

Agenda



Overview



Market



Product



Competition



Financials



Risks & Exits

Overview

Artie is a Web3 mobile gaming company, looking to **re-think** the distribution of mobile games, allowing users to play from within **social media apps** without additional downloads.



Build social connections

Easily send game invites through link



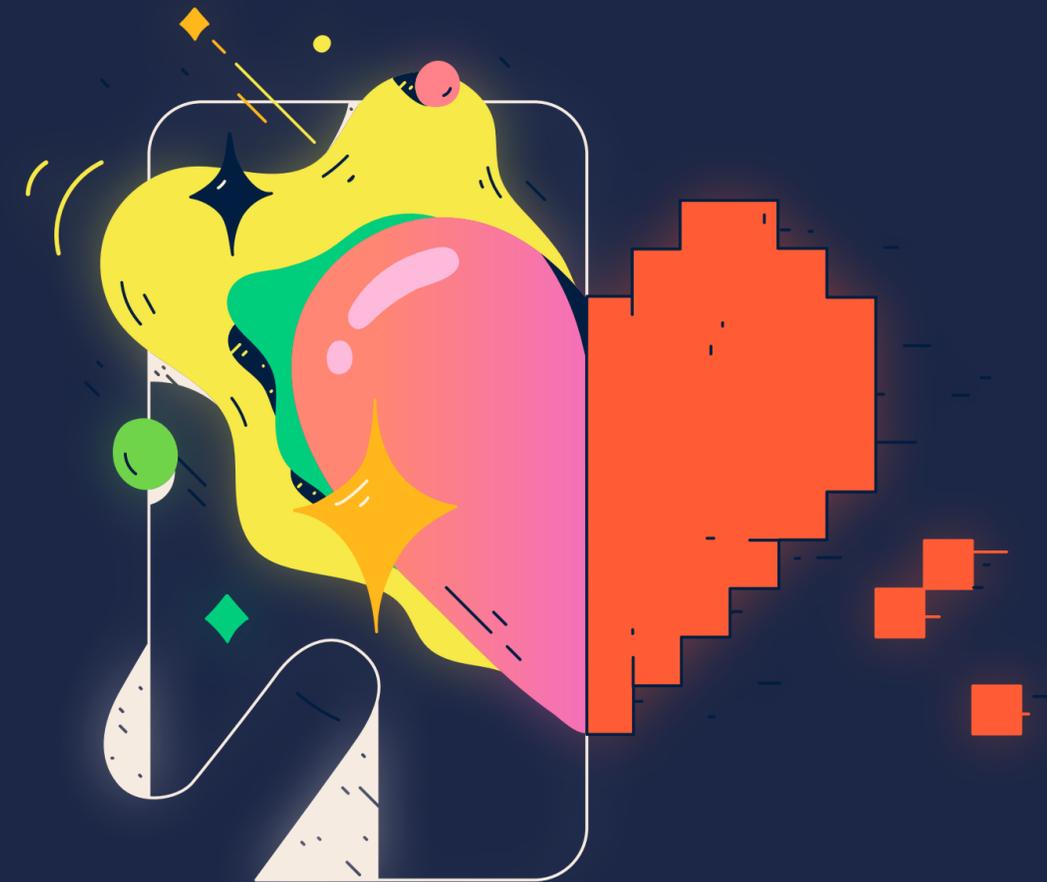
High-quality games

Utilizes Unity to create games with potential



Artieverse NFTs

Creates an engaged community



The Team...



20 - 40

Riot games

Activision/Blizzard

Zynga

Jam City

Amazon

Infinity Ward



Founders + Company



Ryan Horrigan

Co-founder/CEO

- Bachelor's in **Film studies**
- Given talks at Ted X, Facebook, Google, Shanghai International Film Festival
- Chief Content Officer for **Felix & Paul Studios**



Armando Kirwin

Co-founder/CTO

- Master of **Science**
- 14+ years in the tech side of the **entertainment industry**
- Head of Post Production for **Vrse.works** one of the world's leading VR companies.



Los Angeles, CA



Aug, 2018



10M Seed funding

Timeline

Aug 2018

Company founded

Feb 2021

\$10M seed round

Mark Pincus, Kevin Durant, Chad Hurley, Uber, Matthew Ball



March 2020

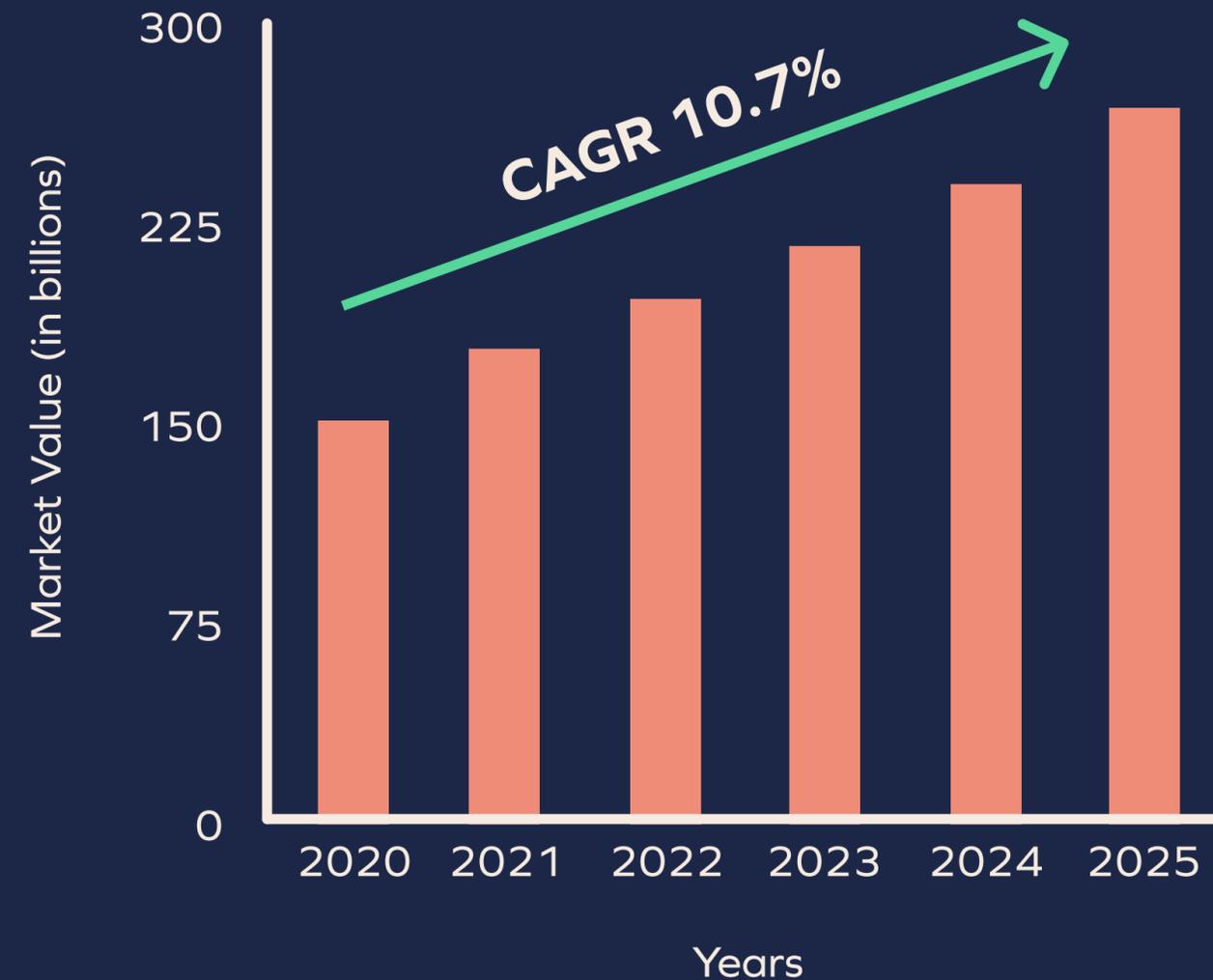
Business model **changes**
from AR avatar to app-
less mobile games

Oct 2021

Artieverse discord
reaches **6000+** members
within 2 months

Market

Global Video Game Market



2020

\$159.3B



2025

\$268.8B

Growth



Cloud gaming
enables streaming
high-end games



Immersive tech
anticipated as an
industry cornerstone



Pandemic
increased gaming
volume of players



Mobile gaming
took up 45% of the
game market in 2019

Mobile Gaming Trends



There is a global average of

1.5M

mobile game players in 2020

Largely due to:

- AR/VR
- Cloud gaming
- 5g



Large companies are releasing

**cross-
platform**

titles that include mobile devices

- Enabled by tech advancement!



There's been a rapid growth of

mini games within apps

like WeChat

- Aiding the growth of gaming industry in China



Product

Launching mobile games that are played within social media.

Mission

For consumers: make mobile games easier to **discover & play**
For developers: improve **economics** mobile games

Technology



High-quality games played instantly within SM's embedded web browser

- No latency issues on mobile connections; **10x** more cost efficient to operate
- Optional next-gen gameplay features



Artieverse

A series of products that taps into the hype of the metaverse



Play-to-earn mobile games featuring **playable NFTs**

Current collection of NFTs will be compatible with first few games and potentially more.



Characters existing across **all media**

Business expanded beyond games. There'll be merch for the characters.



Pricing

For consumers

-  **F2P** games
-  In-game purchases available
-  Collectable NFTs

For developers

-  SDK for third party developers
-  12% - 15% cut of developers' sales from in-game purchases

Competition

				SOFTGAMES
Funding	10M seed	100M series A	2.54M seed	52.7K seed
Developer technology	 unity	 (HTML5)		HTML5
Model	Instant games within SM	Instant games within platforms	Subscription-based cloud gaming	Instant gaming across all devices
Solution to...	Distribution friction	Distribution friction	Payment and installation	Casual social games

Analysis



Artie's differentiations:

Supports Unity as opposed to HTML5 or JavaScript

- ✓ **Go beyond** building just hypercasual games
- 👤 Attract advanced developers

Proprietary AI technology built from ground up

- 📞 Enables voice texting, camera input, etc.
- 🍷 Unlocks more **immersive and personalized** experiences

Financials /Expected Revenues (in millions)

Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Market (\$)	159,343	178,368	197,109	217,059	240,311	268,805	297,673	329,642	365,044	404,248
% Market Share	0.04%	0.04%	0.05%	0.05%	0.06%	0.07%	0.07%	0.07%	0.07%	0.08%
Revenue (\$)	63.74	79.01	96.69	117.91	144.56	179.07	206.23	237.51	273.54	315.03

Public comparable companies:



Reasons for selection:



Companies in SaaS gaming sector



Distinctable game software financials

Financials /Pre-tax Operating Income (in millions)

Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Pre-tax Operating Margin	-5.0%	-12.0%	-8.0%	-4.0%	1.5%	4.5%	7.0%	8.1%	9.0%	9.6%
Pre-tax Operating Income (\$)	(3.19)	(9.48)	(7.74)	(4.72)	2.02	8.06	14.44	18.53	23.25	30.12

Average operating margin of comparables: 9.6%

- Assumed Artie's pre-tax operating margin would converge to 9.6% in 2029



Negative margins for 3 more years



Path to profitability will be rocky for the few years ahead

Financials /Present Value (in millions)

Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
FCFF (\$)	(11.02)	(18.55)	(18.62)	(18.38)	(15.67)	(5.87)	(1.61)	(5.14)	(4.54)	(2.82)
Terminal Value (\$)	-	-	-	-	-	-	-	-	-	343.77
Cost of Capital	9.1%	9.1%	7.8%	7.0%	7.0%	6.2%	6.2%	6.2%	5.8%	5.5%
Cumulated Cost of Capital	1.09	1.18	1.26	1.33	1.40	1.46	1.52	1.59	1.64	1.70
Present Value	-10.10	-15.69	-14.77	-13.81	-11.18	-4.01	-1.05	-3.24	-2.76	200.55

Value of operating assets today **\$123.92**

Risks & Mitigants



Limited data

Limited distribution data - not a lot of data available on which games work best in what context yet.



Take advantage- constantly evolving platforms allow for **experimentation**

Learn from **similar structures** in APAC



Retention

Simple games (i.e hypercasual) are easy to understand but may not be so engaging in terms of retention



Unity will eventually allow for developers to create more **complex games** with Artie

NFTs will also build + retain community



Limitations with tech

Currently, Artie is unable to develop games with a lot of interaction such as shooter/fighting games



More **funding and research** will lead the company towards this goal; this could **change** the possibilities of instant gaming

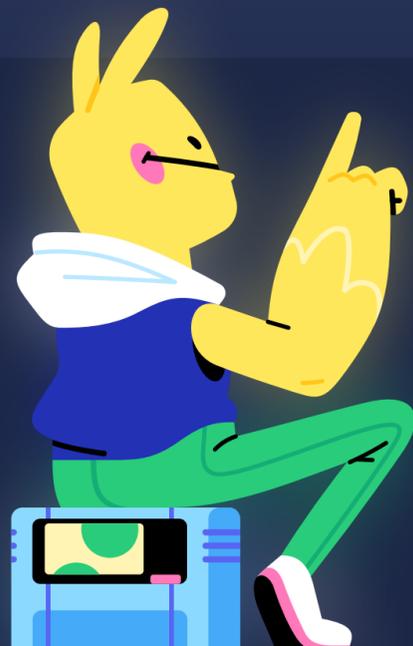
In the Future...

Soon

First 2 games: **play-to-earn PvP**
w/ **social hangout component**

2022:

MMO



If successfully spread throughout SM, games will have **large publicity**



Several **viral hits** with large and loyal player base



Increased **presence** of instant games will be seen in SM

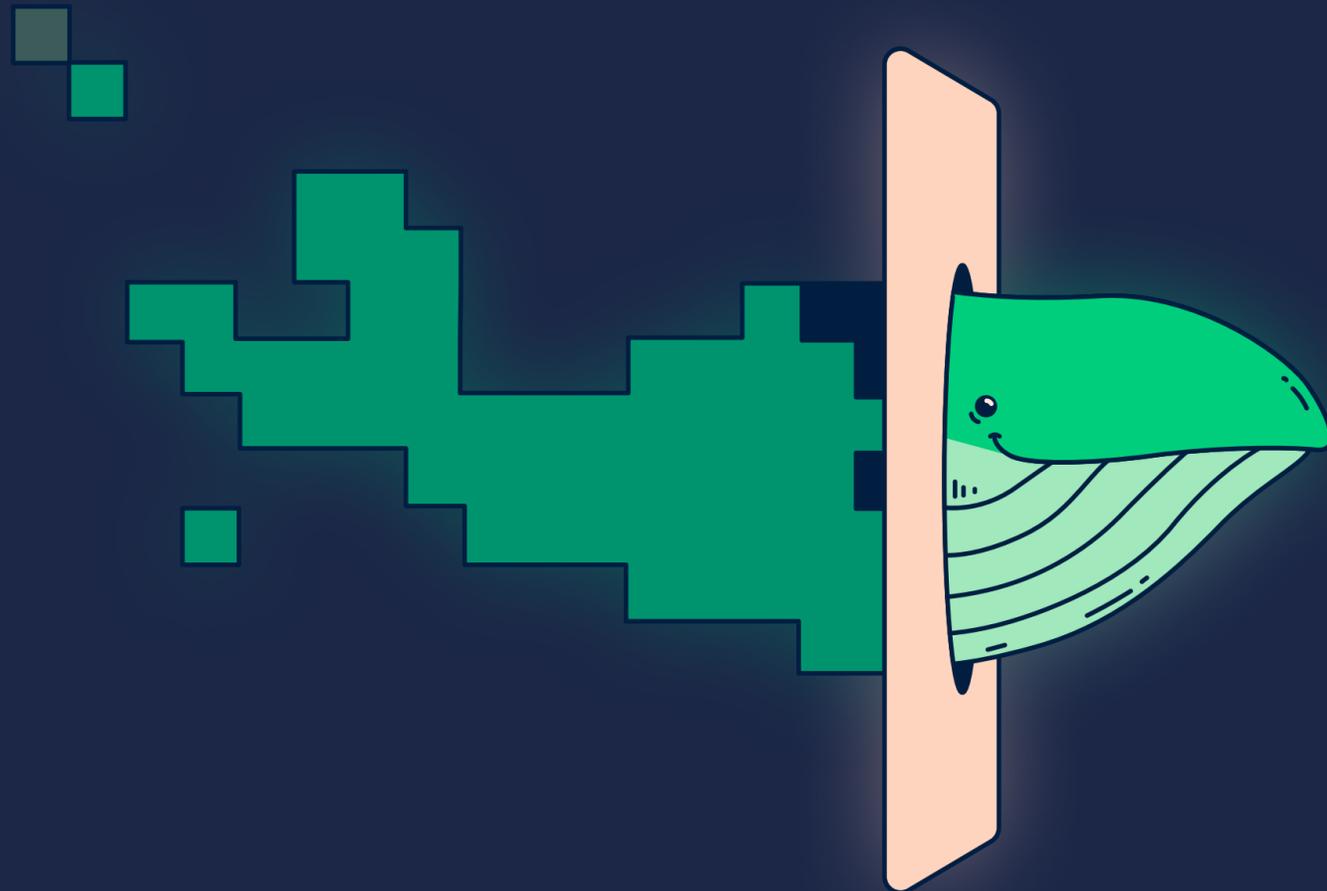


More advanced games that allow for increased **interactions**



Expanded **NFT** community

Exits



IPO

This is an option of Artie as they grow to have a **large/dedicated community**. They collaborate with multiple large companies rather than working with just one.



M&A

Acquisition of game companies is also **often seen** in the industry. Artie is more likely to be acquired by a gaming company rather than a SM company.

Conclusion

- ✓ Fun social games for players;
Economically improved solutions for developers
- ♥ **Players and developers benefit equally
from game's success!**
- 💡 An experience of the anticipated **metaverse**
through NFTs
- 🔗 Potential for more **advanced and personal**
gaming experience with technology



Appendix A

Comparable company financials used for calculations

Pre-tax profitability of comparables

Company name	Take-Two Interactive	Microsoft	Zynga	Roblox
2019 Revenues (in millions)	\$2,668.0	\$4,539.0	\$1,321.7	\$488.2
% Market Share	1.8%	3.1%	0.9%	0.3%
Operating profit	\$ 206.70	\$ 1,549.48	\$ 87.22	\$ 55.89
% Operating margin	7.75%	34%	6.6%	11%
Beta	0.61	0.86	0.08	
Debt to Equity Ratio	1.08	1.57	0.85	0.3

Assumptions and growth rates used

Terminal growth	4.0%
CAGR	10.7%
Risk Free Rate	4.0%
Equity Risk Premium	5.0%
NOL at Start of Year (mil)	\$10