering the ever-growing Zynga's portfolio serving around 164m MAU, it seems useful to have a proper ads monetization company under the wing. The proprietary technology of Chartboost will help Zynga to scale its products more efficiently, cut advertising costs and face new challenges of the post-IDFA world.

Last week, Zynga's Turkish subsidiary **Rollic Games** [has acquired](#) Turkey-based hyper-casual mobile

games developer **Uncosoft**.



Stillfront acquired Game Labs for up to \$62.5m

Sweden-based game developer and publisher **Stillfront Group** (OM:SF) has acquired 100% of PC strategy games developer **Game Labs** for up to \$62.5m, including:

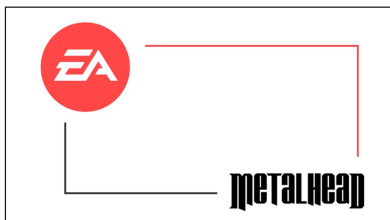
- \$32.5m upfront, paid 70% in cash and 30% in newly-issued Stillfront shares
- Up to \$30m earn-out, based on the Game Labs' EBIT performance in 2021, 2022, and 2023 years, also paid 70% in cash and 30% in newly-issued Stillfront shares

Aream & Co. acted as exclusive financial advisor to Game Labs. According to the press release, the expected multiple for the transaction is 6.9x EV/Adjusted EBIT'21, assuming Game Labs mid-range EBIT for 2021.

Founded in 2015, Game Labs is a niche developer of PC strategy games, known for *Ultimate* game series with a strong emphasis on military action and historical battles. Recently, the company entered the MMO genre with its *Naval Action* te. Currently, the studio is working on open world stealth action *This Land is My Land*, naval RPG *Sea Legends* and two *Ultimate Admiral* titles.

With the acquisition, Stillfront expands into the Russia & CIS gaming market and expands its current portfolio of mid-hardcore strategy and action games targeted specifically at the 30+ male demographic.

As a member of the Stillfront Group, the studio will continue to grow and improve its portfolio of premium games, but it will also introduce the GaaS approach and free-to-play monetization.



Electronic Arts acquires Metalhead

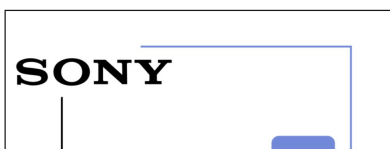
Electronic Arts has announced the acquisition of a Canada-based PC&console game developer **Metalhead Software**. The sum of the deal remains undisclosed.

The team will stay in Victoria, Canada, and collaborate with other EA Sports teams to expand the studio's current portfolio and “create new gaming and sports experiences for players worldwide.”

With the acquisition EA returns to the baseball genre — the company has not released a baseball game since the *MVP: NCAA Baseball* series was discontinued in 2008 due to weak sales.

The publisher has been ramping up its sports and simulation efforts, acquiring UK-based racing games developer **Codemasters** and mobile games developer **Glu Mobile**, which has several simulation titles in its portfolio, including *Tap Sports Baseball*, *Deer Hunter*, and *Tap Sports Fishing*. EA also announced the return of *College Football* series and *PGA Tour* golf simulators.

EA Sports' senior vice president confirmed the company's deliberate growth strategy includes the expansion into a number of simulator genres, including baseball games.



Sony invests an undisclosed sum in Discord



Sony (TYO: 6758, NYSE: SONY) has announced a collaboration with **Discord** to introduce the video-game chat service to PlayStation next year. As a part of the agreement, Sony will invest an undisclosed amount in Discord. The announcement came few months after Sony invested in Discord as part of its \$100m Series H funding round.

Microsoft was previously in negotiations to acquire Discord, but the talks stalled last month after the company's \$12B offer was refused, as reported by **Bloomberg**. Now Discord is rumored to be considering its future IPO.

Since the beginning of 2020, Sony has invested in several gaming companies, including Epic Games (two times), Bilibili, and Kadokawa, and participated in several funding rounds of Platform&Tech companies: Bayes, Anzy, Maestro, and Ubitus.

Seems like Sony has a clear strategy of establishing and solidifying its strategic partnerships with minor investments, especially when it comes to platforms and technology companies. Discord will probably become another long-term partner and we may see it receiving other minor investments from Sony in the future.

Being cross-platform and commonly adopted as a gaming communication platform, Discord has a competitive advantage over PS5 native voice chat solutions and may connect PS users with PC players seamlessly. In PlayStation 5 Sony made a significant accent on UX/UI improvements of the PSN system. Integration of one of the most advanced gaming communication platforms into PSN ecosystem might become another system selling feature of the console.

Founded in 2012, Discord initially focused on gamers, but in the summer of 2020 Discord decided to shift towards the new audience, distancing itself from an image of a gamer-centric chat app — now over 30% of users use it for activities unrelated to gaming.

Notable Transactions

MERGERS & ACQUISITIONS

UK-based esports company **Resolve Esports** has acquired another UK-based esports organization **Barrage Esports** for an undisclosed sum. Resolve will take over all of Barrage's esports and business activities as a result of the purchase, including the right to organize the Northern League of Legends Championship, UK, and Scandinavia League of Legends tournament.

VENTURE FINANCING

Finland-based mobile puzzle games studio **Metacore** has secured a \$180m credit line from its primary investor **Supercell** to scale its smartphone puzzle hit *Merge Mansion* (now generating over \$50m revenue a year). To avoid diluting its founders' stakes, the company preferred credit facility to equity financing.

Carry1st, a mobile publishing platform, has secured \$6m in Series A funding round, led by **Konvoy Ventures**. Carry1st intends to use the proceeds to expand its current portfolio of games and to collaborate with new studios globally.

US-based esports platform connecting gamers with coaches **Metafy** has secured an additional \$5.5m to its \$3.15m seed round. The company's current focus is niche competitive games, but the startup is planning to expand into major esports titles.

US-based esports organization **Beastcoast** has raised \$2.5m in pre-Seed funding round and announced its future Seed round in Q2 2021. The funding will help to start new projects, expand the marketing team and acquire a studio facility.

US-based women-focused gaming organization **Queens Gaming Collective** has secured a \$0.5m investment from NFL player JuJu Smith-Schuster and his mother — together, they will join Queens Gaming as cultural ambassadors.

Gaming safety organization **GamerSafer** has raised \$286.4k of funding to build software for preventing fraud and crimes in online multiplayer games.

PUBLIC OFFERINGS

Stillfront is planning to issue up to \$240m worth of new unsecured floating rate bonds to support future investments, acquisitions, among other things. Series of meetings with bond investors on that subject are appointed on May 10.



Recent investment news in the gaming industry
Deals database, league tables, etc.

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