

Gaming Deals Activity Report

STRONG START – AND CHALLENGING FUTURE

H1 '22

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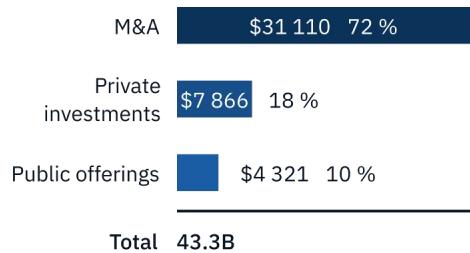
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2 Executive Summary H1'22

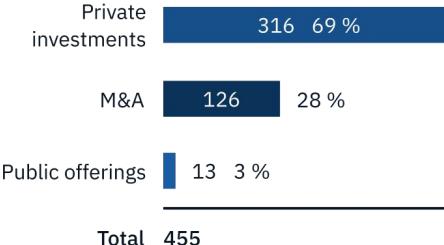
Note: (*) announced transactions are not included in the charts and graphs; see Methodology & Glossary (p. 22)

Value of Closed Deals*, \$m

By Deal Type



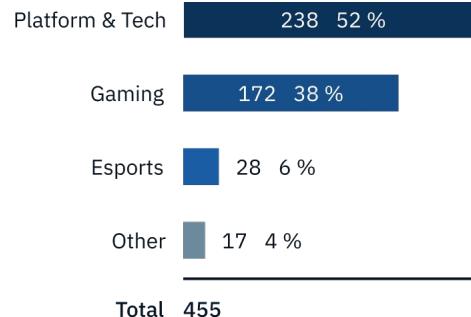
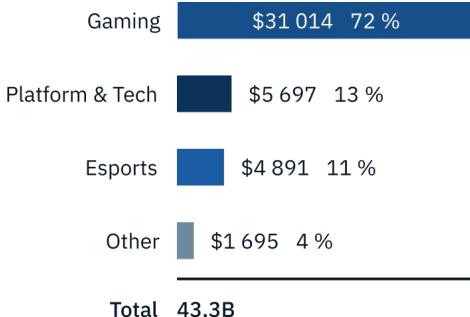
Number of Closed Deals*



Total

\$43.3B
value of 455 deals (closed)

By Target Sector



\$113.6B
value of 468 deals (closed + announced)

3 Executive Summary H1'22

The first half of 2022 may be described as somewhat contradictory: Gaming industry has started out strong and brought some new records in the investment activity, but it has also seen market's growth correction and weak financials results of many gaming comps in Q2'22. In addition to the macroeconomic challenges, the market has been largely impacted by post-pandemic performance lagging, multiple release dates shifts, and post-IDFA adaptation.

Overall, H1'22 have seen 455 closed deals with the total deal value of \$43.3B, or \$113.6B including announced but not yet closed deals – a new record for the industry, beating last full year's total closed and announced deal value of \$80.4B.

M&A activity in H1'22 has been characterized by the decreasing number of deals (-21% YoY), with only 126 closed deals (vs. 159 deals in H1'21) and growing deal value (+36% YoY) which reached \$31.1B, excluding the announced deals (e.g., the acquisition of Activision Blizzard by Microsoft for \$68.7B).

It should be noted, however, that almost 71% of the deal value in H1'22 was contributed by 5 mega-deals, including Zynga, Asmodee, Nintendo, Playtika, and Sumo Group.

Private deals continue breaking the records – almost \$8B value raised across 316 deals in H1'22, highlighting strong investors' firmness in Gaming business even during the current turbulent times. 34% of all Private deals total value came from Blockchain-associated placements (\$2.7B across 163 deals) in comparison to 10% in H1'21 (\$489m), and 2% in H1'20 (\$22m).

Public markets continue to perform poorly since the beginning of 2022, demonstrating a 4x shrink in the deal value (\$4.3B vs. \$17.1B) and a 4x decrease in the number of transactions (13 vs. 56), compared to H1'21. Above mentioned macroeconomic environment and gaming market specific challenges put pressure on the gaming stocks, with all this likely to result in a general aversion to all forms of public offerings till the end of 2022, with public listings (IPOs or SPACs) being hit the hardest.

Gaming only

\$31.0B
value of 172 closed deals

\$99.8B
value of 180 deals (closed + announced)

4 Executive Summary H1'22

The Gaming segment took the leadership in driving deal activity, occupying 72% of the total value (\$31.0B) across 172 closed deals.

The segment's growth was greatly amended by such newsmakers as the \$12.7B Zynga acquisition by Take-Two, Saudi Arabia's PIF buying 5.01% of Nintendo for \$2.7B, Take-Two pricing of \$2.7B senior notes, Joffre Capital buying 25.7% of Playtika shares for \$2.2B, and Epic Games raising \$2.0B from Sony and The Lego Group, among others.

The Top-15 Strategic Investors showed an outstanding performance in terms of the announced deal value, with a total value of \$97.7B (vs. \$21.4B in H1'21), leading to a 4.5x growth; the total number of deals saw a notable decrease of 45%, from 104 deals in H1'21 to only 57 deals in H1'22. Sony led the list with 8 closed deals and the total value of \$5.7B, with the two remarkable deals: the acquisition of Bungie for \$3.6B, and the participation in the Epic Games \$2B round.

The Top-15 VC funds have all together injected over \$3.6B into Gaming industry companies, throughout 170+ deals (vs. \$1.1B across 60+ deals in H1'21). The top spot is yet again reserved by BITKRAFT Ventures, with \$369m invested throughout 33 deals, out of which the fund led 18. They are followed by Andreessen Horowitz (\$608m across 11 deals) and Makers Fund (\$494m across 14 deals).

Blockchain gaming continues seeing positive YoY growth metrics: the Q2'22 total deal number was up 4x YoY (80 vs. 20), while the total deal value was at 2.7x YoY (\$1.08B vs. \$406m). While the above showcases the continued investor interest in the potential future of the blockchain enabled business models, the QoQ growth metrics were down, indicating the continuation of the 2022 market correction we predicted in the last report. The biggest Q1'22 deals were Improbable Worlds \$150m Series B+, Sky Mavis bail-out \$150m Series B+, and GEMS \$55m combined Seed and Series A. Deal sizes are also clearly dropping.

Gaming M&As only

\$23.5B

value of 81 closed deals

\$92.3B

value of 88 deals (closed and announced)

5 M&A Activity

M&A activity in H1'22 achieved controversial results. On the one hand, we witnessed a decreasing interest in the M&A activity in terms of the deal number, with only 126 closed deals (vs. 159 deals in H1'21), showing a decrease of 21%. On the other hand, even without the announced back in Jan'22 Microsoft acquisition of Activision Blizzard for \$68.7B, M&A activity reached a new high of \$31.1B deal value (vs. \$22.9 in H1'21), showing a growth of 36%.

However, even with such a tremendous rise, it should be noted that almost 71% of the deal value in H1'22 was contributed by 5 mega-deals: Zynga acquisition by Take-Two Interactive (\$12.7B); Embracer Group acquisition of Asmodee (\$3.1B); Saudi Arabia's Public Investment Fund (PIF) purchase of a minority stake in Nintendo (\$2.7B); Joffre Capital purchase of a minority stake in Playtika (\$2.2B), and Sumo Group acquisition by Tencent (\$1.3B).

Despite that, in H1'22 the Gaming sector showed growth of 12% and reached \$23.5B across 81 deals (vs. \$20.9B across 100 deals in H1'21); **the total share of Gaming sector in the overall deal value decreased from 91% in H1'21 to 75% (-17%).** The Other segment (see Methodology & Glossary, p.22) contributed 14% (vs. 1.9% in H1'21) across 6 deals with the total value of \$4.4B, with 2 mega-deals here being Asmodee acquisition by Embracer for \$3.1B, and SteelSeries acquisition by GN Store Nord for \$1.2B. The Platform & Tech segment holds the third place in terms of the deal value with the total value of \$1.8B (vs. \$1.5B in H1'21), while Esports takes fourth place, with the total value of \$1.5B (vs. 58m in H1'21), contributing 4.9%.

Closed M&As in the Video Games Industry



Even with such a noticeable decrease in the number of deals, witnessed in H1'22, it's too early to say that the negative trend will continue, as the most active M&A players, including Embracer, Sony, and Microsoft, are still eager to keep on going with their M&A strategy; the new players, such as PIF (incl. Savvy Gaming Group), will probably continue its aggressive M&A activity further in 2022.

6 Private Investment Activity

As 2022 has come to the end of its first half, **Private deals have again broken the records:** **316 deals of \$7.9B total value**, meaning a steady powerful growth of 1.6x vs. H1'21 (\$4.8B), and 5.5x vs. H1'20 (\$1.4B). H1'22 also performs stronger than the last two quarters of 2021 (\$7.2B across 282 deals), which indicates investors' continuing firmness in Gaming business even through the current turbulent times.

Early-stage VC placements have taken up 38% of the total deal value (\$3B) across 257 deals (81%), showing a significant share growth of the segment (vs. 26% in H1'21, and 27% in H1'20, respectively) — more capital is now allocated into Gaming industry through earlier stages. H1'22 also saw the outstanding Seed round of \$450m, raised by Yuga Labs, and led by a16z.

Late-stage deals accounted for 33% of the total deal value (\$2.6B) across 27 deals, representing an ongoing decline in the category share (with 64% in H1'21, and 71% in H1'20, respectively). The Late-stage activity has slowed down a bit (-17% vs. \$3.1B in H1'21) across pretty much the same number of deals (27 vs. 28); with the biggest deal being Coda Payments \$690m Series B+ round.

Corporate placements represent 29% of the total Private deals value (\$2B+), all thanks mostly to the biggest Private round of H1'22, Epic Games \$2B raise from Sony and KIRKBI (The Lego Group) in April.

34% of all Private deals total value came from Blockchain-associated placements (\$2.7B across 163 deals); compare this to 10% in H1'21 (\$489m), and 2% in H1'20 (\$22m).

Private Investments in the Video Games Industry



7 Public Offerings Activity

Public markets **continue to perform poorly** since the beginning of 2022, demonstrating a 4x shrink in the deal value and a 4x decrease in the number of transactions, compared to H1'21.

Nevertheless, Q2'22 has seen some **light improvement vs. Q1'22**, with Take-Two selling \$2.7B senior notes, and Embracer receiving \$1B from issuing shares to Savvy Gaming Group.

The negative trend is clear when we look at the number of companies going public since the beginning of the year:

- Azerion (via SPAC) and Skonec Entertainment (via IPO in Korean stock market).
- Recently announced FaZe Clan (via SPAC), finishing 25% down on its debut trading day.

Macroeconomic changes have clearly **altered the investing climate** across public markets and gaming stocks, in particular. Moreover, decreasing user acquisition spending in the post-IDFA era, post-pandemic changes in the consumer consumption, and massive delays in AAA-games releases put additional pressure on the gaming stocks.

All of the above mentioned is likely to result in a **general aversion to all forms of public offerings** till the end of the year, with public listings (IPOs or SPACs) being hit the hardest. It is unclear when the next IPO window will reopen.

Public Offerings in the Video Games Industry



8 Top-15 VC Funds

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

Rank*	Venture Capital Fund	# of Deals	Total Deal Value**, \$m	# of Leading Deals	Lead Deals Value**, \$m	Selected Lead Deals
1	BITKRAFT Ventures	33	369	18	169	Lightforge Games, GGWP, Inworld Ai
2	Andreessen Horowitz	11	608	9	574	Yuga Labs, Pahdolabs, Metatheory, Alta
3	Makers Fund	14	494	6	75	Ancient8, MetaKing Studios, Studio 369
4	Griffin Gaming Partners	22	298	4	119	Spyke, N3TWORK, SuperTeam Games
5	Galaxy Interactive	22	292	5	36	Ncore, Gadsme, Mirror World, NEKOM
6	Play Ventures	13	100	9	27	Original Games, Block Tackle
7	Index Ventures	3	300	3	300	Dream Games, Backbone, Bit Odd
8	Hiro Capital	7	194	4	117	FRVR, Incredibuild, Machinations
9	Sequoia Capital	8	584	2	44	Galaxy Fight Club, BUD
10	vgames	12	43	8	12	Candivore, InnPlay, Octoplay, Day2 Games
11	Tiger Global	6	185	2	104	PortalOne, Metafy
12	GEM Capital	7	15	7	15	HypeMasters, Game Garden, Vestan
13	Sisu Games Ventures	13	55	5	4	Roleverse, Extra Dimension Games
14	The Games Fund	5	12	5	12	HypeMasters, Made on Earth Games
15	LVP	4	31	2	7	Pnkfrg, Third Time

9 Top-15 Strategic Investors*

In H1'22, the **Top-15 Strategic Investors showed an outstanding performance**, with a total value of \$97.7B (vs. \$21.4B in H1'21), showing a 4.5x growth; meanwhile, the total number of deals saw a notable decrease of 45%, from 104 deals in H1'21 to only 57 deals in H1'22.

Sony led the list with 8 closed deals and the total value of \$5.7B, with two remarkable deals: the acquisition of Bungie for \$3.6B, and the participation in Epic Games \$2B round.

The first strategic Gaming investor from the MENA region, Saudi Arabia's Public Investment Fund (PIF), with its subsidiary Savvy Gaming Group, takes up second place and continues actively investing in the Gaming industry: during H1'22, it took part in 7 transactions, with the total amount of \$6.4B, including investments in 5 public gaming companies.

Tencent, with the total deal value of \$1.4B across 10 deals, including the acquisition of Sumo Group, took the third place.

The acquisition of Asmodee for \$3.1B, and the acquisition of three studios from the Square Enix – Crystal Dynamics, Eidos-Montréal, and Square Enix Montréal – for the total value of \$300m, plus other 2 deals, helped Embracer take fourth place.

Microsoft, with its mega-deal of an acquisition of Activision Blizzard for \$68.7B, took the fifth place.

While the total number of deals showed a significant decline due to the current bear situation on public markets and, as a result of that, lower market multiples, we continue to believe that in the second half of the year the most active strategic investors, such as Sony, Tencent, and Embracer will catch up with the pace; this, as well as a continued interest from the MENA investors, could possibly lead to some more remarkable deals by the end of 2022.

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.*

Rank**	Strategic Investor	# of deals	Disclosed Value, \$m	Deal Type	Investment Focus
1	Sony	8	5 700	M&As, Corporate	PC & Console, Tech
2	Saudi PIF (incl. Savvy Gaming Group)	6	3 735	M&As, Corporate	PC & Console, Esports
3	Tencent incl. subsidiaries	10	1 463	M&As, Corporate	PC & Console, Mobile
4	Embracer Group	6	3 400	M&As	PC & Console, Mobile, Board
5	Microsoft	1	68 700	M&As	PC & Console
6	Take-Two Interactive	1	12 700	M&As, Corporate	PC & Console, Mobile
7	AppLovin	2	1 050	M&As	Tech, Mobile
8	Team 17	3	217	M&As	PC & Console
9	Kakao Games	3	132	Corporate	PC & Console, Mobile
10	Nexters	3	125	M&As	Mobile
11	Krafton	5	89	M&As, Corporate	Mobile, Tech
12	Overwolf	3	33	M&As, Corporate	P2E, Tech
13	Ubisoft	3	24	Corporate	PC & Console, P2E
14	Stillfront Group	1	301	M&As	Mobile, PC & Console
15	Nacon	2	61	M&As,	PC & Console

10 H1'22 Largest Announced / Closed M&A Transactions

\$68.7B



\$12.7B



\$3.6B



\$3.1B



\$2.7B stake in May'22



\$883m stake in Feb'22



\$332m stake in Feb'22



\$235m stake in Mar'22



**SAVVY GAMING
GROUP**

\$1.05B ESL

\$450m FACELT

11 Gender Diversity

For the first time in our Report, we have collected data about the founders of the companies that took part in the closed deals in the context of gender diversity.

Across 436 companies, 88% of all founders are men. Mixed genders are holding second place with 10% (43 companies). Women-led companies took third place, with 3% in 11 companies.

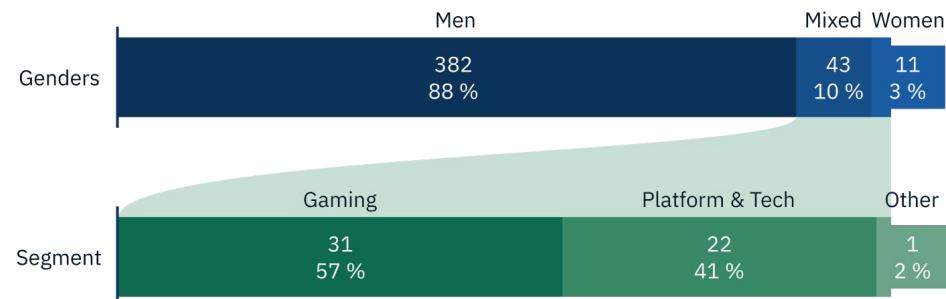
When it comes to mixed and women-led companies, gender diversity across 54 companies is represented the following way: 57% of all companies are in the Gaming segment, Platform & Tech takes the second place with 41% across 22 companies, while in Other, there is only one company — US-based gaming agency Loaded, which raised \$20m back in Apr'22.

The US-based companies accounted for 30% of all companies with mixed and women-only founders, while UK-based 6 companies contributed 11%; Turkey holds the third place, with 4 companies.

With the current stats, it's hard to predict the future trends so far, but we will continue gathering data to evaluate gender diversity based on the full-year data.

*To our best knowledge, no companies in H1'22 were led by non-binary, or gender-neutral founders, or by person of other genders. If we did make a mistake, however, please let us know at digest@investgame.net.

Gender Breakdown



Gaming Companies

 investgame

13 Gaming: Investment Activity

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

Through the first half of 2022, **Gaming investment activity has been incredibly robust in terms of attracted capital**, staying on the same level as in H1'21 (\$4.6B), whereas the number of deals has almost halved (85 vs. 163).

- Strong performance of Q2'22 has been largely driven by a \$2B Corporate round raised by Epic Games, \$1B PIPE by Embracer, and \$0.25B raised by Probably Monsters.
- The Top-3 deals combined accounted for 93% of the total deal value.

H1'22: Deal Value, \$m

	Total	4.7B
Corporate	\$2 167	47 %
VC	\$1 470	32 %
PIPE, Other	\$1 021	21 %

Overall, given the current market narrative and YTD performance, **high levels of the Gaming investment activity seen in 2021 would be pretty difficult to replicate** this year.

However, we see multiple **positive trends supporting the development of investment activity**, with 2022 results expected to surpass 2020 figures:

- Gaming VCs sitting on record levels of dry powder, given massive fundraising waves over the last years.
- Corporate activity remaining strong and less likely to pull back from the venture market.

Investment Activity* in the Gaming Sector



H1'22 has seen **same as previous year H1'21 activity trends across platforms**:

- Mobile gaming studios continue to drive most of the transactions in Gaming segment (45% of deals), followed by Multiplatform comps attracting most of capital (70%+ of value), with Epic Games contributing the most (\$2B in H1'22; \$1B in H1'21).

As usual, **US-based companies are leading the charts** by deals closed and amount raised, followed by **UK** – both geos **continue to show sustainable performance**. Whereas Turkey (#3) activity has notably declined (8 deals in H1'22 vs. 22 in H1'21).

14 Gaming: M&A and Exits Activity

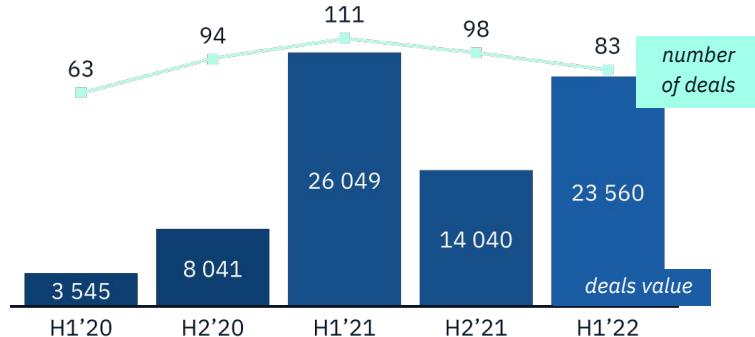
Note: (*) Exits include M&As, direct listings, SPACs, and IPOs

Despite such mega-deal as the acquisition of Zynga by Take-Two Interactive for \$12.7B, as well as a relatively active M&A activity, **H1'22 Gaming Segment showed a slight decrease in the closed deal value of \$23.6B vs. \$26.0B (-10% YoY), and a significant decrease in the total number of deals: 83 vs. 111 (-25% YoY).**

With the poor performance of Public listings in H1'22 (only 2 closed deals for the total amount of \$83m vs. 11 deals with the value of \$5.1B in H1'21), M&A deals have became almost the sole contributor to the Exit activity, with the significant change in the overall share: from 80.3% (\$20.9B) in H1'21, to 99.6% (\$23.4B) in H1'22.

In H1'21 we saw a pretty equal proportion of contribution between the PC & Console and Mobile segments (43.7% vs. 50.2%), though in H1'22 we noticed a substantial shift, as the Mobile segment contributed 67% of the total deal value (\$15.8B vs. \$13.1B in H1'21) across 25 deals (vs. 35 deals in H1'21). Meanwhile, PC & Console took up second place and contributed 20% (\$4.7B vs. \$11.4B in H1'21) in 30 deals (vs. 49 deals in H1'21). Finally, the Multiplatform segment share showed a noticeable growth, from 5.6% (\$1.4B) in H1'21 to 12.7% in H1'22 (\$3B).

Exits* in the Gaming Sector



Even with the obvious poor performance of Public Offerings, which probably won't have any positive changes until the end of the year, M&A activity has almost offset this decline in the deal value, compared to H1'21, and thus, could potentially overcome the results of H2'21. Saudi Arabia's Public Investment Fund (PIF) continues its mighty M&A activity (\$4.9B across 5 deals), while other strategic investors, including Microsoft, Tencent, and Embracer Group, who may potentially catch up with 2021 pace, will be the main drivers of M&A activity in Gaming segment, — and this just might lead us to another record-breaking year.

15 Gaming: Late-stage VC & Corporate

By the end of the first half of 2022, we've seen **25 Late-stage VC and Corporate deals**, with a **total disclosed value of \$2.8B**. This represents a 1.2x growth in the deal value vs. H1'21 (\$2.3B across 55 deals), and a whopping 7x leap against H1'20 (\$407m across 17 deals). The average disclosed deal value also increased, with \$190m on average in H1'22 beating \$114m back in H1'21, and \$45m in H1'20.

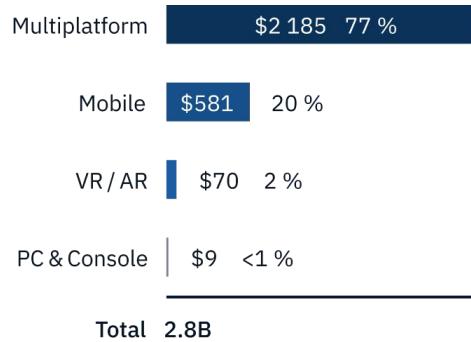
Q2'22 has dramatically changed the picture for the category, as Epic's \$2B round happened in April. Leaving that one aside, Q2'22 saw 9 deals of \$99m disclosed value (a 7.5x decrease vs. \$746 in Q1'22).

As in H1'21, **Multiplatform segment has again snatched up the first place with \$2.2B** (77% of the total deal value, vs. 82% and \$1.9B in H1'21), with Mobile coming in second, with \$581m (20%, vs. \$278m, or 12% in H1'21).

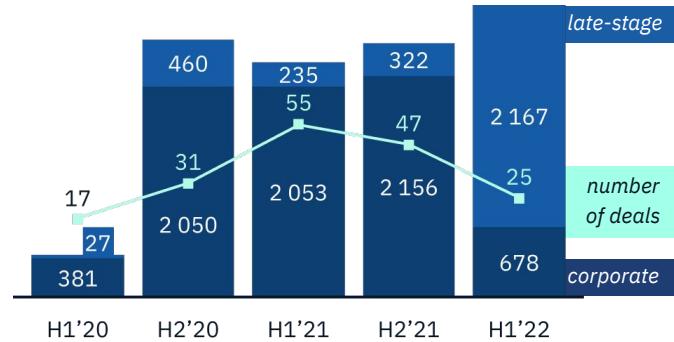
The top-3 placements have taken up 85% of the category deal value:

- The already mentioned US-based Epic Games \$2B funding by Sony and KIRKBI, with each party investing \$1B respectively, bringing the company's valuation at \$31.5B.
- Turkey-based Dream Games closing \$255m Series C round back in January, led by Index Ventures, bringing the company's valuation to \$2.75B.
- US-based Thatgamecompany \$160m Series B+ round from TPG and Sequoia back in March.

H1'22: Deals Value, \$m



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



16 Gaming: Early-stage VC

As we've mentioned earlier, H1'22 **Early-stage placements have become more capital concentrated**, with 58 deals bringing in \$792m, vs. 92 deals of \$568m total value back in H1'21. This represents a 39% YoY rise in the deal value, and a -37% fall in the number of deals. This also means that the **average check has significantly increased** in H1'22, with Seed investments rising 41% (\$4.92m per round vs. \$3.5m in H1'21), and Series A jumping up 80% (\$31.7m per round vs. \$17.6m in H1'21).

36 Seed rounds were closed with a total amount of \$157m (vs. 70 deals of \$216m in H1'21), while 22 Series A rounds amounted for \$635m, or 80% of the total Early-stage deal value (vs. \$352m across 22 deals, or 62% in H1'21).

The PC & Console segment has taken up the first place with \$358m (45%) raised across 15 deals (vs. just \$43m across 15 deals in H1'21); it has overtaken the Mobile segment, which raised \$236m (30%) throughout 27 deals (vs. \$296m throughout 45 deals in H1'21). Multiplatform came in third, with \$176.5m (22%) raised across 11 deals (vs. \$187m across 24 deals back in H1'21).

The top 4 deals with the total deal value of \$441m have contributed 56% of all H1'22 value, including ProbablyMonsters \$250m Series A, led by LKCM Headwater Investments, Frvr \$76m Series A led by Hiro, PortalOne \$60m Series A led by Tiger Global, and Spyke \$55m Seed round, led by Griffin.

The US market is yet again the most attractive one for investors, with \$460m (58% of the total deal value) raised across 18 deals (vs. \$165m, raised across 23 deals in H1'21). Portugal, somewhat surprisingly, came in second, with \$77.5m (10% of all value) raised throughout 2 deals, thanks to the Frvr \$76m deal.

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



Blockchain Gaming

 **investgame**

18 Blockchain Gaming Deals



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

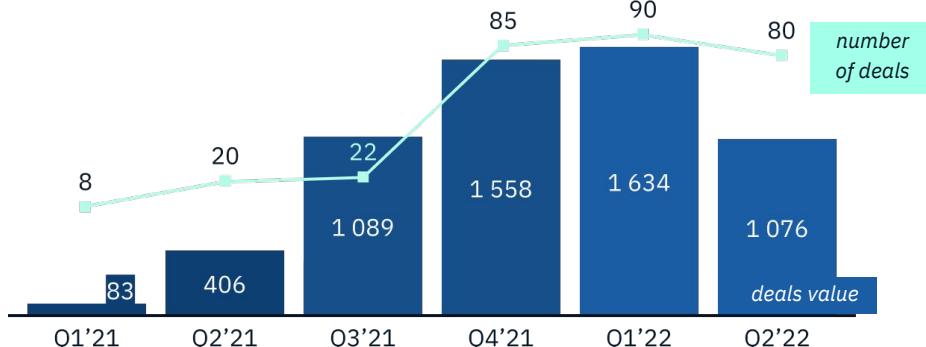
We continue to see positive YoY growth metrics in blockchain gaming: the Q2'22 total deal number was up 4x YoY (80 vs. 20), while the total deal value was at 2.7x YoY (\$1.08B vs \$406m).

While the above showcases the continued investor interest in the potential future of the blockchain-enabled business models, the QoQ growth metrics were down, indicating the continuation of the 2022 market correction we predicted in the last [report](#).

The total deal number for Q2'22 was down -11% QoQ (80 vs. 90), while the total deal value was down -34% QoQ (\$1.08B vs \$1.63B).

The biggest Q2'22 deals were Improbable Worlds \$150m Series B+, Sky Mavis bail-out \$150m Series B+, and GEMS \$55m combined Seed and Series A. Deal sizes are also clearly dropping.

Blockchain Gaming Deals in the Video Game Industry**



19 Blockchain Gaming Deals



Over the quarter, ~66% of the deal count was concentrated in Seed round investments, while ~93% of the deal value was equally split between Seed, Series A and Series B+ rounds. The latter mainly indicates smaller Seed round check sizes (\$7m in Q2'22 vs. \$12m in Q1'22), 2021's Seed round companies graduating to Series A rounds (with an average check size of \$25.5m), and some to Series B+, as highlighted previously.

Around 1/3 of all Seed round deals were higher than the ~\$7M/deal average, with Iskra, Untamed Planet, and Directive Games seeing Seed check sizes $\geq \$20m$.

Almost all Series A deals (11) were higher than \$10m/deal, with GEMS, N3TWORK Studios, Playful Studios, and Irreverent Labs seeing Series A check sizes $\geq \$40m$. The remainder deal value of the quarter was in various Series B+ rounds across a total of 3 deals. These were Sky Mavis at \$150m, Improbable Worlds at \$150m, and Animoca Blowfish Studios at \$19.3m. There was also one notable Series B for BUD at \$37m, which was led by Sequoia Capital.

One investment that definitely skews the overall deal data is Sky Mavis \$150m Series B+. This follows their \$625m Ronin bridge hack, the impact of which is difficult to overstate. This is not only the single greatest successful heist in the history of crypto, but it is also one of the single greatest successful heists in human history – the only other higher one being the Dresden Green Vault heist of \$1B. And if you compare it to a list of the [greatest successful fictional heists of all time](#), Sky Mavis loss exceeds Hollywood's wildest imagination. The Series B+ round here was really more of a bail-out for Sky Mavis, rather than anything else.

Improbable Worlds was one infrastructure company that managed to raise a \$150m Series B+ during this quarter. This likely comes on the back of Yuga Labs raising a whopping \$450m Seed round in Q1'22, as they're using Improbable's technology to power the multiplayer future of The Otherside metaverse. Both Yuga Labs and Improbable funding rounds were also led by a16z, which is quite telling in itself.

But it will be interesting to see how Improbable goes about licensing its technology to more Web3 metaverse companies. Read more about Yuga Labs and Improbable [here](#).

One interesting company that raised a \$50m Series A was GEMS. They describe themselves as 'a one-of-a-kind ecosystem designed to be the ultimate, one-stop gaming destination, connecting crypto and esports gamers'. See their pitch deck [here](#). It's a pretty ambitious and creative vision, but not only are quality crypto games far on the horizon, but also crypto games that can become well established esports are even further. We're skeptical about who exactly will inhabit those 23 Esports player friendly hotels of GEMS, but time will tell.

Note: (*) the following analysis has been provided by Naavik consulting firm, based on InvestGame data

20 Blockchain Gaming Deals



One class of investments this quarter did not see much of is guilds. If there is one corner of Web3 gaming that is under major fire, it is probably guilds. Most of the first wave of crypto games were built for a bull market, and a large majority of guilds were mainly focused on Axie Infinity. Today, a large swath of the first wave games have been wiped out, and Axie Infinity is on a downward spiral, which means most guilds don't have a reason to exist. The buzzword for every guild currently is 'pivot', and it will be interesting to see how the seemingly bleak future of guilds plays out over the course of 2022–23.

Overall, it seems like the blockchain gaming deal market continues to mature into its second stage, wherein the companies garnering most of the funding attention are no longer the ones building platform layers on which future blockchain games could live, but rather the blockchain gaming studios themselves that can produce engaging content that makes use of blockchain gaming infrastructure.

All that said, both the deal number and the deal value has further slowed down over the last quarter. And if Q2'22 performance is any indicator, deal activity will continue to normalize to realistic levels over 2022. Crypto winter performed a massive market clean up, and investors are getting smarter with their bets, while builders continue to build.

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Appendix

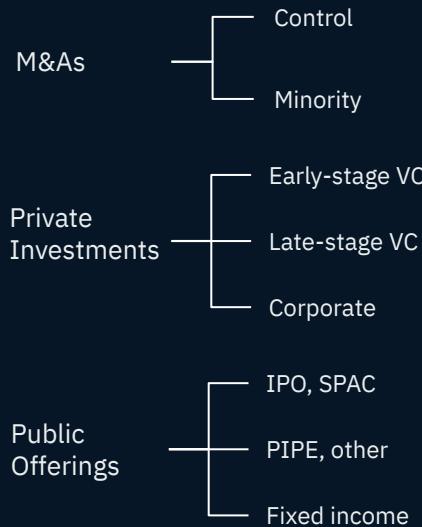
22 Methodology & Glossary

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, betting, and non-gaming blockchain/Web3 companies.

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.

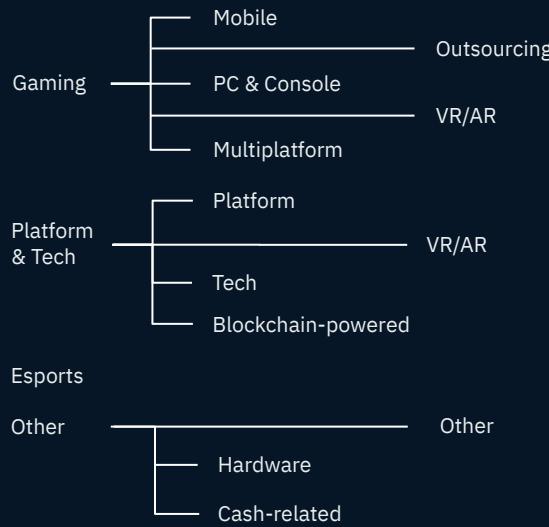
Deal Types Overview



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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We would also like to extend thanks to our friends at [Naavik](#) for covering the Blockchain Gaming Deals part of this report.

Thank you for reading!