

DYNAMICS OF GAMING DEALS



POWERED BY
investgame

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MARKET STAGES

INVESTMENT GROWTH

2019 SPARK

\$2bn, 117 deals

2020 BOOM

\$2.9bn (+45%), 120 deals (+3%)

2021 GROWTH

\$5.3bn (+83%), 186 deals (+55%)

POST PANDEMIC DECLINE

2022 SHOCK

\$1.8bn (-66%), 126 deals (-47%)

2023 STABILIZATION

\$874M (-51%), 148 deals (+17%)

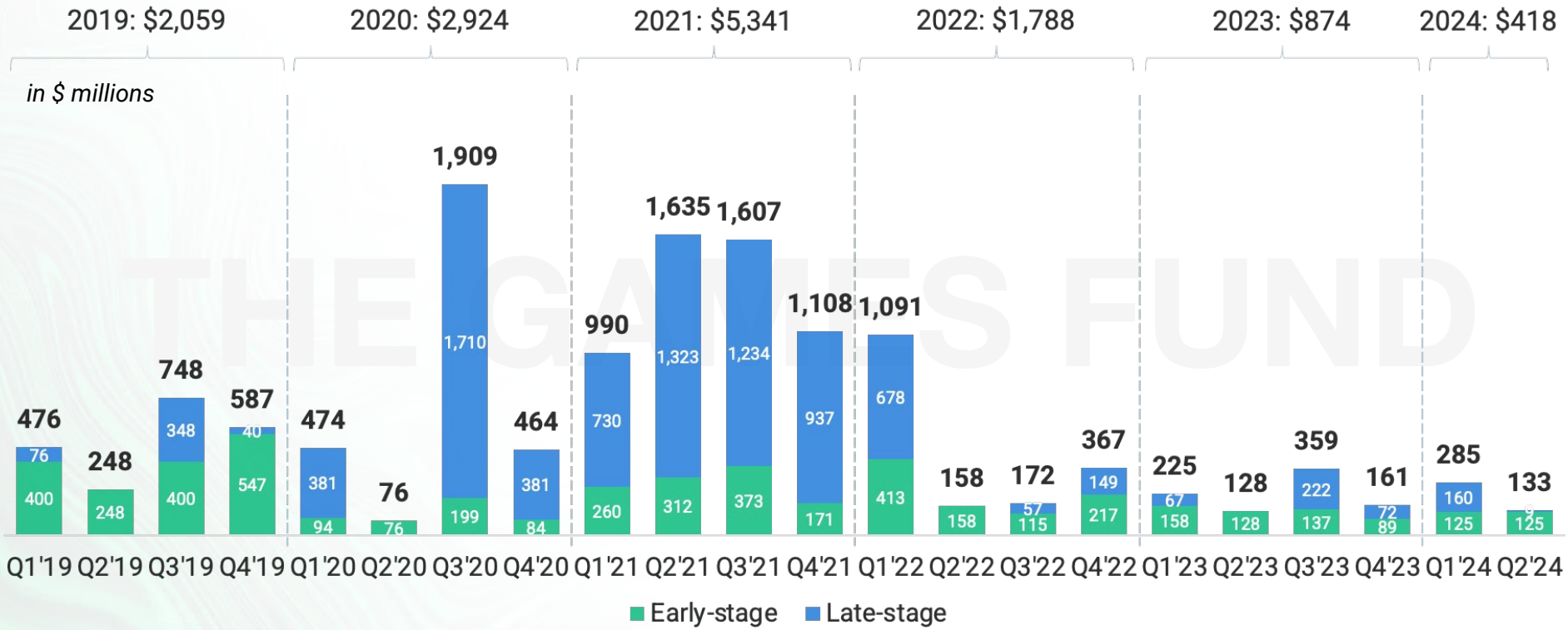
OPPORTUNITY TIME

2024 RECOVERY?

Slower than expected but still here

The 2019 data in this report, and elsewhere in the document, is an estimate provided by The Games Fund team based on various open-source reports. The data for 2020-2024 is based on research by the analytical platform investgame.net.

INVESTMENTS VOLUME



The games industry funding dynamic by deals volume Q1 2019 - Q2 2024
 Growth and decline phases show STRONG dynamics

INVESTMENT DEALS

2019: 117

2020: 120

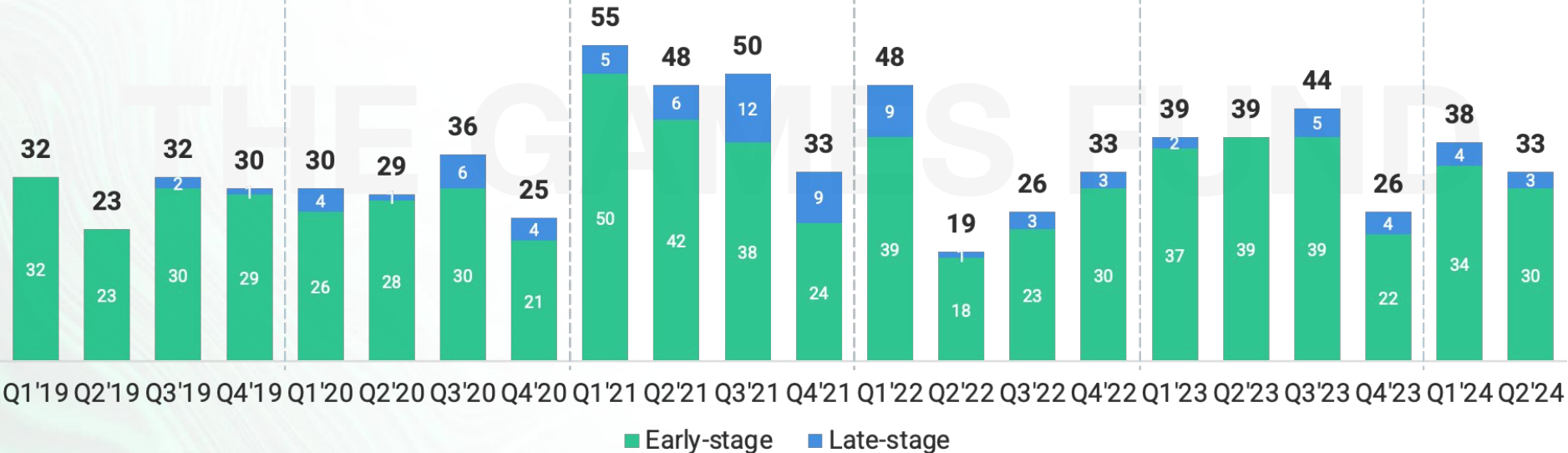
2021: 186

2022: 126

2023: 148

2024: 71

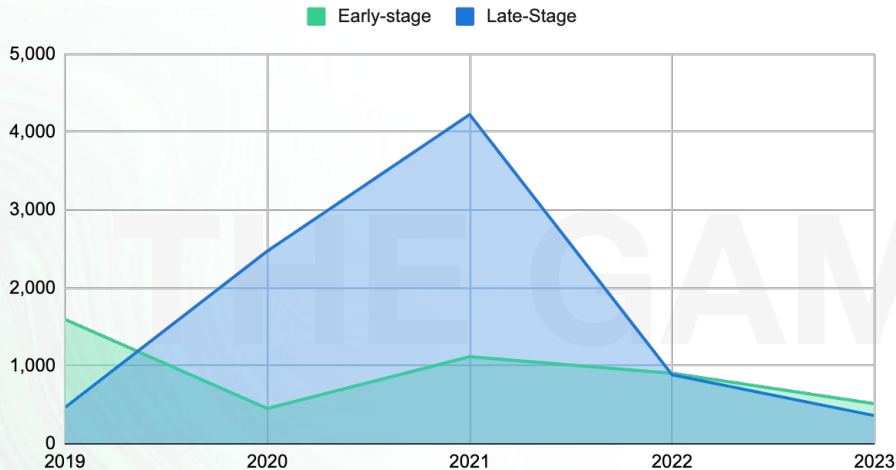
of deals



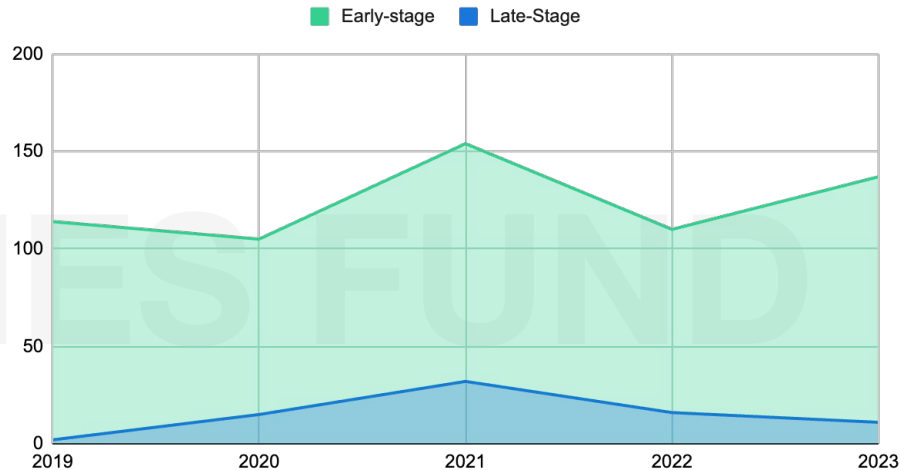
The games industry funding dynamic by number of deals Q1 2019 - Q2 2022
 Growth and decline phases show significantly CALMER dynamics in comparison to the volume

EARLY-STAGE vs LATE-STAGE

Deals Volume (\$m)



Number of Deals



When we separate early-stage from growth-stage deals, we see that the dynamics of deal volume are significantly influenced by large late-stage transactions. In fact, early-stage deals remain relatively stable, while the market is experiencing a decline primarily in Series A+ rounds.

Early-stage companies continue to receive funding, possibly through smaller rounds, and even enjoy VC competition as there are more and more early stage VC firms, there is a substantial shortage of follow-on rounds. Consequently, opportunities to raise growth capital are scarce. While Series A rounds might be challenging, it also presents opportunities for growth investors.

INVESTMENT GROWTH 2019-2021

GETTING NOTICED

Games Industry begin to get recognized as a serious business.

“Games are more than movies and music combined”

ADVANCEMENTS IN UA

Precise targeting tech evolved, along with the hypercasual games boom, driving performance UA and boosting mobile games market.

PANDEMIC GROWTH

Pandemic lockdowns forced people to try video games and led to the extreme growth of the userbase.

HYPE: Metaverse, WEB3

New technologies sparked a wave of enthusiasm, driving investing, winding up valuations which in turn attracted more attention and money.

CHEAP CAPITAL

Low interest rates drove investors to high risk / high reward alternatives. First gaming VC and strategic investment departments launched + rapid influx of “tourist money”.

M&A and IPO BOOM

Big acquisitions and M&A frenzy by companies like Embracer, Stillfront, MTG, etc + numerous IPOs, including Unity, Playtika, Applovin, Krafton, Huuuge, TinyBuild.

POST-PANDEMIC DECLINE: 2022-2023

LOCKDOWNS LIFTED

Lockdowns lifted and many people stopped playing games. Industry experienced the “hangover” declining for the first time in years.

IDFA-pocalypse

Apple attacked precise performance marketing by introducing the privacy control policy - IDFA. Mobile gaming market struggled a lot.

EXPENSIVE CAPITAL

Due to macroeconomic factors interest rates grew, making investors play safe, slowing down economy and investments.

LACK OF FOLLOW-ONS

Many companies, funded on very favourable terms during the growth struggled to find follow on funding and shrunk or even closed, further scaring investors.

STRUGGLE

Fail of the first generation of web3 and Metaverse, exodus of tourist money, AAA crisis and layoffs due to irresponsible hiring is shaking the whole gaming industry.

M&A and IPO SLOWDOWN

Due to low multipliers of public companies, and previous questionable acquisitions strategic companies slowed down or even stopped M&A activities - no exit.

KEY INSIGHTS FOR 2024

DIVERSE INVESTORS

VC, Strategics, and Publishers exploring alternative investment mechanisms and opportunities including project financing and debt

EMERGING REGIONS

Investors are looking for cost-efficient teams and regions: Eastern Europe, SE Asia, China, South America

ROUND-A CHALLENGE

While there is a plenty of early stage investors competing for pre-seed and seed, there are only a few growth investors

FOCUS ON AA

Investors are looking for smaller opportunities with shorter return time and higher ROI.

Good signals from indie dev teams

MOBILE CHALLENGES

While mobile games is still the largest market and potential return, marketing challenge remains unsolved and competition getting crazy intense - high entry barrier

OPTIMISM

Despite all the challenges, the mood in 2024 is significantly changed for good. New funds were announced, new releases performing extremely well