

Gaming Deals Activity Report 2021

Smashing Previous Records

'21

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FY'21 Closed Deals Tracked

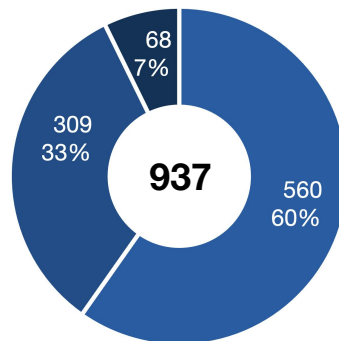
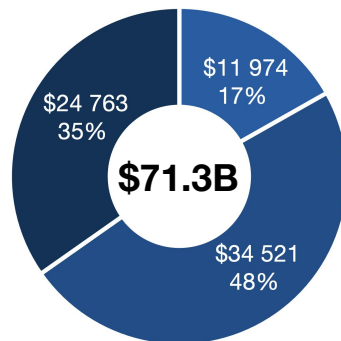
By Deal Type

Value of Closed Deals*, \$m

Number of Closed Deals*

TOTAL

- Private investments
- M&A
- Public offerings

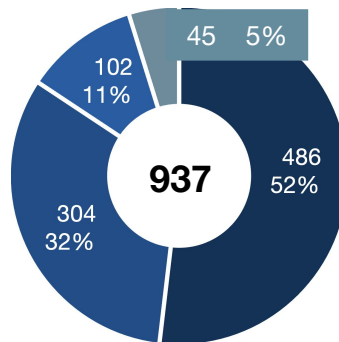
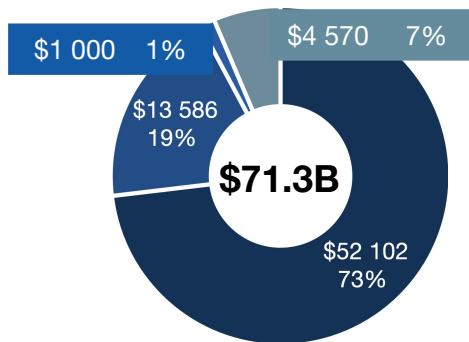


\$71.3B

value of 937 deals
(closed)

By Target Segment

- Gaming
- Platform&Tech
- Esports
- Other



\$80.4B

value of 967 deals
(closed + announced)

Executive Summary FY'21

FY'21 was yet **another record-smashing year** for the Video Games industry, in which total **closed deals value surpassed \$71.3B** (2.1x growth YoY) across the whopping number of **937 transactions** (1.4x growth YoY), plus the **additional \$9.1B in 30 announced deals**. Thus, the total value for both announced and closed transactions **reached a new record of \$80.4B**

Video Games industry continued to prosper across all segments and all type of deals through FY'21:

- **Exit activity remained bullish**, with M&As setting a new record of \$34.5B value (vs. \$12.6B in 2020) across 309 closed deals, representing almost half (48%) of the total deal value. Just 9 mega-deals (defined as deals with the value above \$1B) accounted for 65% of all M&A deals closed in FY'21. **Mobile still holds the largest share** in acquisitions, occupying nearly half of the deal value (\$16.9B, or 49%), with PC&console coming in second (\$11.6B, 34%)
- As for **Public offerings**, there was a **1.6x increase in the deal value** (\$24.8 vs. \$15.6B), while the number of transactions slightly declined (68 vs 82), with the three biggest deals including Krafton \$3.75B IPO, Bilibili \$2.6B PIPE, and ironSource \$2.3B SPAC
- **Private investments doubled in the deal value** (\$12.0B vs \$5.9B), and made a healthy step up in the number of closed deals (560 vs. 363), with the Late-stage transactions accounting for 72% of the value. The investment focus had also noticeably shifted to Blockchain gaming, with the segment occupying 26% of the private capital raised in FY'21
- **The Gaming sector remained the hottest one and more than double** the \$24.5B value recorded in 2020 reaching **\$52.1B** and occupying **73% of the total deal value** and 52% of the total closed deals number; **followed by Platform&Tech sector**, holding 19% of the deal value (or **\$13.6B**) and 32% deals share (or 304)

Blockchain gaming had the absolute breakthrough year: the total deal value blasted off 68.1x YoY (\$3.1B vs \$46m), with the total deal count growing 11.3x YoY (135 vs 12); the major drivers were Forte \$725m Series B, Sorare \$680m Series B, and Dapper Labs \$250m Series B+

FY'21 was **another remarkable year for the gaming VC** ecosystem, with \$891m capital raised by gaming-related funds throughout the year (vs. \$690m in FY'20). In fact, 4 out of top-5 funds announced plans to, or raised funding. The **top-15 gaming VCs invested \$4.3B** of the disclosed deal value in FY'21, across 160 deals, showcasing **an ever-growing venture interest in the gaming industry**. BITKRAFT Ventures yet again led the VC chart with 30 closed deals of \$345m total value, followed by a16z and Makers Fund

For the first time ever, **Embracer nudged Tencent** from the first place in our Strategics rating, closing a total of 26 deals with the overall disclosed deal value of \$6.7B, announcing such notable deals as Asmodee (\$3.1B), Gearbox (up to \$1.4B), and Easybrain (up to \$0.8B)

GAMING ONLY

\$52.1B

value of 486 closed
deals

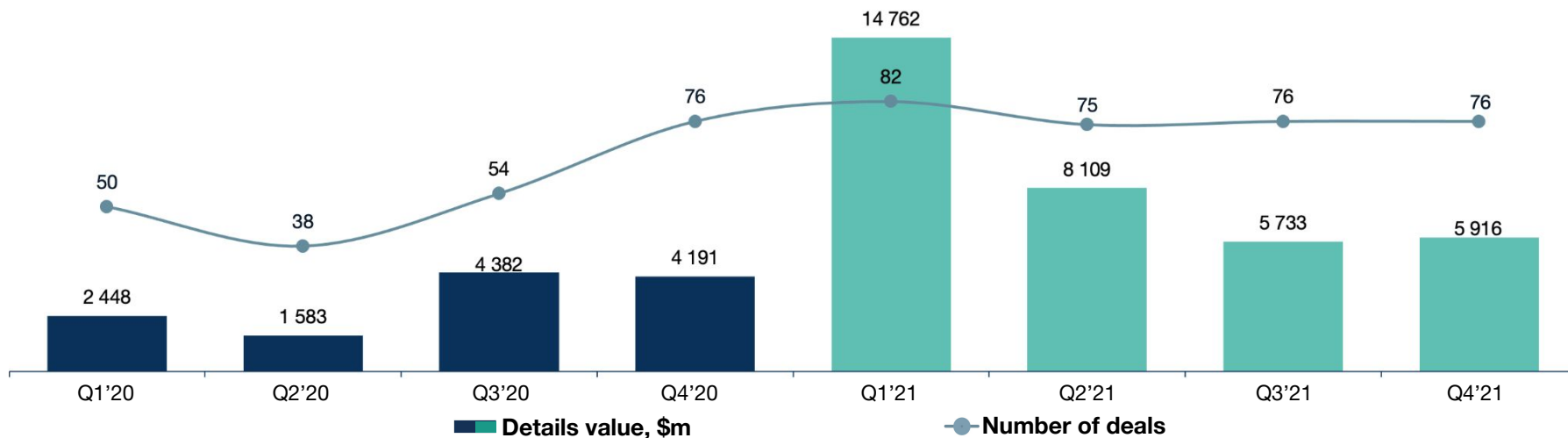
\$54.3B

value of 504 deals
(closed + announced)

M&A Activity

- In FY'21, M&A value soared to the new annual records, showing growth in all segments, with **2.7x increase in the deal value** reaching \$34.5B across 309 closed deals, compared to the total value of \$12.6B across 218 deals in FY'20
- **Gaming sector continued to hold its position as the major contributor** (87% of total M&A value) with 2.8x annual growth in the deal value (\$29.9B vs. \$10.7B); **Platform&Tech** sector took up **second place** with \$3.9B (vs. \$1.4B), while Esports accounted for \$0.3B (vs. \$0.1B)
- While there were only two \$1B+ deals (Leyou and Peak Games) in FY'20, mega-deals became a more regular occasion in FY'21 with 9 transactions, two of which were public takeovers (Codemasters and Glu Mobile)
- Looking at the M&A activity in FY'22, we can affirm that the **aggressive M&A activity will continue**, as **we have already witnessed 3 mega-deals' announcements, with the total value of \$85B**: Activision Blizzard acquisition by Microsoft (\$68.7B); Zynga acquisition by Take-Two Interactive (\$12.7B); and Bungie acquisition by Sony (\$3.6B)

M&As in the Video Games Industry*

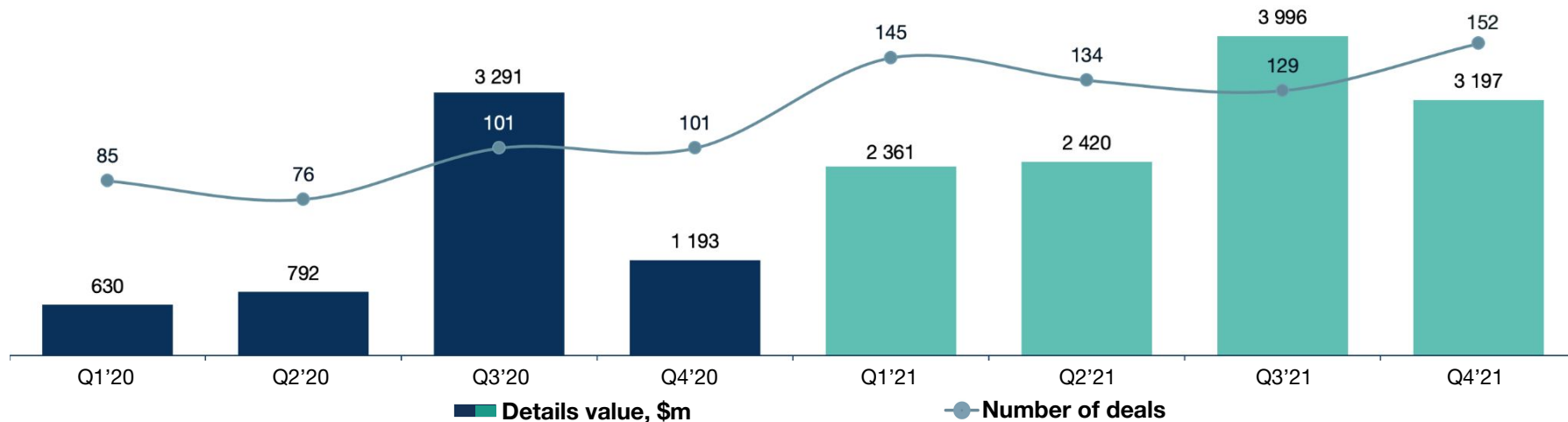


Note: (*) only closed deals are reflected in the graphs (excl. Sumo Group and other deals)

Private Investment Activity

- In FY'21, VC and Corporate placements demonstrated a record **\$12B invested through 560 deals**, showing a 2x YoY growth in deal value, and a 1.5x YoY growth in the number of closed transactions driven by growing interest from financial and strategic investors
- Late-stage deals **saw a 2x growth YoY in total raised capital** (\$8.6B vs. \$4.2B in FY'20); meanwhile, FY'21 Early-stage deals saw an average of \$7m/round, showcasing growth against \$4m/round in FY'20; the number of **Corporate transactions nearly doubled**, with 98 deals in FY'21 vs. 50 deals in FY'20
- FY'21 was characterized by multiple outsized rounds for highly valued businesses, with such notable deals as Epic Games \$1B funding round, Roblox pre-IPO Series H \$520m, and blockchain gaming companies Forte \$725m Series B and Sorare \$680m Series B
- **Gaming sector continue to dominate** the investment activity with **\$5.9B** (vs. \$3.4B in FY'20), accounting for almost half of the total private investments value, while **Platform&Tech** took **second place** and continued growing with **\$4.8B** and 40% of total value (vs. \$1.7B and 29% in FY'20). This is greatly influenced by the **outstanding interest in Blockchain gaming**, with the total value of investments increasing from \$38m in FY'20 to \$3.1B in FY'21

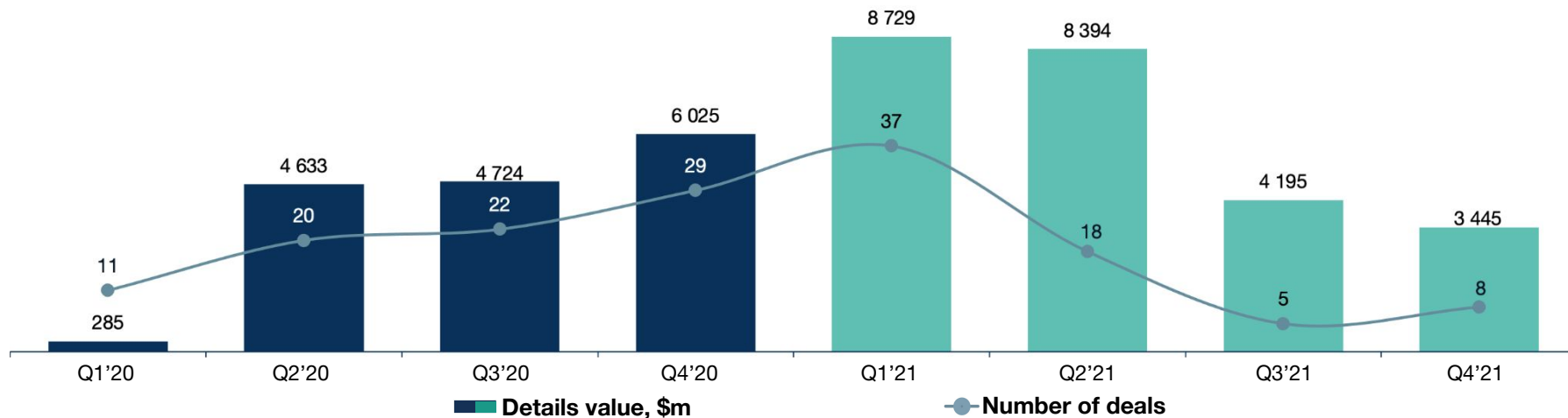
Private Investments in the Video Games Industry



Public Offerings Activity

- Despite the **noticeable decrease in the total number of deals** from 82 in FY'20 to 68 in FY'21, the total deal value **demonstrated a significant 1.6x growth**, and reached \$24.8B in FY'21 (vs. \$15.7B in FY'20)
 - **Gaming sector contributed 65% (or \$16.3B)** of the total deal value in FY'21, holding the same ratio as in FY'20
 - **Platform&Tech deal value increased by 24% YoY** (\$4.9B), mainly affected by two GameStop PIPEs, for the total amount of \$1.7B, and Skillz private offerings of \$0.6B
 - Esports sector total deal value increased from \$0.1B to \$0.3B in FY'21
- Compared to FY'20, which had only 3 transactions with \$1B+ value, in FY'21 we witnessed **8 mega-deals**, which together contributed almost **59% of the total deal value**:
 - 4 IPOs: Krafton (\$3.75B), AppLovin (\$2B), Playtika (\$1.88B), Devolver Digital (\$0.95B);
 - 2 PIPEs: BiliBili (\$2.6B), GameStop (\$1.1B);
 - 1 deSPAC and 1 fixed income: IronSource SPAC (\$2.3B), and Roblox (\$1B) offer of senior unsecured notes

Public Offerings in the Video Games Industry



Top-15 VC Funds




Rank*	Venture Capital Fund	# of total deals	Total deal value**, \$m	# of leading deals	Leading deals value**, \$m	Selected lead deals
1	BITKRAFT Ventures	30	345	19	186	Immutable, Resolution Games, Anzu, Starform
2	Andreessen Horowitz (a16z)	15	1763	8	458	Forte, Dapper Labs, Yield Guild Games
3	Makers Fund	19	579	8	198	Dream Games, Ramen VR, Lightheart Entertainment
4	vgames	14	270	11	14	Candivore, Boom Corp.
5	Galaxy Interactive	20	710	6	94	Bad Robot Games, 1047 Games
6	Griffin Gaming Partners	13	1103	6	250	Forte, Overwolf
7	Hiro Capital	10	78	8	59	Double Loop, Snowprint, Keen Games, Twin Suns
8	Konvoy Ventures	11	220	7	33	Carry1st, StageZero
9	Index Ventures	7	965	4	309	Dream Games, Discord, Rec Room
10	Play Ventures	15	324	5	12	Clickwork Games
11	Ludus Venture Studio	9	6	7	6	Hey Games, Maestro Game Studio, Jambox, Paxie Games
12	WePlay Ventures	7	4	7	4	Hero Concept, UDO Games
13	The Games Fund	6	7	6	7	Kek Entertainment, Hypemasters, Purple Games
14	GEM Capital	6	18	5	8	VEA Games, Mundfish, Unfrozen, Weappy, Gamera
15	Lumikai	4	13	4	13	All-Star Games, Loco

Note: (*) based on the internal weighted average ranking system; (**) based on investments with disclosed deal value




Gaming VC Activity

- FY'21 proved **another remarkable year for the gaming VC**, with \$891m capital raised by gaming-related funds throughout the year (+29% vs. FY'20)
 - Strong exit activity and high returns environment led to healthy capital commitments for both new (e.g., The Games Fund) and established (e.g., vgames) gaming funds
 - In fact, 4 out of the top-5 funds announced plans to, or raised funding
- BITKRAFT remained the most active gaming VC fund, leading 19 deals and participating in 30 deals during FY'21
- Andreessen Horowitz (a16z) took the second place, leading such notable rounds in the blockchain space as Sky Mavis (\$152m Series B), Mythical Games (\$150m Series C), and Sandbox VR (\$37m Series B)
 - In November, Andreessen Horowitz announced plans to raise a gaming-focused fund
- The third place belongs to Makers Fund, which co-led \$155m Series B round of Dream Games, and participated in its \$255m Series C round
- Galaxy Interactive, which previously held the third place in FY'20, is now 5th, and recently announced \$325m interactive-focused VC fund
- To read more about each VC fund, please visit [InvestGame](#)

Fund Size, FY'21

 \$325m	 \$141m
PL AY \$135m	PL FUTURE AY FUND \$90m
<u>PATRON</u> \$75m	 BITKRAFT \$75m
THE GAMES FUND \$50m	

Fund Size, FY'20

 \$235m	 BITKRAFT \$165m
 \$100m	MARCH GAMING \$60m
N3T \$50m	Transcend. \$50m
 \$30m	

\$891m

Raised by Gaming Funds in FY'21

\$690m

Raised by Gaming Funds in FY'20


Top-15 Strategic Investors*

- As strategic investors picked up the pace amid frothy market valuations, and investors/founders pushing ahead with liquidity events, investment activity reached new heights. For FY'21, the top-15 strategic investors closed or announced **the total of 181 corporate and M&A deals** (vs. 104 deals in FY'20) with **\$32.8B in total value** (vs. \$20B in FY'20)
- Embracer Group took the first place**, budging Tencent, with the total deal value of \$6.7B, including several transactions in new segments, such as board games (Asmodee for \$3.1B), and comics (Dark Horse), in order to not only diversify its revenue streams, but also expand its vast IPs portfolio
- In FY'21, Tencent **closed and announced 36 deals in the Mobile segment** (47% of all Tencent deals), **and 22 deals in PC&console** (29%), including the takeover of Sumo Group for \$1.3B
- Other notable investors include:
 - ByteDance — 6 deals, together with the second largest deal of FY'21, Moonton Technology acquisition for \$4B
 - Electronic Arts — 4 deals, with Glu Mobile and Codemasters takeovers among those
 - Unity Software — 7 deals, including acquisition of Peter Jackson's Weta Digital for \$1.6B
- As we transition into 2022, we believe that the increasing **M&A trend will continue**, and there potentially **will be more public takeovers**, as we have already witnessed several remarkable announcements (not included in the table) in Q1'22 from Microsoft, Take-Two Interactive, and Sony
- To read more about about strategics, please visit [InvestGame](#)

Rank**	Strategic Investor	# of deals	Disclosed Value, \$m	Deal Type	Investment Focus
1	Embracer Group	26	6 682	M&As	PC&console, Mobile, Board Games
2	Tencent incl. subsidiaries	77	3 114	M&As, Corporate	PC&console, Mobile
3	ByteDance	6	4 037	M&As, Corporate	Mobile
4	Unity Software	7	1 945	M&As, Corporate	Tech
5	Electronic Arts	4	4 700	M&As	PC&console, Mobile
6	Zynga	7	775	M&As	Mobile
7	Microsoft	1	7 500	M&As	PC&console
8	Sony	12	224	M&As, Corporate	PC&console, Tech
9	Take-Two Interactive	7	378	M&As, Corporate	PC&console, Mobile
10	Scopely	5	1 100	M&As, Corporate	Mobile
11	AppLovin	2	2 000	M&As	Tech, Mobile
12	Stillfront Group	6	513	M&As	Mobile, PC&console
13	Epic Games	7	100	M&As, Corporate	Tech, PC&console
14	MTG	2	699	M&As	Mobile, Esports
15	Keywords Studios	6	142	M&As	Outsourcing

Note: (*) including recently announced and unclosed transactions; (**) based on the internal weighted average ranking system, this rating reflects most active strategics, thus the deal value alone does not guarantee the top spot — the number of deals is substantial too

Top-10 Sell-side Advisors*

Rank	Sell-side advisor	# of deals*	Deal value, \$m**	Transactions
1		8	4 115	Unknown Worlds, StarLark, Jawaker, CrazyLabs, Reworks, PlaySimple, Easybrain
2		3	10 870	ZeniMax Media, Glu Mobile, Sumo Group
3		3	4 165	Ludia, Moonton Technology, Tonic Games)
4	 	1	2 100	Glu Mobile
5	 LionTree	1	1 400	Playdemic
6	  	1	1 378	Gearbox
7		1	1 200	Codemasters
8		1	1 000	GSN Games
9		1	450	Aspyr (\$100m upfront + \$350m earn-out; exclusive)
10	 OakvaleCapital LLP	1	200+	Super Free Games (\$150m upfront + estimated earn-out; exclusive)

Note: (*) the table includes closed games deals with control sale and transaction size (incl. earn-out) higher than \$80m only; (**) estimated deal size

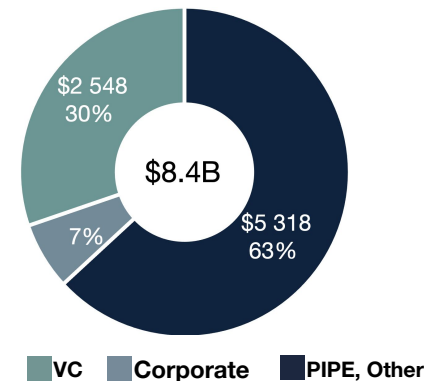
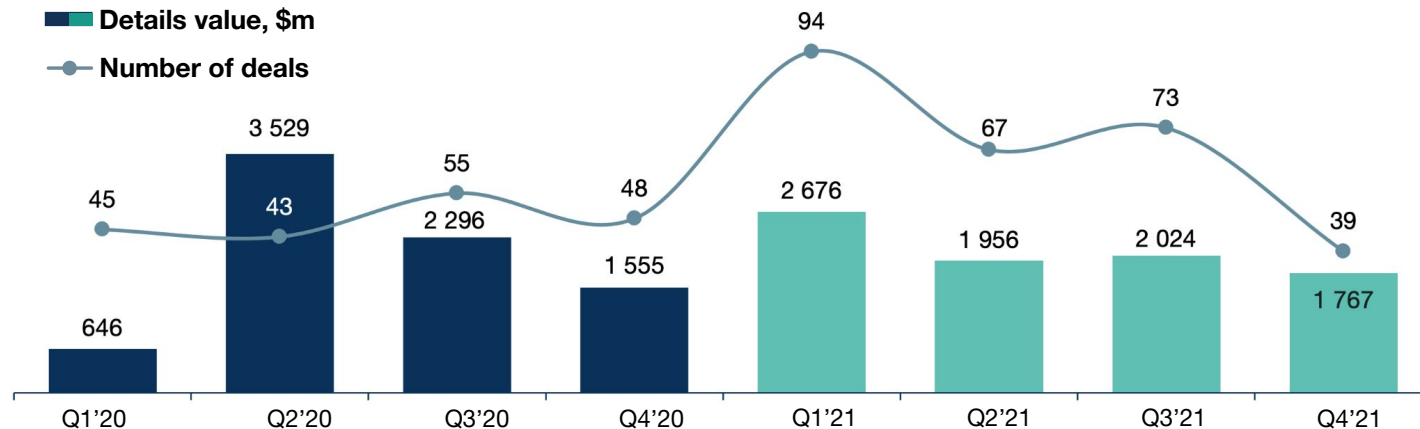
Gaming Companies

Gaming: Investment Activity

- **Gaming investments showed a 43% growth in the deals count**, and **reached 273 transactions**, with the deal value demonstrating a slight increase of 5%, accounting for **\$8.4B**
 - VC deals showed a significant growth of 85% YoY (\$5.3B) in the total deal value, with its share noticeably increasing from 36% in FY'20 to 63% in FY'21; this was mainly driven by the number of deals rising from 115 to 185, and the average deal size from \$24m/round in FY'20 to \$31m/round in FY'21
 - Corporate transactions stayed on almost the same level, with the total value of \$0.6B (7%), compared to \$0.5B (6%) in FY'20. However, Corporate segment doubled the number of deals, closing 71 transactions in FY'21
 - Due to the huge NetEase second listing of \$2.7B (which counted for 58% of the total PIPE and Other value in FY'20), and the absence of the equivalent deals in FY'21, the overall PIPE and Other value decreased by 45% YoY (\$2.5B) in FY'21, with its share also decreasing from 58% to 30%
- Despite a visible decrease in the deal value from 78% (\$6.2B) in FY'20 to 59% (\$4.9B) in FY'21, **Multiplatform continued to hold its position as the main contributor segment**. Mobile share **increased from 16% (\$1.3B) in FY'20 to 26% (\$2.2B)**, mainly due to the significant growth of the deal count to 139 deals (61% in FY'21), and the increase in the average check from \$19m/round in FY'20 to \$23m/round in FY'21. PC&console share tripled in value from \$0.3B to \$0.9B
- Tencent continued its reign as one of the most active strategic investors, **with 49 closed deals (vs. 11 deals in FY'20)**, which accounted for approximately 18% of the total number of Gaming Investment deals

Investment Activity* in the Gaming Sector

FY'21: Deals Value, \$m

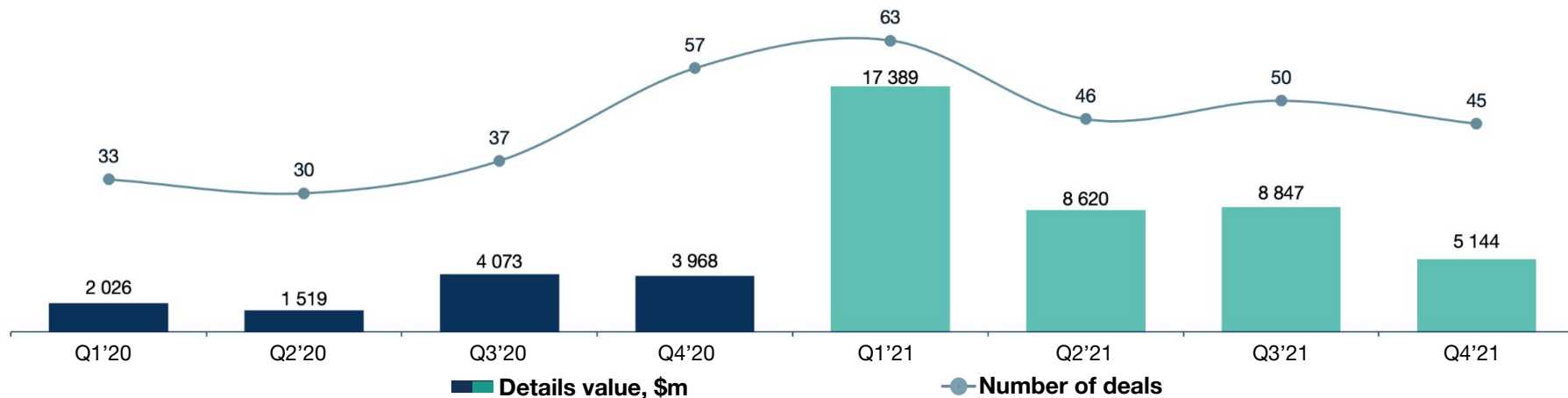


Note: (*) Investment Activity includes Private Investments and PIPE, Other

Gaming: Exits Activity

- In FY'21, the **Gaming segment showed tremendous results**, with a 2.5x growth of the total deal value, hitting \$40B across 204 deals (+30% YoY)
- M&A deals were the key driver in the exits activity, even with the overall share decreased from 93% (\$10.7B) in FY'20 to 75% (\$29.9B) in FY'21. Meanwhile, FY'21 saw a significant upsurge in public exits, with only **15 deals** contributing **25% of total deal value (\$10B)**, compared to **11 exits** in FY'20 with the total value of **\$0.9B**
- Mobile segment is the biggest one in terms of the total deal value, with **\$21.8B** (vs. \$6.9B in FY'20), contributing 55% (vs. 59% in FY'20). PC&console came second, with its share remaining almost the same (32% vs. 31% in FY'20), despite the **3.5x growth (\$12.7B in FY'21)**
- There were 6 deals (vs. only 1 deal in FY'20, Peak Games acquisition) with the total value of more than \$2B+, together contributing almost 54% of the total value:
 - 4 acquisitions: ZeniMax Media (\$7.5B); Moonton Technology (\$4.0B); SpinX Games (\$2.2B); and Glu Mobile (\$2.1B)
 - 2 IPOs: Krafton (\$3.75B), and AppLovin (\$2.0B)

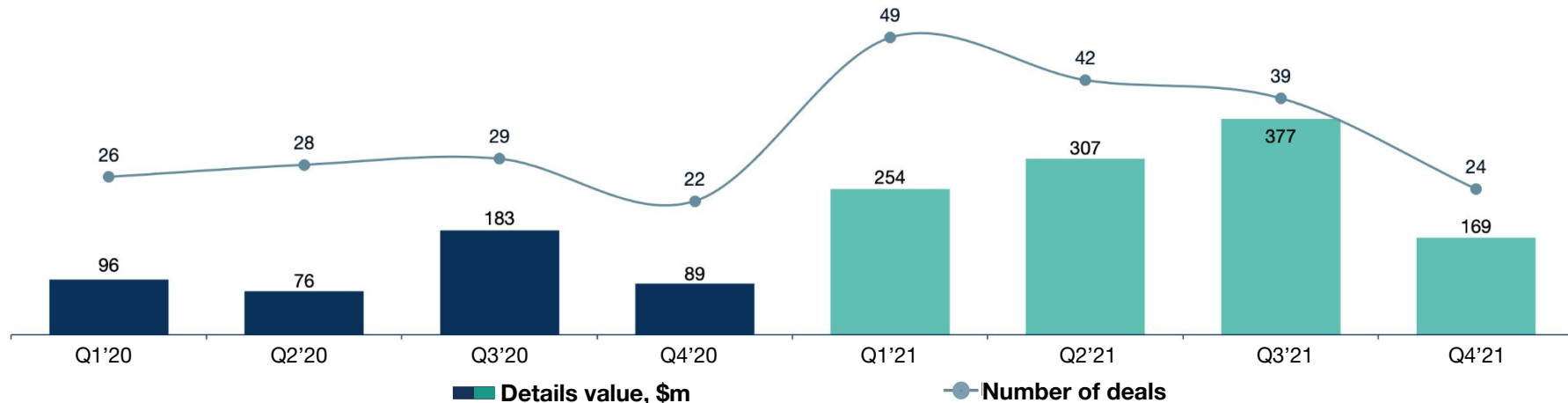
Exits* in the Gaming Sector



Note: (*) Exits include M&As, direct listings, SPACs, and IPOs

Gaming: Early-stage VC

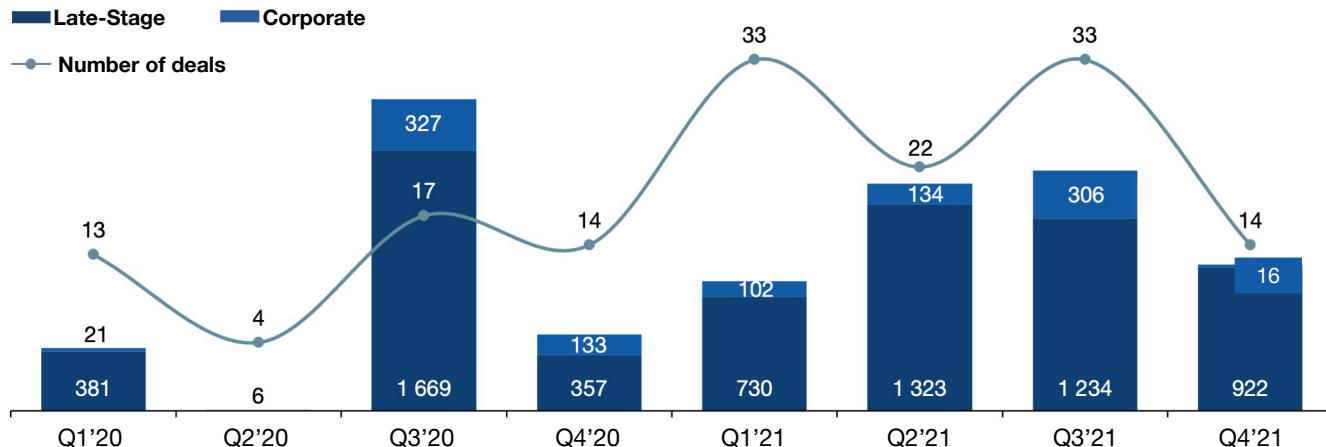
Early-stage Investment Activity in the Gaming Sector, in \$m



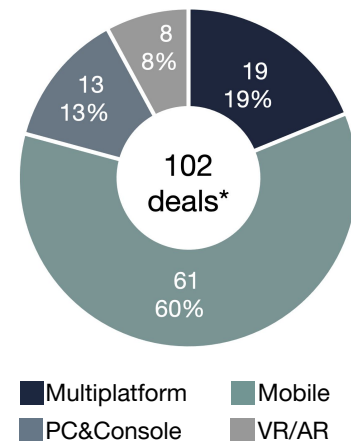
- **Early-stage investments heavily intensified in FY'21**, with the total of 154 deals (1.5x YoY), and a record \$1.1B capital raised (2.5x YoY)
- FY'21 average deal value increased 1.8x YoY (\$7.9m/round vs. \$4.5m/round), which indicates **investors' growing confidence in the Gaming sector**
- 114 Seed rounds were closed, constituting 74% of the total number of deals (vs. 73 deals, or 70% in FY'20); **40 Series A rounds amounted for \$741m**, or 67% of the total deal value (vs. \$304m, or 69% in FY'20)
- There was a significant shift of investment focus in FY'21, with **Mobile segment ranking first** \$463m across 75 deals (vs. \$149m across 43 deals in FY'20). It's followed by PC&console with \$321m across 30 deals (vs. \$85m across 24 deals in FY'20), with Multiplatform coming third (\$256m across 36 deals), while it was the hottest segment in FY'20 (\$177m across 20 deals)
- This had, of course, a lot to do with the fact that FY'21 saw several large Series A rounds in Mobile, with the biggest being Tripledot raising \$78m, Homa Games and Dream Games both raising \$50m, and Libra Softworks and Comunix both getting \$30m; for context, the biggest Early-stage deal in Mobile in FY'20 was Lockwood Publishing Series A \$25m round
- In FY'21, Turkey has truly emerged as the global hub for gaming, with 3 out of top-10 Early-stage deals by size were closed by Turkey-based companies

Gaming: Late-stage VC & Corporate

Late-stage VC & Corporate Activity in the Gaming Sector, in \$m



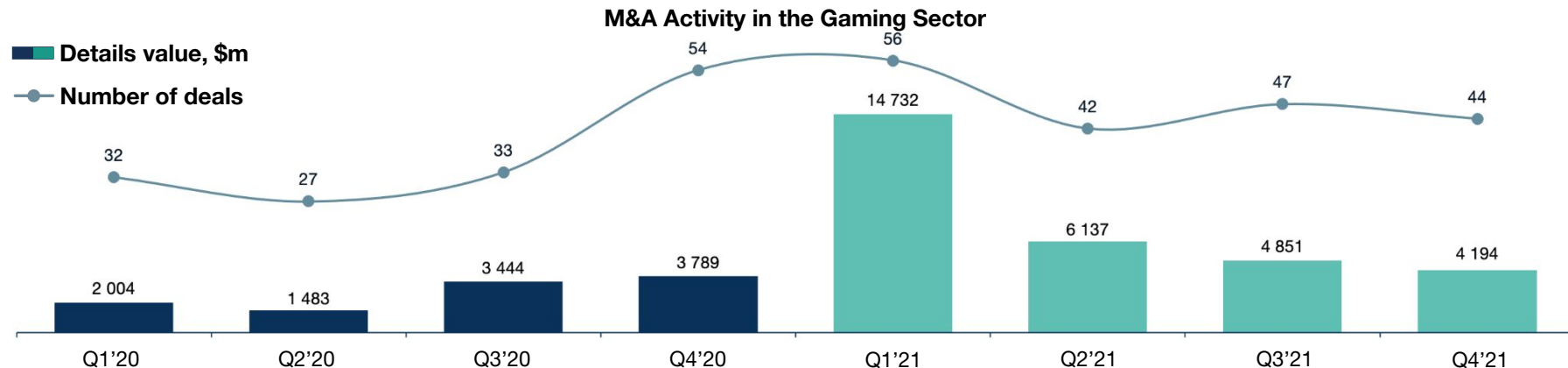
FY'21: # of Deals



- Late-stage VC & Corporate **showed highly enduring results** in FY'21: **\$4.8B of the deal value (1.6x YoY) across 102 transactions (2.1x YoY)**
- **Multiplatform** remains **the hottest investment segment** with \$2.3B in raised capital (49%), chased by Mobile (\$1.7B, 36%). However, **Mobile segment is noticeably growing**, which is showcased by the FY'20 respective ratios: 70% for Multiplatform, and 25% for Mobile
- The number of Corporate deals nearly doubled in FY'21 (71 vs. 34), with the total deal value rising to \$557m (vs. \$487m)
- **Late-stage VC made up 88% (\$4.2B)** of the total deal value, and **30% of the deal number**, with the biggest transactions of the year including:
 - Epic Games mind-blowing \$1B round at a \$28.7B valuation (included an additional \$0.2B strategic investment from Sony)
 - Roblox raising \$520m at a \$29.5B valuation in a round led by Altimeter Capital and Dragoneer Investment Group
 - Jam City \$350m Series B+ round by Netmarble, Kabam, and others; Moon Active \$300m Series B+ round by Insight Partners and Andalusian Private Capital; and Niantic \$300m Series B+ round led by Coatue

Note: (*) Includes \$150m Series B round of gaming outsourcing firm Virtuos

Gaming: M&As



- In FY'21, the Gaming segment showed a **2.8x growth** in the M&A deal value, compared to FY'20, and **reached \$29.9B across 189 deals** (+29% YoY)
 - Despite a small decrease in total ratios from 61% in FY'20 to 56% in FY'21, **Mobile segment remained the main contributor** with a total value of \$16.8B, showing a robust growth of 2.6x, vs. \$6.5B in FY'20
 - PC&console increased its share to 39%, with the total value of \$11.6B in FY'21, compared to \$6.5B in FY'20 (34%)
- **Public takeovers became a noticeable part of the M&A activity**, with 3 deals in FY'21 (vs. 2 deals in FY'20), for the total value of \$4.6B (vs. \$1.5B in FY'20). As consolidation trend intensifies, there are less large- and mid-cap private gaming companies on the market, hence Public takeovers will most probably continue to happen. We can already witness several significant deal announcements, for the total value of \$81.4B in 2022: Activision Blizzard (\$68.7B); Zynga (\$12.7B)

Largest Mergers and Acquisitions

Closed Date	Target	Buyer	Size*, \$m	Platform	Status
Mar'21	ZeniMax	Microsoft	7 500	PC&console	closed
Mar'21	Moonton	ByteDance	4 000	Mobile	closed
Apr'21	Gearbox	Embracer	1 378	PC&console	closed
Apr'21	Glu Mobile	EA	2 100	Mobile	closed
Sep'21	Playdemic	EA	1 400	Mobile	closed
Oct'21	SpinX	Netmarble	2190	Mobile	closed
Jan'22**	Sumo Group	Tencent	1 263	PC&console	announced

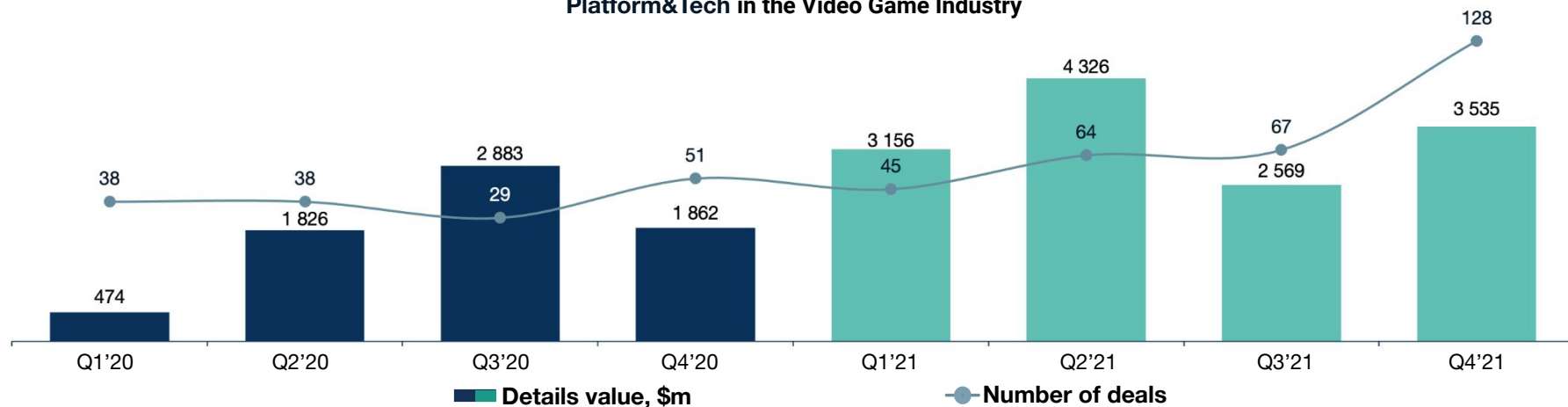
Note: (*) deal size includes earn-out considerations; (**) announced in Jul'21

Platform&Tech

Platform&Tech

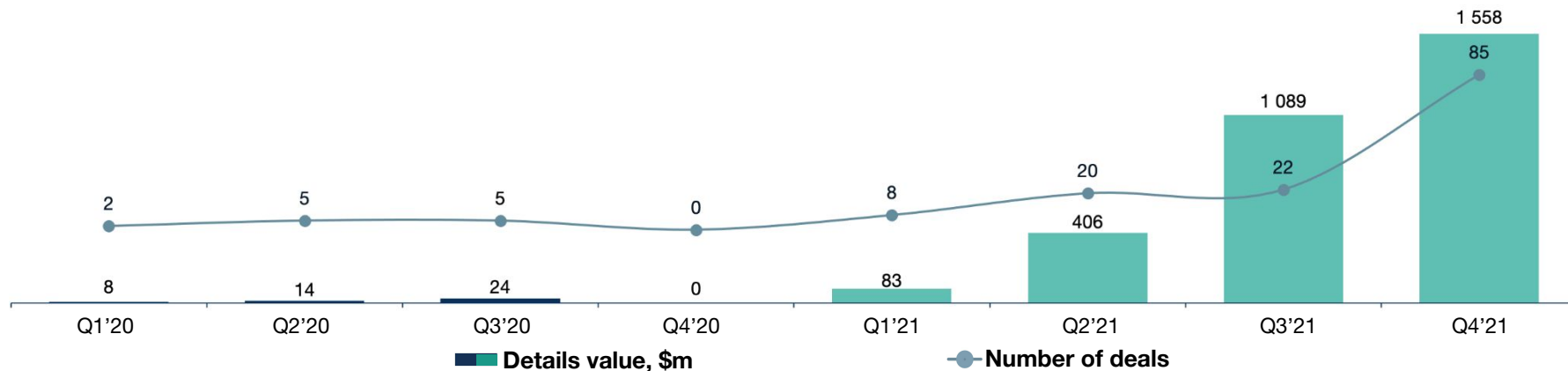
- The total deal value for FY'21 is \$13.6B across 304 deals, compared to \$7B across 156 deals in FY'20, presenting a 2x growth YoY
- **Public offerings with only 6 deals** (vs. 10 in FY'20) **generate the total value of \$4.9B in FY'21** (vs. \$3.9B), which accounted for 36% of the total sector value (vs. 56% in FY'20). **Private placements with 224 deals** of \$4.8B of value (2.8x YoY) **constituted 35% of total value** (vs. 24% in FY'20)
- The market M&A activity in Platform&Tech sped up: in FY'21, there were **74 M&A deals with a 2.8x value growth to \$3.9B** (29% of total value), compared to 36 deals with a combined value of \$1.4B (20% of total value) in FY'20. The sector's most active strategic investors were Unity with 7 M&A deals, with the second place taken by Epic Games (5 acquisitions), and the third one shared by Azerion and Niantic, with 4 deals each
- **The 3 biggest deals represented almost 48% of the total deal value** in FY'21:
 - Bilibili \$2.6B PIPE
 - ironSource \$2.3B SPAC
 - Unity's acquisition of Weta Digital for \$1.6B
- The sector's strong performance is directly connected to the increasing investor's excitement over blockchain and NFT technologies, which boomed during FY'21 with \$3.1B across 135 deals. Read more on that further in the Blockchain gaming section (p. 19-20)

Platform&Tech in the Video Game Industry



- We continue to see **massive growth in the Blockchain gaming** section of the industry: the total number of deals for FY'21 skyrocketed to 11.3x YoY (135 vs. 12), while the total deal value was even stronger at 68.1x YoY (\$3.1B vs. \$46m). This underscores **huge amounts of investor interest** in the potential future of blockchain games, and uniquely enabled business models
- The **biggest Q4'21 deals** were Forte's \$725m Series B (the largest Blockchain gaming related funding round of 2021, led by Sea Capital and Kora Management), followed by Sky Mavis \$152m Series B and Mythical Games \$150m Series B rounds, both of which were led by a16z

Blockchain Gaming Deals in the Video Game Industry**



Note: (*) the following analysis has been provided by Naavik consulting firm, based on InvestGame data;
(**) only closed deals are reflected in the graphs

- In FY'21 there was **heavy Seed rounds concentration** (72%), and average check sizes remained small (~\$3m/deal); however, there was a **marked increase in investor FOMO** and comfort with jumping in early, as shown by the fact that **Seed round %** of the total quarterly deal number **increased** to 78% in Q4'21 (vs. 55% in Q3'21), while **Seed round %** of the total quarterly deal value **increased** to 12% in Q4'21 (vs. 2% in Q3'21)
- More than **a third of all Seed deals were above the ~\$3m/deal average**, with Enjin, OP Games, DeHorizon Foundation, Genopets, and Unix Games getting \$8m+ check sizes. Meanwhile, **90% of the total FY'21 deal value** was in Series A/B/B+/C rounds across 29 deals. The top 5 were Forte at \$910m (Series A + B), Sorare at \$680m (Series B), Dapper Labs at \$250m (Series B+), Mythical Games at \$225m (Series B + C), and Sky Mavis at \$152m (Series B)
- Forte's astronomical \$910m raise gripped the attention, especially because they're quite low-key about their offering. While many think Forte's value lies in its game developer blockchain integration and tokenomics services, we believe Forte's long-term edge is more captured in its technology around guaranteed marketplace liquidity, complete deobfuscation of the blockchain layer to developers/players, and off-the-shelf regulatory/compliance (AML, KYC, etc.) solutions
- One blockchain gaming company that has shown rapid vertical integration is Sky Mavis, raising \$152m led by a16z to show for it. Even though *Axie Infinity* economy is struggling, Sky Mavis efforts with Ronin (a Layer 2 scaling solution) and Katana (a DEX) provide the technology stack for onboarding other game developers to build on top of. It's possible that *Axie Infinity* will just be the means to a much grander end
- Even though news outlets centered Mythical Games \$225m raise around *Blankos Block Party* and their concept of 'Playable NFTs', the bigger business opportunity here is in some part similar to that of Sky Mavis. Their technology layer (Mythical Economic Engine and Mythical Marketplace) will eventually be licensed out to other developers to create their own player-owned economies
- The Sandbox raised additional \$93m in its quest to build a land-based UGC platform. It's a big idea with lots of funding and partners, but despite the multi-billion dollar valuation of its tokens, there's minimal user and developer interest. This may change, as the platform offers incentives and slowly starts opening the platform more broadly, but it's fair to say that expectations for virtual land platforms in the metaverse have never been higher
- Overall, it is clear that the **companies commanding the largest funding rounds are the ones who are seizing the moment to build platform layers** on which the future of blockchain games could live. Companies purely focused on building a blockchain game are getting attention too, but check sizes are much smaller. All that said, the hype behind the space has clearly been high over the last quarter. If 2021 was the year of blockchain gaming's arrival, **2022 will likely be the year of tempering expectations**. And it will start with addressing the biggest elephant in the room — regulation

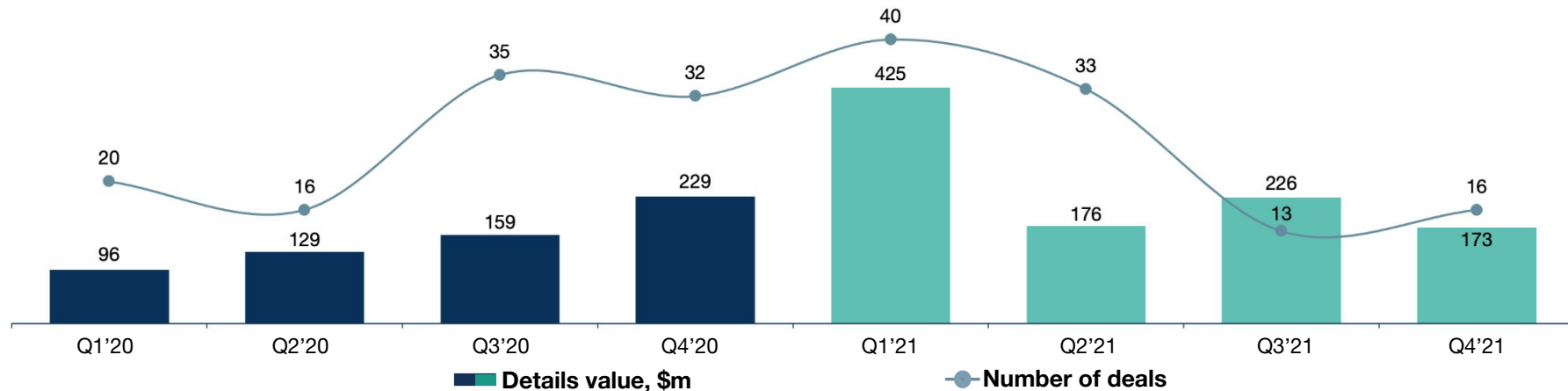
Want more alpha about the blockchain gaming ecosystem every week? Check out Naavik's [premium blockchain gaming research](#)! Use INVESTGAME promo code at checkout for -10% off.

Esports

Esports

- FY'21 saw a 1.6x increase in Esports total deal value, reaching \$1B, while the number of deals remained stable (102 in FY'21 vs. 103 in FY'20)
 - Q1'21 showed unusually increased activity in the deal value, with \$0.4B across 40 deals, including Nazara Technologies IPO, which raised around \$80m
 - The biggest deal in the sector was the acquisition of Allied Esports' World Poker Tour by Element Partners for \$105m, which was closed in Q3'21
- Private Investments generated almost half of the total deal value in the segment with \$465m (vs. \$420m for FY'20); however, the number of the deals decreased by 11% from 63 to 56 in FY'21
- M&A shows a significant growth of 3x in deal value and reached \$281m (28% of sector value) across 35 closed deals (vs. 23 deals with a total value of \$95m in FY'20)
- Despite a decrease in quantity (11 deals in FY'21 vs. 12 in FY'20), the total value of Public offerings increased by 2.6x to \$280.3m (25% of sector value), compared to \$98m raised during FY'20
- With the COVID-19 restrictions easing, and the overall higher interest in Esports, investment activity growth tendency will continue in FY'22; this can be already proved with several large announced deals in the sector, including the acquisition of MTGs ESL Gaming by Savvy Gaming Group for \$1.1B, and FaZe Clan and ReKTGlobal SPACs

Esports Deals in the Video Game Industry



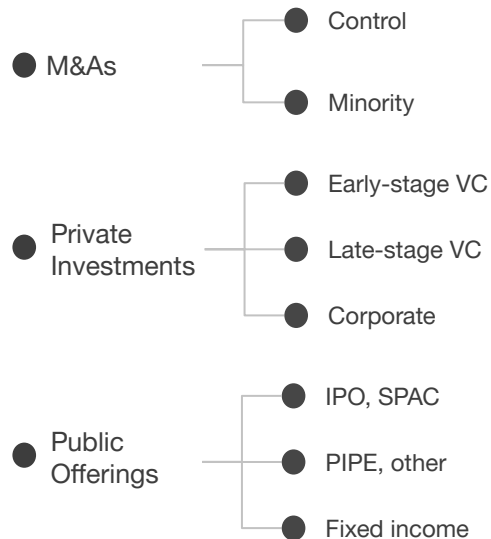
Appendix

Methodology & Glossary

InvestGame tracks closed transactions (unless otherwise noted) in the Video Games industry with target companies having core business operations related to the video games market. Please note that we do not track pure gambling and betting companies. All deals values are given in U.S. dollars or converted to U.S. dollars at the prevailing spot rate from the closing date of transaction.

The private data contained in this report is based on information from sources believed to be reliable, but accuracy and completeness cannot be guaranteed. Sources include public media, our business partners, data provider S&P Capital IQ, and market insights. The information, opinions, estimates, and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate.

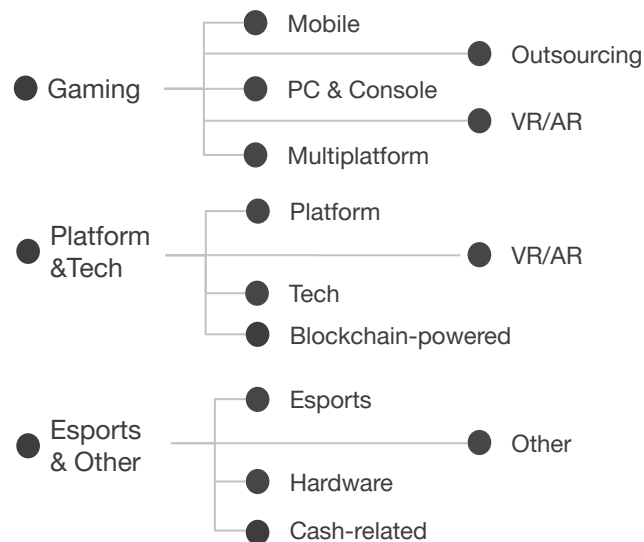
Deal Types Overview



Deal Type Terms Glossary

- **Control M&As** — mergers and acquisitions resulting in the change of control (50%+ ownership)
- **Minority M&As** — sale of a minority stake in the business
- **Early-stage VC** — pre-seed, seed, and Series A rounds with a lead VC fund
- **Late-stage VC** — Series B, Series C, and later-lettered venture rounds
- **Corporate Investments** — investment with a lead investor being corporation
- **IPOs** — the process of company going public including IPOs, SPACs, and direct listings
- **Fixed-income** — debt-related instrument with fixed payments and interest payments
- **PIPE, other** — private investment in public equity, direct share issue, and other transactions with publicly traded stock

Target's Sector Overview



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