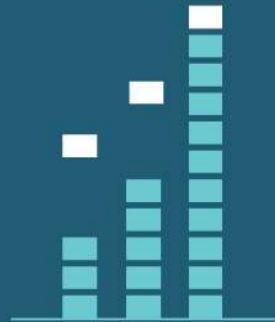
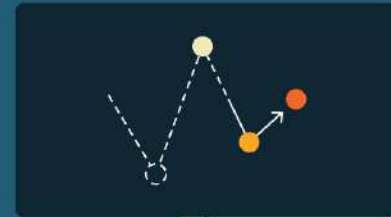


Games Investment Review

Q2 2024 EXECUTIVE SUMMARY REPORT



Digital Development Management

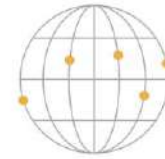
DDM

We are the Video Game Business Experts

DDM HIGHLIGHTS

\$1.2 Billion

In deals secured for DDM Representation Clients



Established in Asia,
Europe and the US
Coasts

18

Years in the industry

70+

Consulting clients

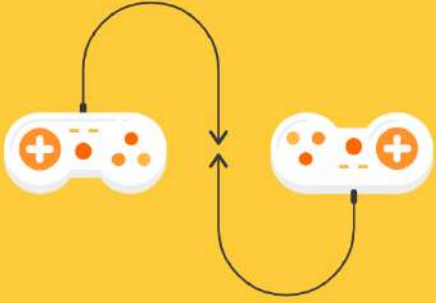
725+

Deals signed across
our service areas

16

Years of industry
investment data

DDM Provides Comprehensive Services for the Video Games Industry



Representation

DDM represents talented development studios around the globe that create great games on every platform. With its worldwide business development team and deep industry relationships, DDM secures full game deals and co-development projects for its clients. Always with a personal touch, DDM has secured hundreds of deals and deeply understands how to run extensive business development in an efficient and effective manner.

We secure the project deals to achieve your company's goals.



Consulting

DDM provides best-of-class consulting to help companies succeed in their games industry initiatives. Whether entering the games space, expanding on an existing endeavor, or undertaking a new project that can benefit from interactive technologies, DDM partners with you to build and execute upon a tailored strategy. With a network of consulting executives, development studios, production services experts and publishing capabilities, plus DDM's own internal extensive expertise and research department, DDM can tackle any games industry project you've got.

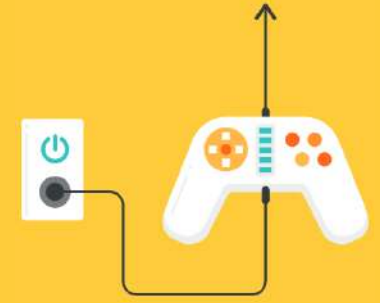
Consulting from experts who know the games business. We create action plans that are actually used.



Data & Research

DDM's research team provides our clients with bespoke services based on extensive industry experience, a wealth of data we maintain on a regular basis and the most comprehensive and up-to-date game industry investment database that exists. We leverage our overall company's Representation, Investment and Consulting services to help our clients succeed in their project funding, investments, acquisitions, exits and strategic initiatives. Our team publishes the quarterly DDM Games Investment Review reports which is regularly featured on Forbes, GamesIndustry.biz, VentureBeat and many others.

We provide the data and research to take your company to the next level.



Investment Services

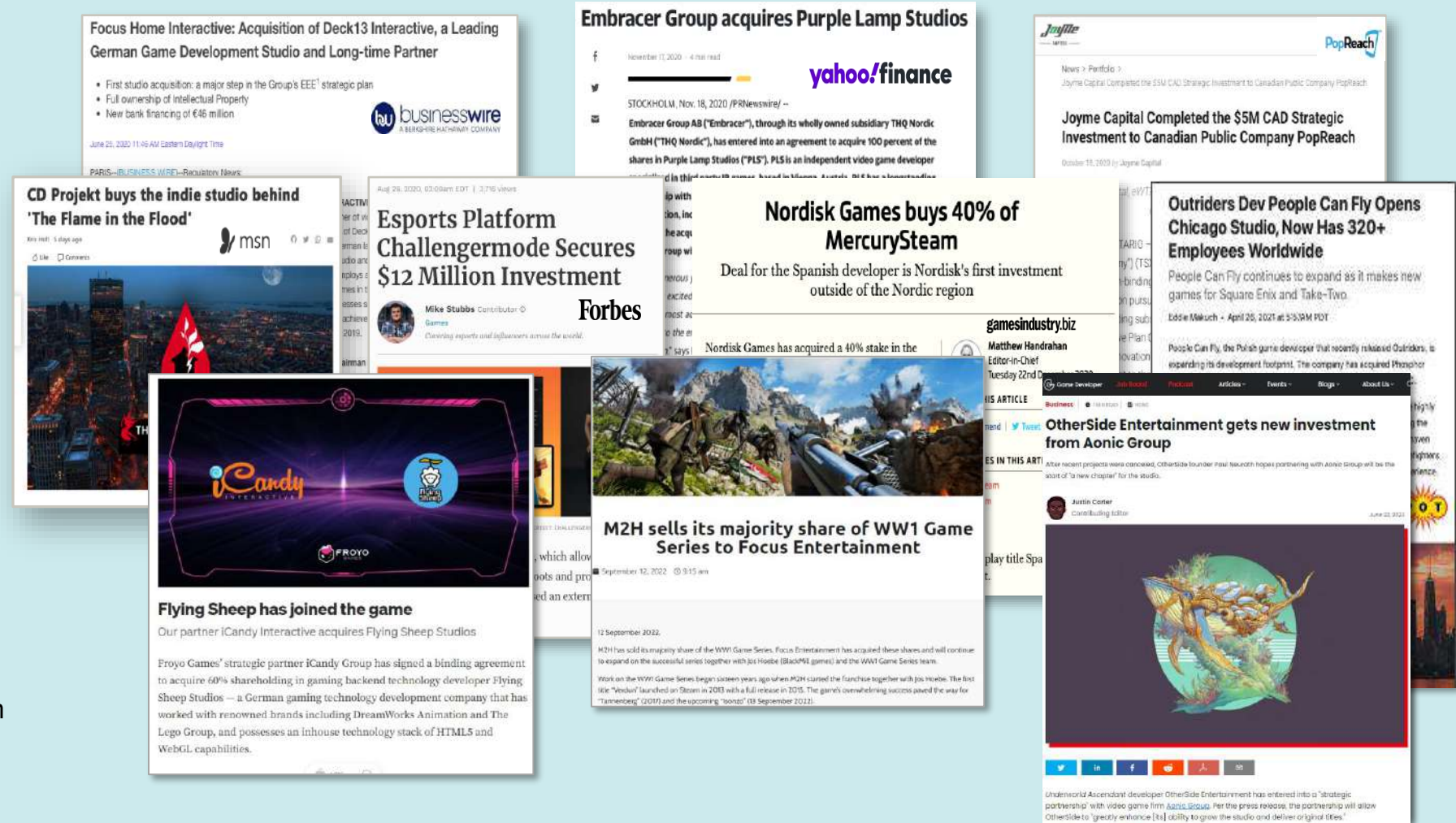
DDM consults as an M&A Broker for companies in the game industry looking to secure a buyer as well as those looking to source acquisition targets. Our extensive knowledge of the games industry and worldwide business development capabilities are combined with deep financial expertise and rich investment data. Whether you are seeking partial investment or full acquisition, we globally source business prospects that match your strategy and criteria.


We secure the investment or M&A required for you to take your next major strategic step.

DDM's Investment Services and Consulting Drive Key Acquisitions and Investments

Leveraging the knowledge obtained from having closed 700+ deals over 17 years, keeping the most comprehensive M&A transaction level data in the industry and being involved in some of the most interesting consulting projects and M&A transactions, DDM truly offers an unrivaled value proposition second to none.

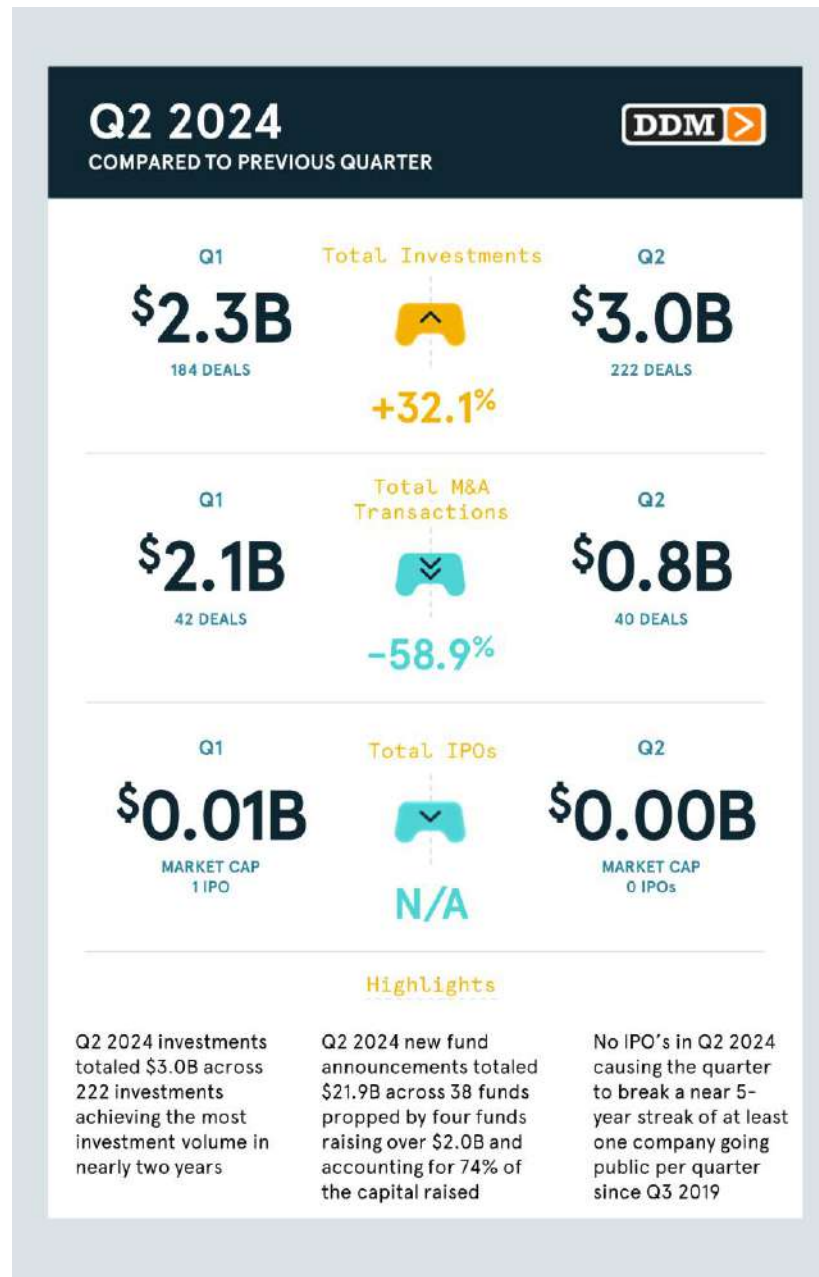
- ▶ Fully dedicated investment team
 - Unparallel industry & deals knowledge
 - Global presence with offices in key territories
 - Full understanding of the needs at each stage of the process
 - Second-to-none industry network
- ▶ Up-to-date proprietary market information – DDM Game Investment Review (GIR)
- ▶ Unique set of proprietary tools and methodologies developed for the video game industry
- ▶ Holistic approach
- ▶ Relationship vs transactional driven





Q2 & H1 2024 Executive Summary

The Transaction Bundle, a complete list of the quarter's transactions in PDF and Excel format, is available for single and annual subscription at www.DDMGamesInvestmentReview.com.



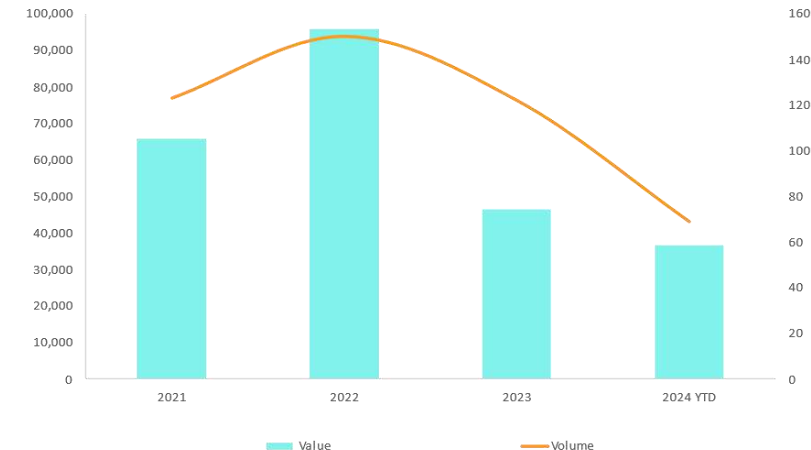


Games Investments Show Momentum with Q2 2024's \$3.0B and 222 Deals

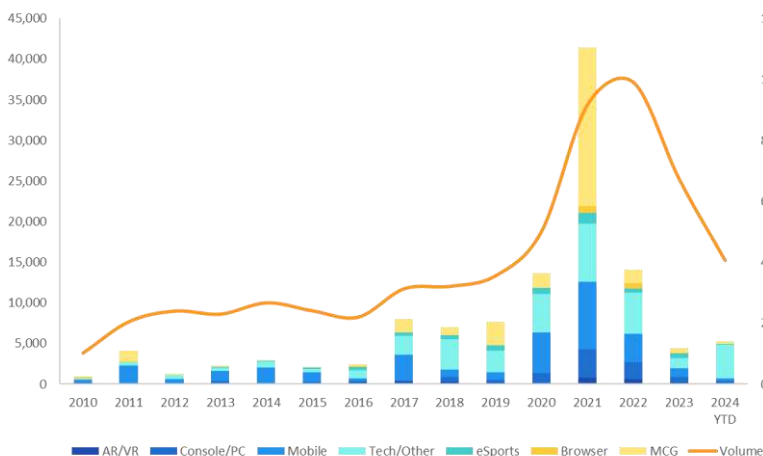
Q2 2024 combined games investments and M&As totaled \$3.8B across 262 transactions (-11% in value and +16% in volume compared to Q1's \$4.3B across 226 transactions).

- ▶ Q2 2024 investments totaled \$3.0B across 222 investments (+32% in value and +21% in volume compared to Q1's \$2.3B and 184 investments) achieving the most investment volume in nearly two years as games investments have not surpassed 200 investments since Q3 2022
- ▶ Q2 2024 Exits (M&A + IPOs) totaled \$845.0M across 40 transactions (-59% in value and -5% in volume over Q1's \$2.1B across 42 transactions); while M&A deal volume has marginally declined quarter-over-quarter since Q4 2023's 45 transactions, Q2 2024's M&A total value can be attributed to the lack of large transactions which inflated previous quarters
- ▶ There were no IPO's in Q2 2024 causing the quarter to break a near 5-year streak of at least one company going public per quarter since Q3 2019 when DouYu debuted with a \$3.7B market capitalization
- ▶ Q2 2024 new fund announcements totaled \$21.9B across 38 funds (+48% in value and +23% in volume compared to Q1 2024's \$14.8B across 31 funds) driven by four funds raising over \$2.0B accounting for 74% of the capital raised for the quarter: General Catalyst's \$6.0B, ICONIQ Capital's \$5.2B, Norwest Venture Partners' \$3.0B, and Kleiner Perkins' \$2.0B

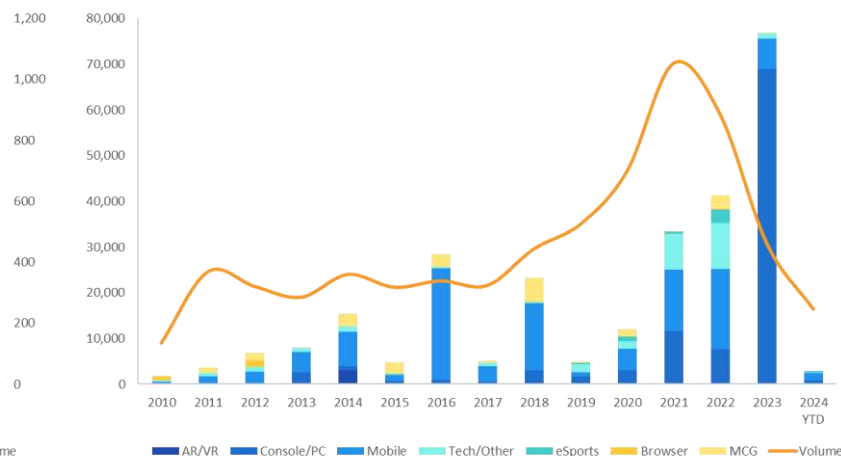
Fund Announcements (\$M)



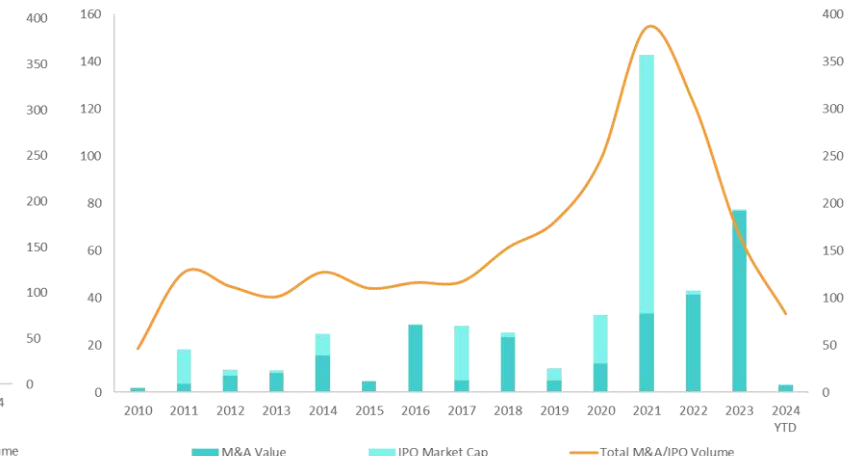
Investments (\$M)



M&As (\$M)



Exits (M&A + IPOs) (\$B)





H1's 488 Investments/M&As Achieves +26% in Transaction Volume

With Microsoft's colossal \$68.7B acquisition of Activision Blizzard, H2 2023 was a half-year for the record books at \$78.3B across 386 transactions. By excluding this as an outlier, H1 2024's \$8.1B across 488 investments and M&As was -15% in value and +26% in volume compared to an adjusted H2 2023 \$9.6B across 387 investments and M&As.

- ▶ H1 2024 investments totaled \$5.2B across 406 investments (+136% in value and +32% in volume over H2 2023's \$2.2B over 307 investments) passing 2023's annual value of \$4.5B across 672 investments; H1 2024's 2.3x in value over the preceding H2 2023 is propelled by GameStop's \$2.1B post IPO equity and Epic Games' \$1.5B late-stage investments which accounted for 70% of H1 2024's value
- ▶ H1 2024 M&As totaled \$2.9B across 82 transactions (-96% in value and +4% in volume compared to H2 2023's \$76.1B across 79 transactions); this drastic decline in value was due to Microsoft's acquisition of Activision Blizzard (90% of H2 2023's value)
- ▶ By excluding Microsoft + Activision Blizzard transaction, H2 2023 M&As totaled \$7.4B across 78 transactions, resulting in H1 2024 to be -61% in value and +5% in volume
- ▶ H1 2024 has been light on public debuts with one IPO at \$7.2M (-95% in value and -83% in volume), the lowest volume since H1 2019 which also had one IPO
- ▶ H1 2024's sole IPO and low value is a far cry (-100% in value and -94% in volume) from H1 2021's top of 17 IPOs totaling a combined market capitalization of \$84.5B
- ▶ H1 2024 Exits (M&As + IPOs) totaled \$2.9B across 83 transactions (-96% in value and -2% in volume compared to H2 2023's \$76.2B total across 85 transactions); by excluding Microsoft + Activision Blizzard, H2 2023 exits would have totaled \$7.5B across 84 transactions and H1 2024 would be -61% in value and -1% in volume
- ▶ H1 2024 blockchain investments totaled \$726.3M across 152 investments (-3% in value and +69% of the volume compared to H2 2023's \$747.3M across 90 investments); while blockchain values have decreased slightly, interest in blockchain is increasing, representing 37% of H1 2024's investment volume (+8% compared to H2 2023's 29%)
- ▶ H1 2024 developer investments totaled \$2.5B across 299 investments (+90% in value and +50% of volume compared to H2 2023's \$1.3B across 199 investments); this 1.9x is attributed to Epic Games' \$1.5B investment from Disney in Q1 2024
- ▶ H1 2024 new fund announcements totaled \$36.7B in new capital raised across 69 funds (+31% in value and +13% in volume compared to H2 2023 totaling \$28.0B across 61 funds) continuing an uptrend of capital raised per half-year since H1 2023 which totaled \$18.3B across 61 funds (+100% in value and +13% in volume)

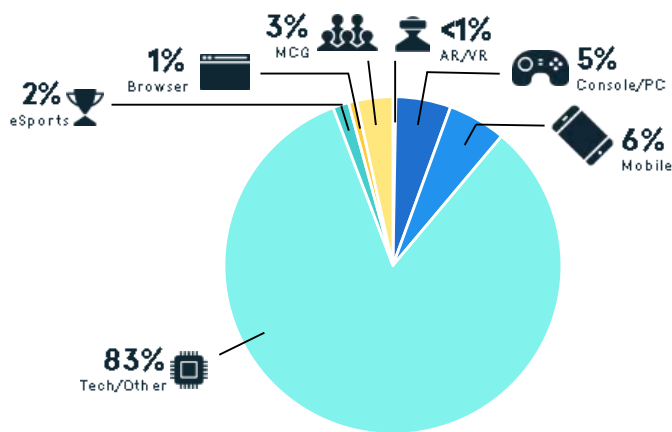




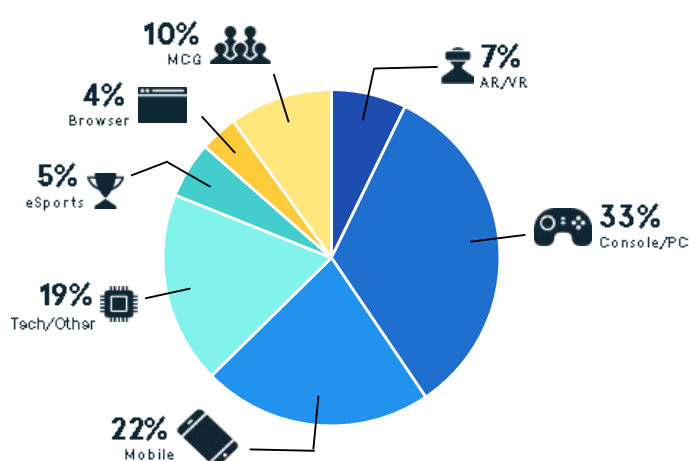
Q2's 222 Investments is Highest Investment Volume in Nearly 2 Years

- ▶ Q2 2024 investments totaled \$3.0B across 222 investments (+32% in value and +21% in volume compared to Q1's \$2.3B and 184 investments) achieving the most investment volume in nearly two years as games investments have not passed 200 investments since Q3 2022
- ▶ GameStop's \$2.1B post IPO equity raise was the largest investment of the quarter at 72% of the quarter's value
- ▶ Blockchain investments totaled \$416.1M across 85 investments (+34% in value and +27% in volume compared to Q1 2024's \$310.2M and 67 investments); this increase is a direct result of more blockchain adoption as the SEC approved Ethereum Spot ETFs shortly after approving Bitcoin Spot ETFs last quarter
- ▶ Animoca Brands was the most active investor for the quarter by investing in 17 blockchain-based gaming companies
- ▶ Highest segment by value led by Tech/Other (83%), followed by Mobile (6%), Console/PC (5%), MCG* (3%), eSports (2%), Browser (1%), and AR/VR (<1%); highest segment by volume led by Console/PC (33%), followed by Mobile (22%), Tech/Other (19%), MCG* (10%), AR/VR (7%), eSports (5%), Browser (4%)
- ▶ Q2 2024 undisclosed investments totaled 88 investments (40% of the quarter); despite the uptrend of investment volume, investors are more strategic by withholding those values during industry turmoil causing investment values to be dampened
- ▶ Using historical averages to estimate the undisclosed investment values, Q2 2024 reached \$3.5B [+/- \$182.54M]

Segments by Value

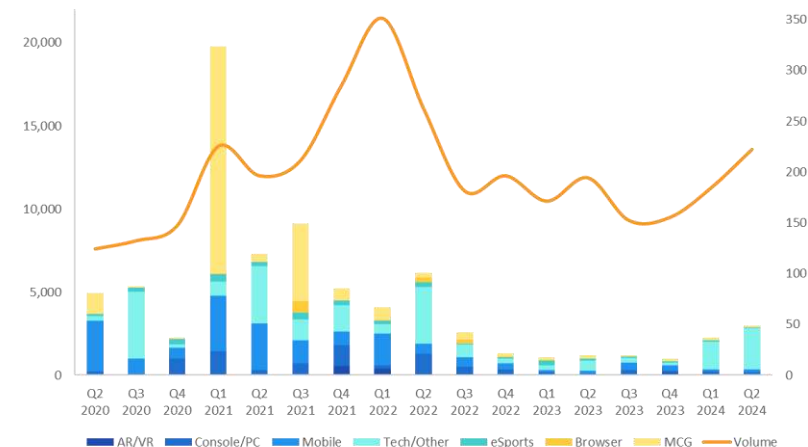


Segments by Volume



*Mass Community Games (MCG) are games driven by online community play. Includes MMOs, MOBAs, battle royale, and metaverse games.

Investments (\$M)



% of Undisclosed Investments vs Deal Volume





Top and Median Segment Investment Q2 2024

Disclosed Investments Q2 2024

Category	AR/VR	Browser	Console/PC	eSports	MCG*	Mobile	Tech/Other
No. Investments	6	8	30	10	19	38	39
Top Deal by Value (\$M USD)	Wevr's \$3.5M mid/late-stage investment from Epic Games and HTC	Mystic Moose's \$10.5M early-stage investment from Animoca Brands, Merit Circle, Courtside Ventures, Spartan Group, and others	Bespoke Pixel's \$25.0M early-stage investment from undisclosed investors	Faze Media's \$11.0M early-stage investment from angel investor	Crypto Blockchain Industries' \$13.6M early-stage investment from Colopl	Spyke Games' \$50.0M early-stage investment from Moon Active	Zentry's \$140.1M early-stage investment from Spartan Group, LongHash Ventures, Synergis Capital, DWF Labs, and angel investors
Seed by Volume	17%	38%	70%	80%	58%	61%	59%
Series A by Volume	0%	13%	23%	10%	26%	18%	21%
Other by Volume	83%	50%	7%	10%	16%	21%	21%
Q2 Median Segment Investment (\$M USD)	1.2	2.2	7.6	1.0	3.0	3.5	4.0
Q2 Segment Total Value (\$M USD)	8.1	23.3	97.1	16.5	62.3	163.9	339.4
Q1 Median Segment Investment (\$M USD)	4.3	3.0	5.5	3.3	4.0	3.1	5.6
Q1 Segment Total Value (\$M USD)	27.6	3.0	176.6	58.5	160.7	109.8	1,645.5



- ▶ We prefer medians instead of averages to reduce the impact of large mid/late-stage rounds from skewing the picture of typical investments; conversely, if a category has low volume, any blockbuster investment can have an outsized effect

- ▶ Chart excludes other-stage investments: IPO, Post IPO, crowdfunding, grants, token offerings




*Mass Community Games (MCG) are games driven by online community play. Includes MMOs, MOBAs, battle royale, and metaverse games.
Early stage = Angel to Series A, Mid/Late Stage = Series B and later, Other = Grants, Crowdfunding, Initial Coin Offerings, IPO, and Post IPO





Top Active Investors Q2 2024 (#1-5)





Animoca Brands 17 Investments 



Q2 Round Total (\$M, USD)	Q2 Top Round Value (\$M, USD)	Stages	Top Segments
10.5	51.5	Early	Mobile, Tech/Other, Browser

-  **Mystic Moose**, a blockchain games developer, raised \$10.5M in an early-stage funding round
-  Blockchain mobile games developer **GOMBLE** raised \$10.0M in an early-stage funding round
-  Blockchain/AI games rewards platform provider **Redacted** raised \$10.0M in an early-stage funding round





Spartan Group 9 Investments 



Q2 Round Total (\$M, USD)	Q2 Top Round Value (\$M, USD)	Stages	Top Segments
192.7	140.0	Early	Tech/Other, MCG, Browser

-  Blockchain solutions provider **Zentry** raised \$140.0M in an early-stage funding round
-  **Mystic Moose**, a blockchain games developer, raised \$10.5M in an early-stage funding round
-  Blockchain mobile games developer **GOMBLE** raised \$10.0M in an early-stage funding round





Andreessen Horowitz 9 Investments 



Q2 Round Total (\$M, USD)	Q2 Top Round Value (\$M, USD)	Stages	Top Segments
69.2	45.0	Early	Tech/Other, Browser, Mobile

-  Legal and safety compliance service provider **k-ID** raised \$45.0M in a Series A funding round
-  **Altera**, an AI-driven game NPC provider, raised a \$9.0M in a Seed funding round
-  AI-powered 3D character modeling tool provider **Yellow** raised \$5.0M in a Seed funding round





Big Brain Holdings 8 Investments 

Q2 Round Total (\$M, USD)	Q2 Top Round Value (\$M, USD)	Stages	Top Segments
60.5	12.0	Early	Mobile, Console/PC, Tech/Other

-  Blockchain games infrastructure provider **Mirror World** raised \$12.0M in a Series A funding round
-  **Mystic Moose**, a blockchain games developer, raised \$10.5M in an early-stage funding round
-  Blockchain mobile games developer **GOMBLE** raised \$10.0M in an early-stage funding round


Polygon 8 Investments 

Q2 Round Total (\$M, USD)	Q2 Top Round Value (\$M, USD)	Stages	Top Segments
37.1	10.0	Early	Tech/Other, Mobile, MCG

-  Blockchain mobile games developer **GOMBLE** raised \$10.0M in an early-stage funding round
-  Blockchain/AI games rewards platform provider **Redacted** raised \$10.0M in an early-stage funding round
-  **Param Labs**, a blockchain games developer and infrastructure provider raised \$7.0M in an early-stage funding round

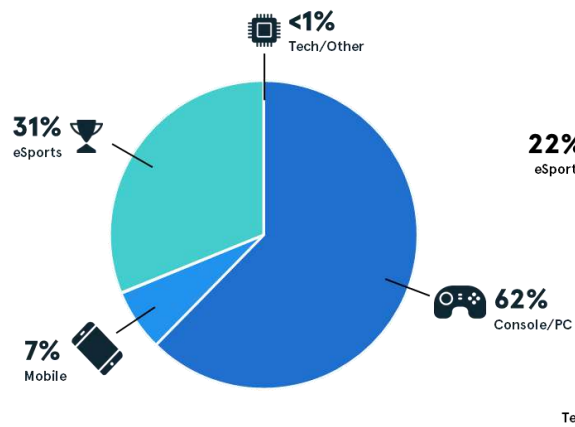
Some transactions also may be repeated if multiple investors invested in the same round for the company. We list the most active firms by deal volume as well as the total value of the disclosed investments in which they participated and top value for single deal along with select investments. Further, our investment tracking focuses on deals that involve Western companies. As always, since announcements do not typically list the contribution breakdown by firm, we do not include a breakdown of how much is invested by each firm.



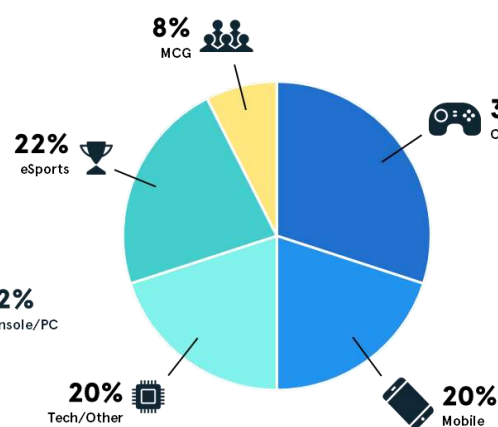
Q2's \$845.0M Across 40 M&As Lacked Large Deals and IPOs

- ▶ Q2 2024 M&As totaled \$845.0M across 40 transactions (-59% in value and -5% in volume over Q1's \$2.1B across 43 transactions); while M&A deal volume has marginally declined quarter-over-quarter since Q4 2023's 45 transactions, Q2 2024's M&A total value can be attributed to the lack of large transactions which inflated previous quarters
- ▶ For instance, in Q2 2024, Infinite Reality acquired the Drone Racing League for \$250.0M which was the largest M&A of the quarter represented 30% of the quarter's value; whereas in Q1 Goldman Sachs, General Atlantic, KIRKBI, and Glitrafjord acquired Kahoot! for \$1.6B which represented 76% of the quarters total M&A value
- ▶ In Q2 2024 there were no M&As for the AR/VR and browser segments in which, browser has not seen an M&A since Q1 2023
- ▶ There were no IPO's in Q2 2024 causing the quarter to break a near 5-year streak of at least one company going public per quarter since Q3 2019 when DouYu debuted with a \$3.7B market capitalization
- ▶ Highest M&A segment by value led by Console/PC (62%), followed by eSports (31%), Mobile (7%), and Tech/Other (<1%); highest M&A segment by volume led by Console/PC (30%), followed by eSports (22%), Mobile (20%), Tech/Other (20%), and MCG* (8%)
- ▶ North America led the quarter in both M&A value and volume totaling \$737.3M across 16 transactions (87% of the value and 40% of the volume); Europe placed second in value and in volume totaling \$68.0M across 13 transactions (8% of the value and 33% of the volume) while ROW totaled \$39.7M across 11 transactions (5% of the value and 28% of the volume)

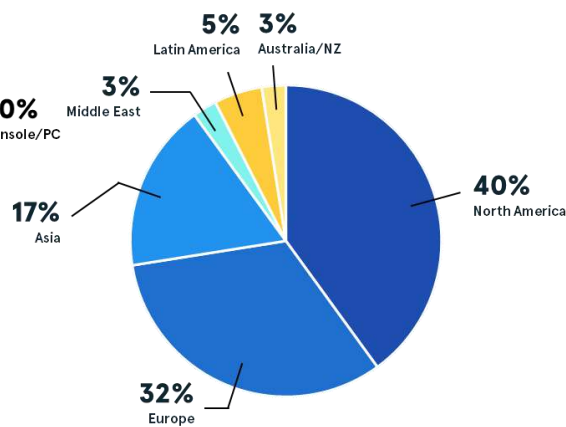
Segments by Value



Segments by Volume

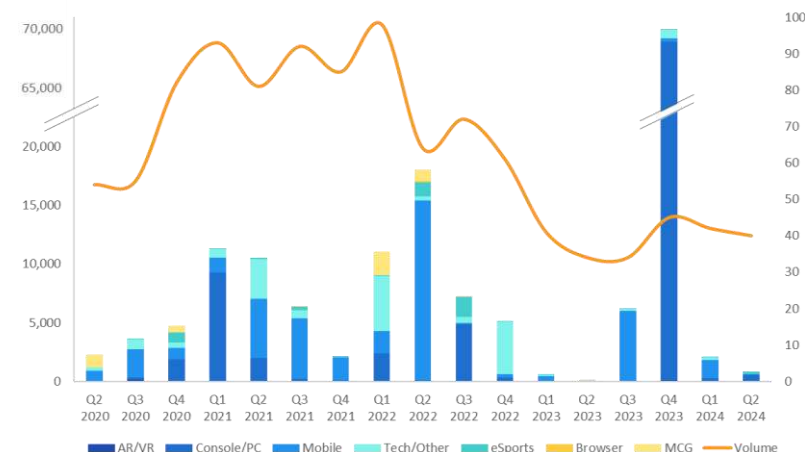


Regions by Volume

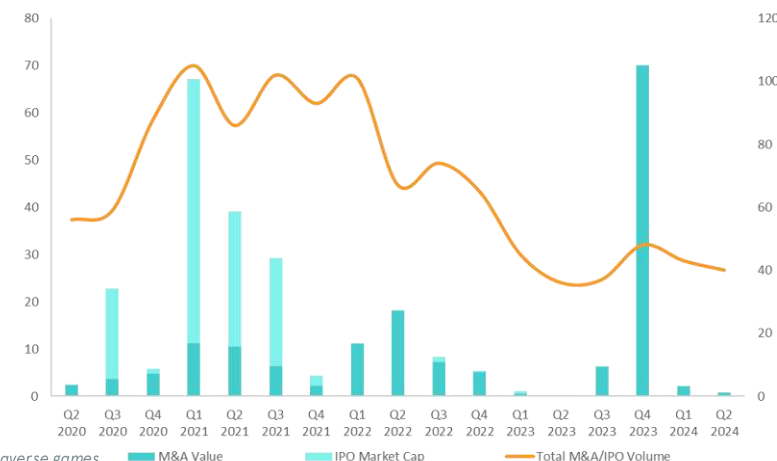


*Mass Community Games (MCG) are games driven by online community play. Includes MMOs, MOBAs, battle royale, and metaverse games.

M&A (\$M)



Exits (M&A + IPOs) (\$M)

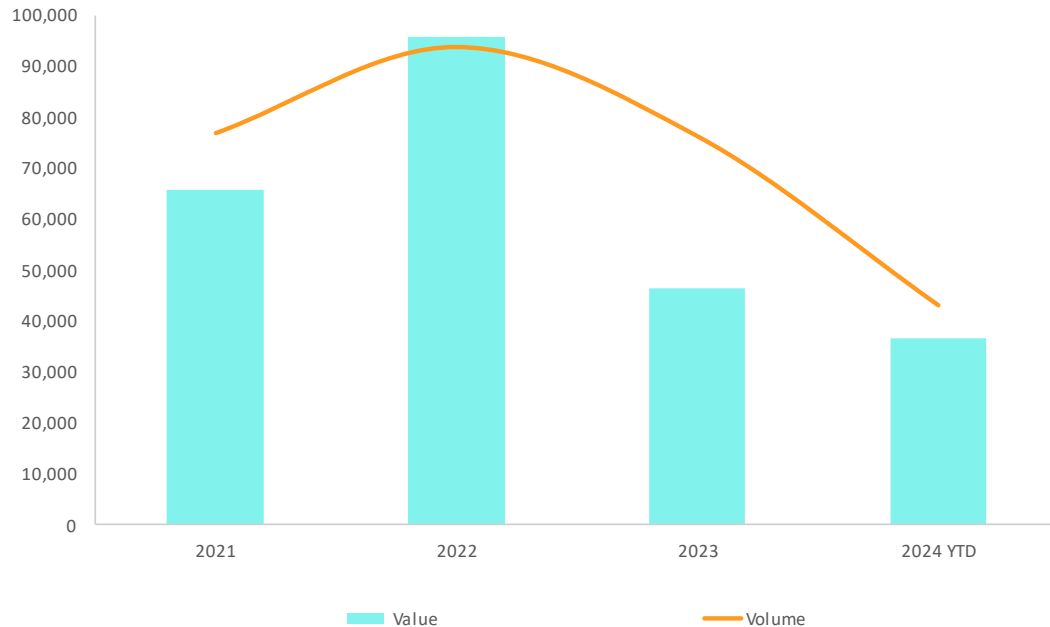




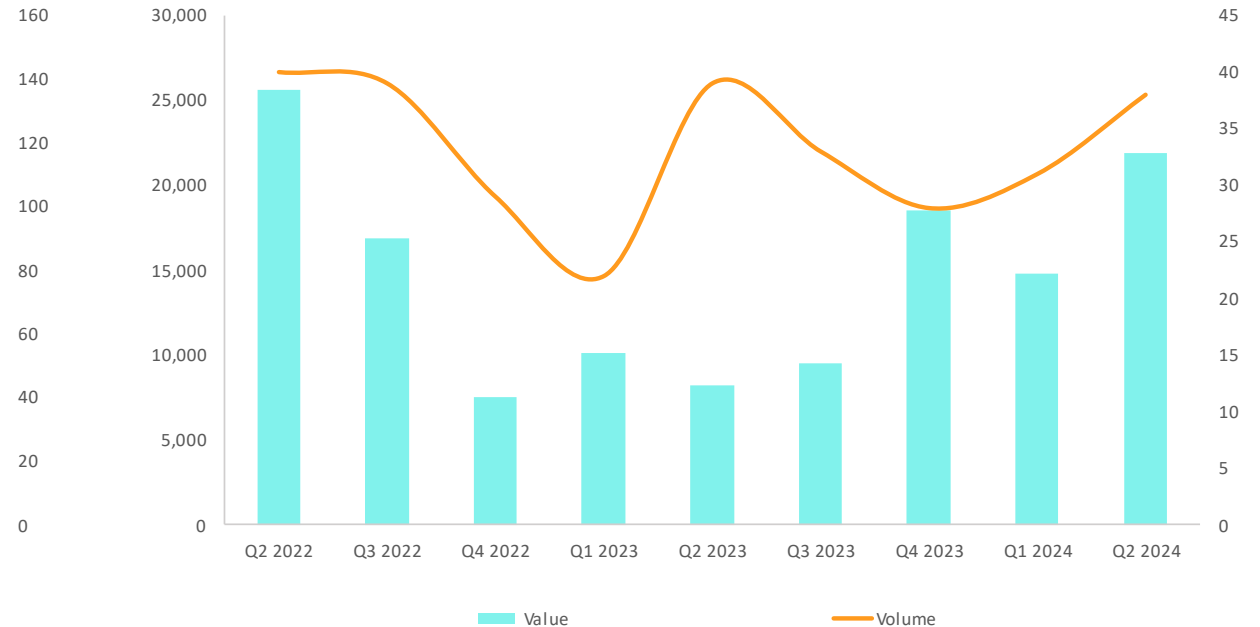
Q2's \$21.9B in Capital Driven by Four Funds Raising over \$2.0B (74% of Quarter's Value)

- ▶ Q2 2024 new fund announcements totaled \$21.9B across 38 funds (+48% in value and +23% in volume compared to Q1 2024's \$14.8B across 31 funds) driven by four funds raising over \$2.0B accounting for 74% of the capital raised for the quarter: General Catalyst's \$6.0B, ICONIQ Capital's \$5.2B, Norwest Venture Partners' \$3.0B, and Kleiner Perkins' \$2.0B
- ▶ In prior reports DDM has mentioned that fund managers have struggled to raise capital from LPs; however, in Q2 2024, this appears to be easing as the average capital raised per fund increased to \$575.8M (+21% in value compared to Q1 2024's \$476.9M) which is still down drastically from Q1 2022's \$45.9B with an average fund raise of \$1.1B (-47% in value)
- ▶ In Q2 2024 artificial intelligence was a major focus as funds interested in AI raised \$4.3B across 11 funds (-50% in value and +57% in volume compared to Q1 2024's \$8.5B across 7 funds with an AI interest); blockchain also continues to be of interest as blockchain raised \$1.5B across 8 funds (-82% in value and -27% in volume compared to Q1's \$8.5B across 11 funds with a blockchain interest) and this decline in capital raised is due to Andreessen Horowitz's \$7.2B fund raise in Q1 2024 which accounted for 49% of the quarter's value
- ▶ Although funds that had an early-stage focus led in new funds created, funds that focus on both early and mid/late-stage raised the most capital totaling \$12.6B across 13 funds (58% of the value and 34% of the volume) compared to funds with an early-stage focus totaling \$4.0B across 24 funds (18% of the value and 63% of the volume); a sole mid/late-stage focused fund raised \$5.2B (24% of the value and 3% of the volume)

Fund Announcements By Year (\$M)



Fund Announcements by Quarter (\$M)





Notable Transactions & Announcements

We also monitor announced transactions that will affect future quarters as well as ones considered “adjacent” to the games industry, and these values are not included in our preceding sections to present a clear landscape of transactions officially settled for the quarter.

Video gaming transactions with a future impact on the Games Investment Review Report:

- ▶ EQT Group’s £2.2B acquisition of games service provider [Keywords Studios](#) is expected to close in Q4 2024
- ▶ Blockchain and mobile games developer/publisher Animoca Brands announced they are considering going [public](#) in 2025 or 2026 on a Hong Kong or Middle East Exchange

Video gaming and industry-adjacent transactions with no impact on the Games Investment Review Report:

- ▶ AI cloud infrastructure provider Coreweave’s [\\$7.5B debt](#) and [\\$1.1B Series C](#) raise at a \$19.0B valuation
- ▶ Embracer Group’s subsidiary mobile/PC/VR and board games developer/publisher [Asmodee's](#) €900.0M debt raise
- ▶ Console/PC/mobile games developer/publisher [Take-Two Interactive’s](#) \$600.0M debt raise
- ▶ Mobile games publisher [Voodoo’s](#) €500.0M acquisition of mobile social app provider BeReal
- ▶ Blockchain UGC platform provider [The Sandbox’](#) \$20.0M debt raise at a \$1.0B valuation from Kingsway Capital, Animoca Brands, LG Electronics, and True Global Ventures



Methodology

In reporting our values, we only include deals where the investment or acquisition officially closes, not simply announced. This methodology has been used consistently with our data for 16 years and it ensures that we are measuring actual activity instead of potential activity.

Additionally, with SPACs we consider the investment value to be what was raised in the transaction, not the company valuation afterward. This is consistent with how we track investment data, where we track the money raised in the transaction and, separately, its effect on the company's overall enterprise value.

The exclusion of announced deals may result in a large difference between our quarterly total and other firms, but our methodology gives a clearer picture of the money deployed in each quarter, providing valuable data consistency for companies evaluating game industry investment and acquisitions.

Digital Development Management maintains and continuously updates the only source of investment, acquisition, and merger data specific to the video game industry that has been gathered and rigorously tracked for over a decade. We focus on Western investments that span development, publishing and technology across PC, console, mobile, browser, mass community (MMO, MOBA, battle royale), eSports and AR/VR games. In short, our focus is fully on the games industry, where other reporting organizations include non-games technology investments and acquisitions by companies such as Apple and Microsoft, which overshadow and obfuscate what is happening in games.

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Contact



**DIGITAL
DEVELOPMENT
MANAGEMENT**

GIR Team

Mitchell Reavis, Katie Williams, and
Peggy Twardowski

EMAIL

data@ddmagents.com

Digital Development Management

PO Box 180
Northampton, MA 01061-0180

www.ddmagency.com

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