



Machine Zone Acquired by AppLovin

Creating one of the world's leading mobile gaming platforms

KKR backed AppLovin is acquiring Novator portfolio company and mobile game developer Machine Zone.

Machine Zone pioneered free-to-play mobile gaming and has created several high-grossing titles, such as Game of War: Fire Age in 2013, Mobile Strike in 2015, and Final Fantasy XV: A New Empire in 2017.

Founded in 2012, AppLovin includes a mobile games marketing platform as well as a games and studio business. It has partnered with game developers to help them finance and market their products.

The merger with AppLovin will combine talent, games and technologies with Machine Zone to bring new mobile games to market while continuing to help game developers successfully market and monetize their own games.

As a result of the transaction, AppLovin will have almost 800 employees and expected annual revenue of \$1.5 billion, according to Herald Chen, the president and chief financial officer who joined AppLovin from KKR last year.

Novator partner Birgir Ragnarsson, who has been on the board of Machine Zone, has been supportive of the synergistic combination. *"We have been firm believers in Machine Zone's game design and game management capabilities, which are reflected in its highly engaged player community and which led us to follow our initial investment in 2019. The combination will create one of the world's leading mobile gaming platforms providing players with new games and supporting game developers with innovative tools to help them succeed in a crowded market."*

Novator initially invested into Machine Zone in 2016 in its Series D and subsequently via a convertible loan in 2019. Other investors in Machine Zone include Y Combinator, Anthos Capital, Menlo Ventures and JPMorgan.

Following the transaction, Novator will remain an investor in the combined entity and will continue to support the company on its path forward.

According to Herald Chen, AppLovin's president and chief financial officer, AppLovin previously considered preparing for an IPO this year. However, Mr. Chen said that the company is in no rush

to go public, adding that the business has been finding several add-on acquisition opportunities and has done multiple deals since KKR invested in 2018.

If the IPO window opened, Chen said mobile gaming companies would be well-positioned to go public and highlighted that despite disruption from the coronavirus pandemic the company continues to perform, with current conditions having had a neutral to positive impact on the business.