

# **Gaming Industry Report**

## **Q2 2024**



# Gaming industry: at a glance

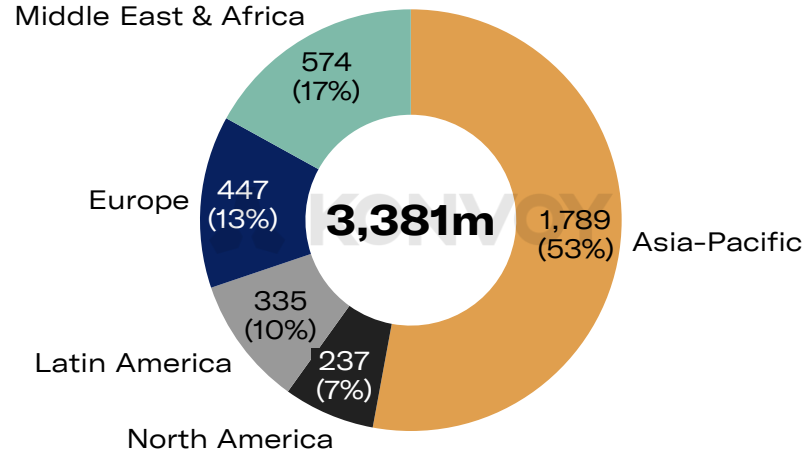
- **2024 market size:** \$189.3b (+2.9% YoY)
- **Public markets:** leading public gaming ETFs up 7-20% YTD (vs S&P 500 = 15.1%)
- **Venture funding in Q2' 24:** \$492m across 104 rounds (funding is -20% QoQ, number of rounds are -22% QoQ)

## Key Trends

- YouTube, LinkedIn introduce game strategy
- Introducing the Olympic Esports Games
- Epic Games Store, Fortnite coming to iOS in EU and Japan
- Apple to potentially face \$1b in daily fines
- Voodoo acquires BeReal (€500m)
- TikTok faces a ban in the US

Source: CB Insights, Newzoo, public reporting, Drake Star

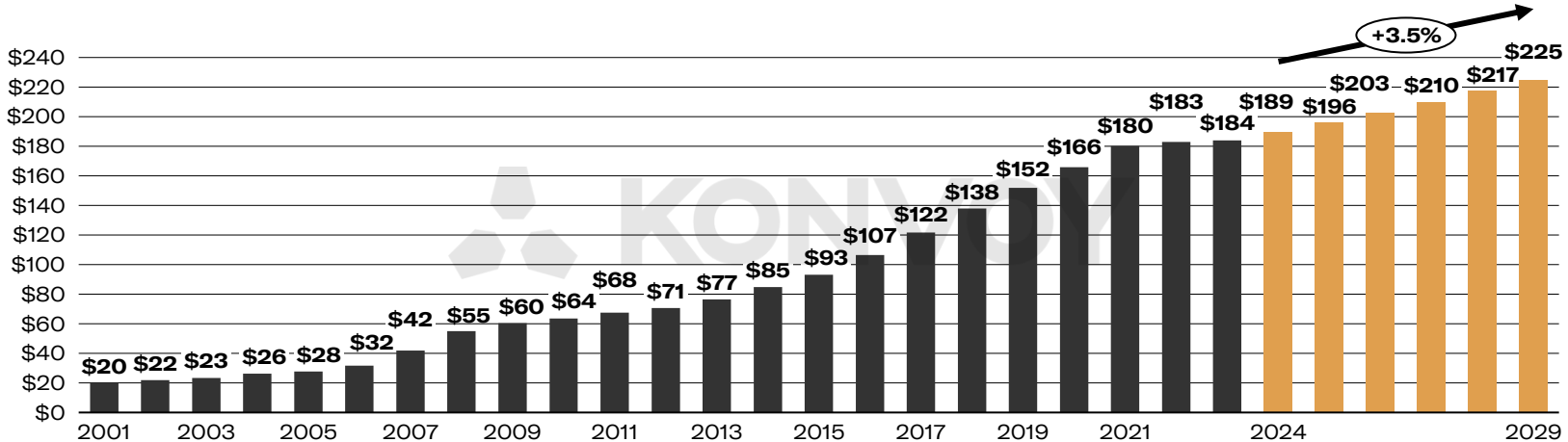
## Total gamers in 2023 by region (millions):



# Gaming is expected to be a \$189b market in 2024

\$ in billions

Actual Projected



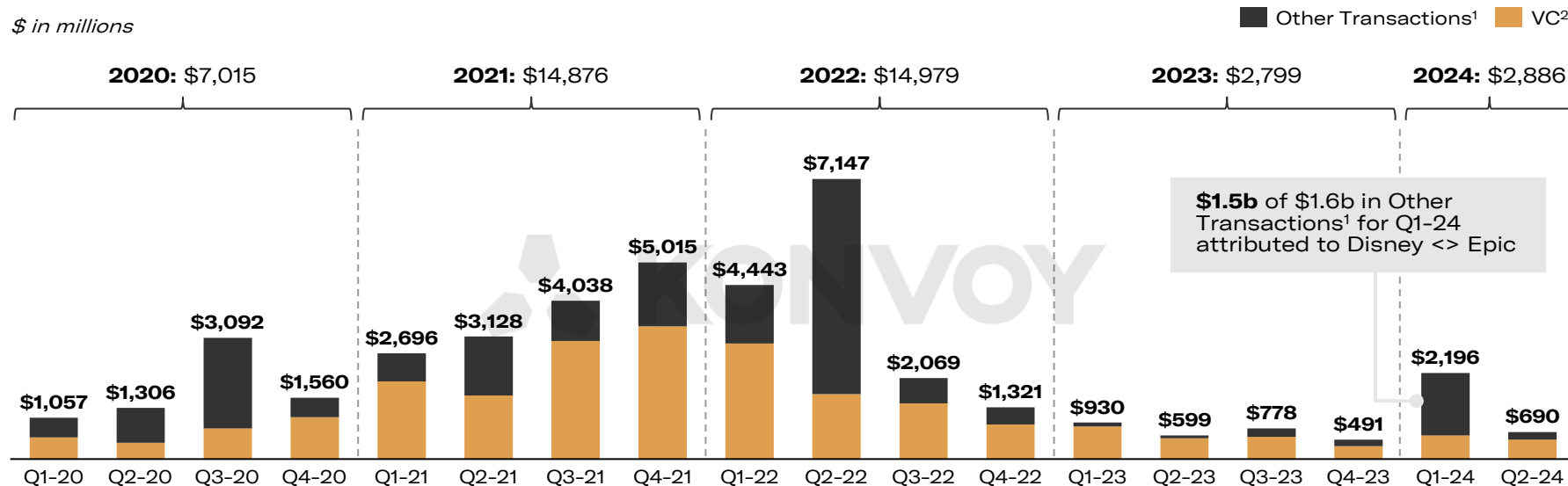
Source: IFPI, Newzoo, Arstechnica, MPAA, Mordor Intelligence, Konvoy



# Gaming funding: private markets overview

Private market funding in gaming YTD has already surpassed that of all of 2023

\$ in millions

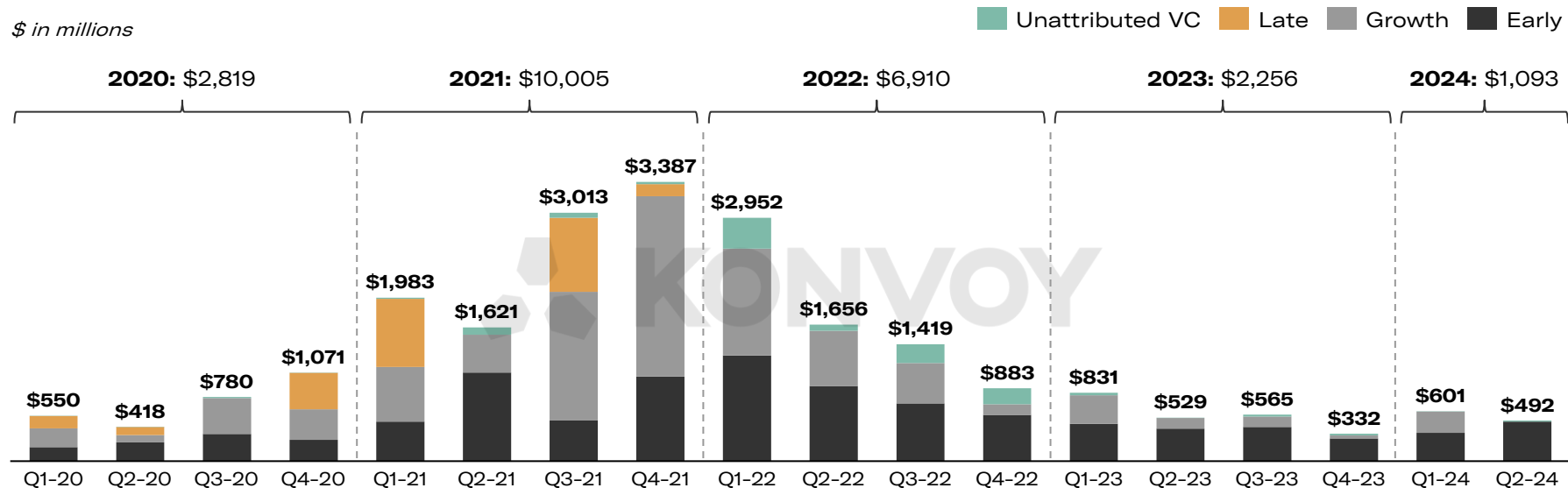


1: Includes transactions such as Private Equity, Growth Equity, Corporate Minorities, PIPEs, and others. This excludes M&A; 2: VC includes Pre-Seed through Series K VC; Note 1: Historical data across reports is subject to change, as source adds new deals as they become public; Source: CB Insights



# Gaming VC funding: \$492m (-20% QoQ) in Q2-24

Early-stage funding hits 12-month high, yet growth and late-stage are very depressed

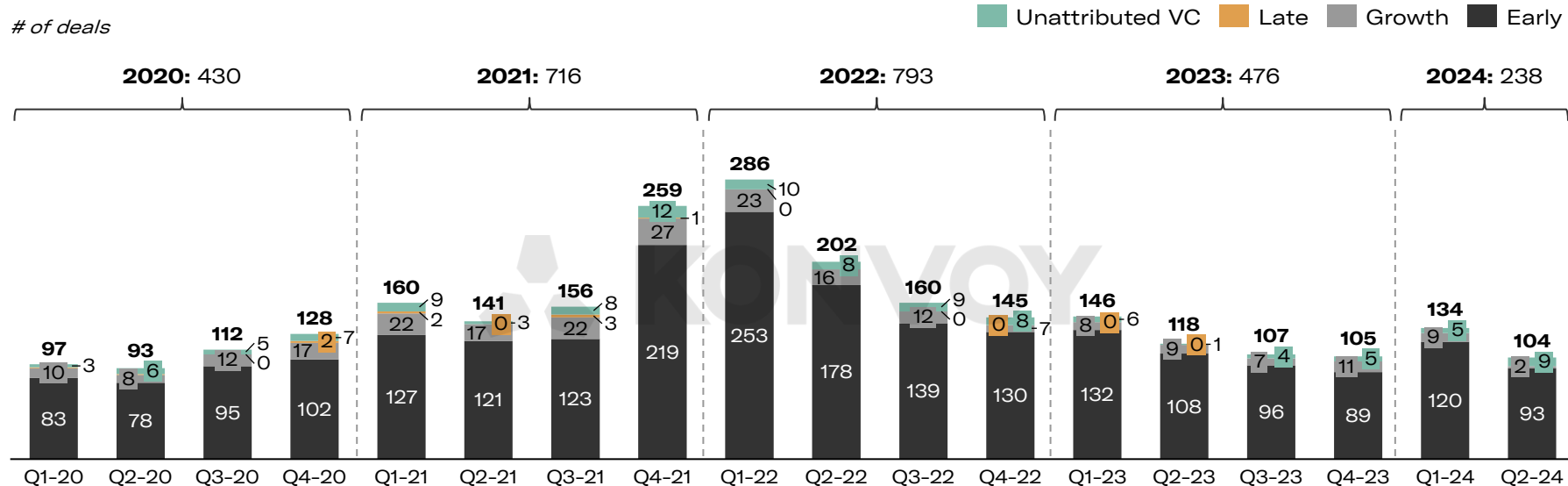


Note 1: Early = Pre-Seed through Series A, Growth = Series B through D, Late = Series E+ VC; Note 2: Historical data across reports is subject to change, as source adds new deals as they become public; Source: CB Insights



# Gaming VC deals: 104 (-22% QoQ) in Q2-24

Growth and late-stage deal activity lags despite consistent early-stage dealmaking



Note 1: Early = Pre-Seed through Series A, Growth = Series B through D, Late = Series E+ VC; Note 2: Historical data across reports is subject to change, as source adds new deals as they become public; Source: CB Insights



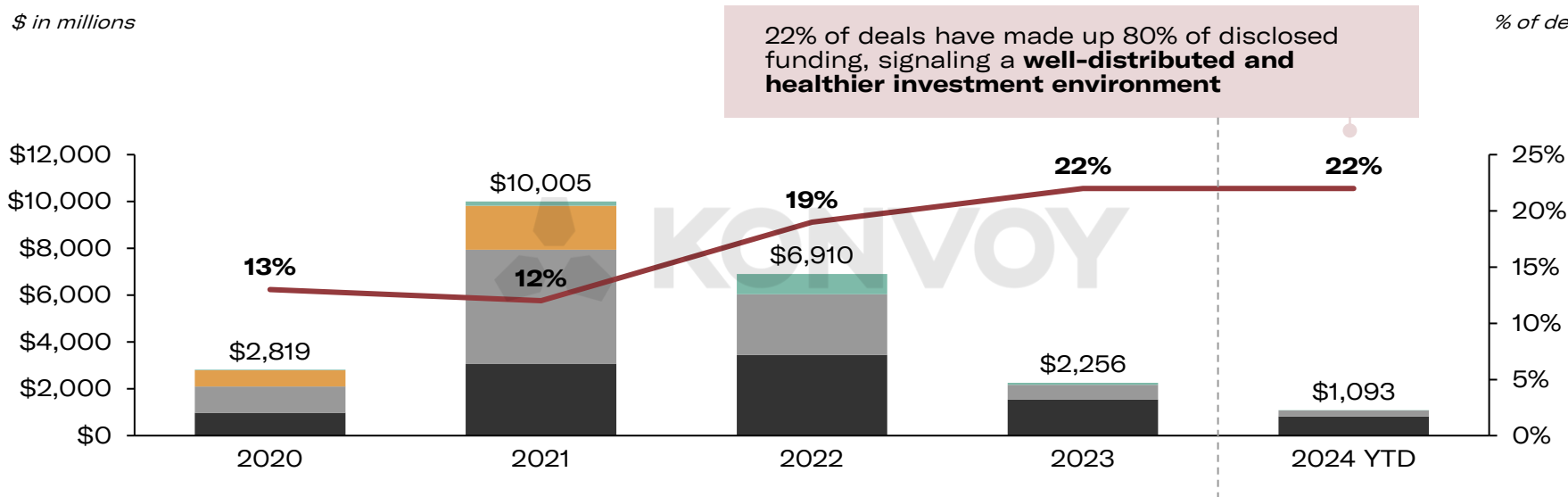
# Gaming VC: a healthier funding environment

A higher proportion of deals are making up 80% of VC funding in gaming

— % of deals that make up 80% of funding   ■ Unattributed VC   ■ Late   ■ Growth   ■ Early

\$ in millions

% of deals



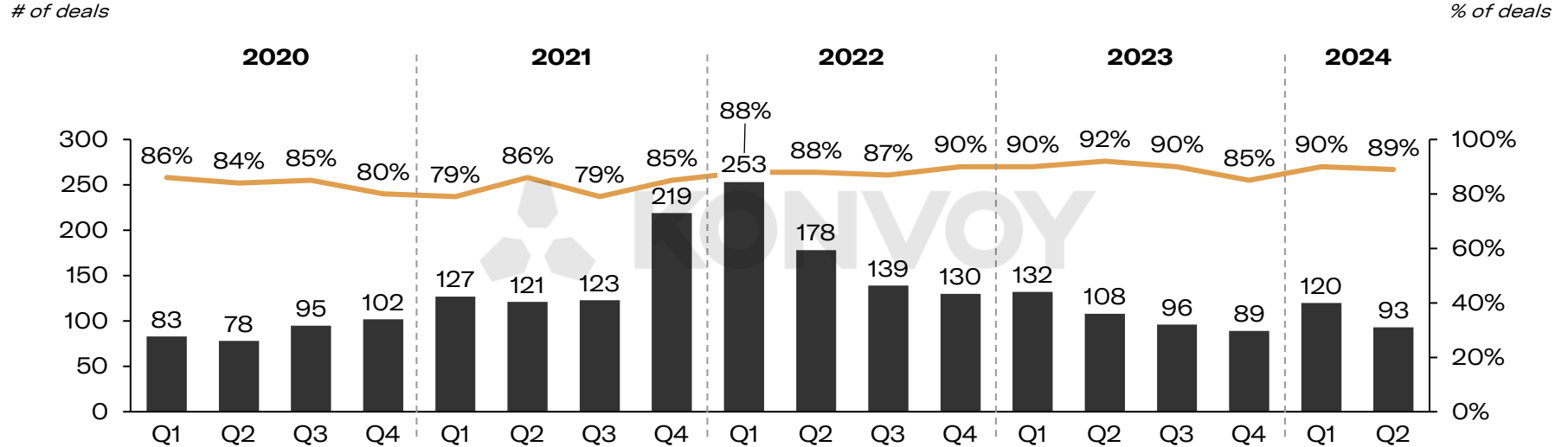
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# Gaming VC: Primarily being driven by early-stage

~90% or more of funding<sup>1</sup> has been invested into early-stage deals since Q4-22

— % of VC deals that are early-stage ■ # of early-stage VC deals



1: Q4-23 was an outlier to this trend; Note 1: Early = Pre-Seed through Series A; Note 2: Historical data across reports is subject to change, as source adds new deals as they become public; Source: CB Insights

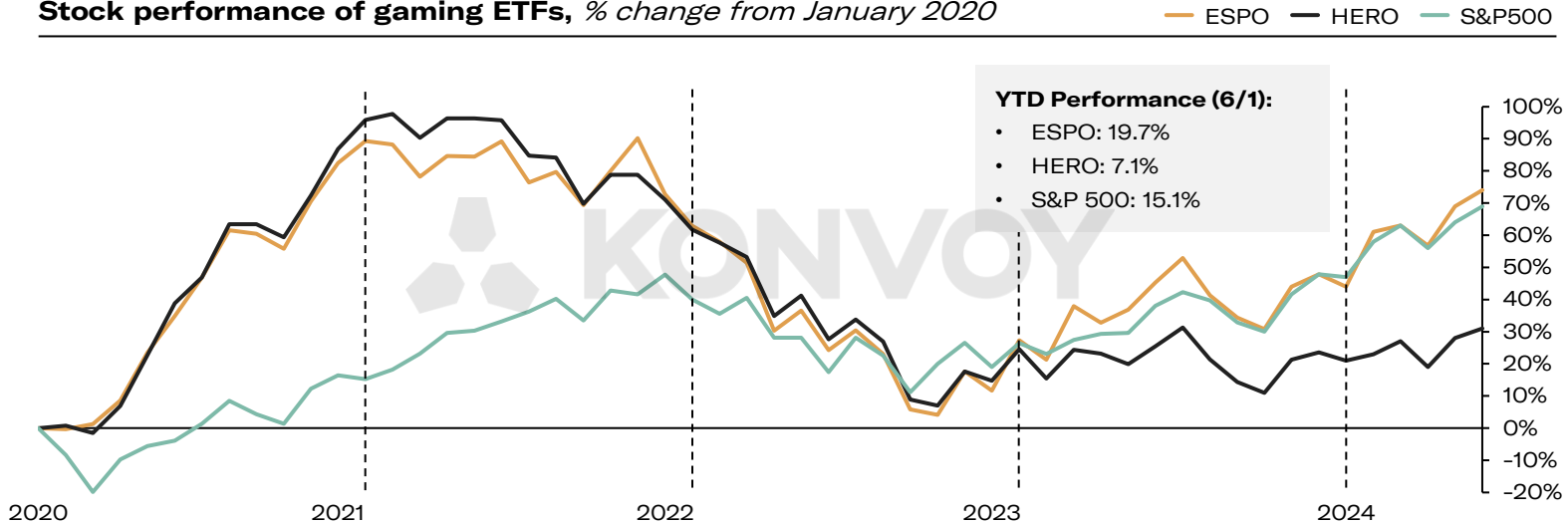




# Gaming in the public markets

ESPO has outperformed the S&P 500 YTD but both have similar performance YoY

Stock performance of gaming ETFs, % change from January 2020









Source: Public reporting as of June 1, 2024; Note: ESPO seeks to track the MVIS Global Video Gaming and eSports Index (MVESPTR), HERO seeks to track a modified market-cap-weighted global index of companies in video games and esports industry









# Public gaming companies hold \$33b in cash and equivalents; a healthy M&A environment

## Gaming companies

Company	Cash & equivalents <sup>2</sup> (USD)
 NetEase Games	\$6.0b
 Nintendo	\$5.7b
<b>KRAFTON</b>	\$2.5b
 sea	\$2.5b
 EA Electronic Arts	\$2.4b
 BANDAI NAMCO	\$2.1b
 KONAMI	\$1.8b
<b>Others<sup>1</sup></b>	\$10.6b
<b>Total</b>	<b>\$33.4b</b>

## Tech companies with gaming divisions

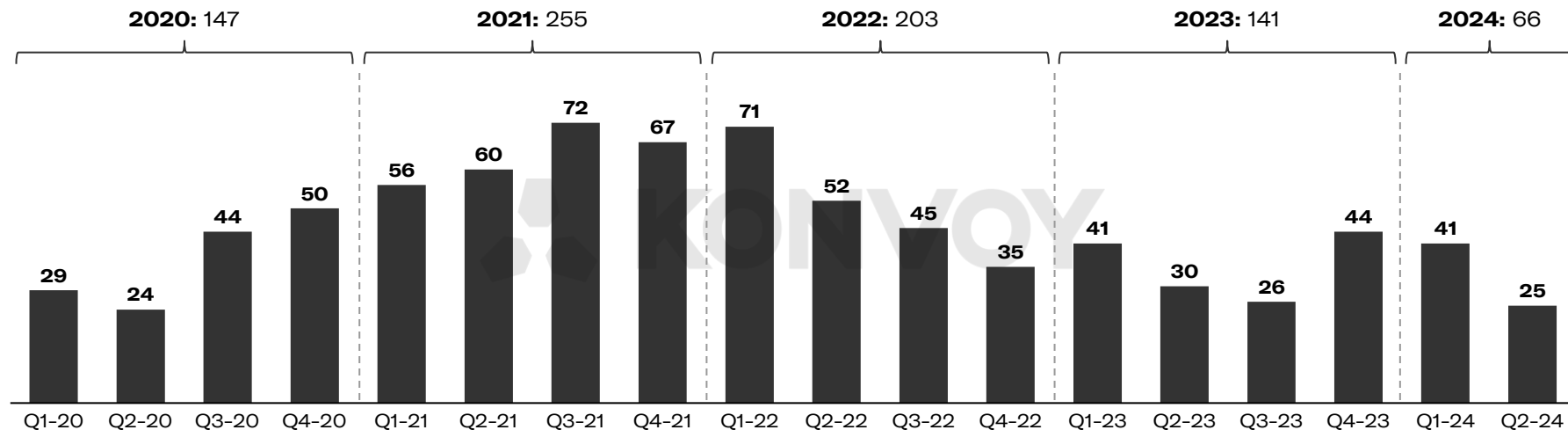
Company	Cash & equivalents <sup>2</sup> (USD)
 amazon	\$72.9b
 Apple	\$32.7b
 Meta	\$32.3b
 Google	\$24.5b
 Tencent 腾讯	\$22.3b
 Microsoft	\$19.6b
<b>SONY</b>	\$12.6b
<b>NETFLIX</b>	\$7.0b
<b>Total</b>	<b>\$223.9b</b>

1: Nexon, Square Enix, Sega, Ubisoft, Unity, Playtika, Roblox, TTWO, Applovin, Embracer, NCSoft; 2: Does not include short-term investments; Source: Latest public reporting (March 31, 2024) and converted to based on historical exchange rate on that day



# Gaming M&A: 25 transactions in Q2-24

Gaming M&A is down 17% YoY



Note 1: Deals are not included in the private markets overview or the debt financing overview; Note 2: Deal transaction values are predominantly not disclosed; Note 3: Does not include BeReal's acquisition of Voodoo (\$500m) or Sensor Tower's acquisition of data.ai; Note 4: Historical data across reports is subject to change, as source adds new deals as they become public; Source: CB Insights



# Largest gaming tech & platform VC deals

## Gaming tech & platform investments – Q2 2024











	Company name	Stage	Raise, \$m	Region	<b>Comments:</b> <ul style="list-style-type: none"> <li>• 9 of the top 10 T&amp;P deals were into companies in Asia or NA</li> <li>• The funding for the top 10 T&amp;P deals totaled \$245.2m (+174% QoQ)</li> <li>• 5 of the top 10 T&amp;P deals (\$165.7m) are into web3-related companies</li> <li>• 2 of the top 10 T&amp;P deals (\$16.3m in funding) are into AI-related companies</li> </ul>
	Zentry	Series A	\$140.0	Asia	
	k-ID	Series A	\$45.0	Asia	
	Sonic	Series A	\$12.0	North America	
	Astrocade	Seed	\$12.0	North America	
	Carv	Series A	\$10.0	Asia	
	Quintar	Series A	\$8.2	North America	
	Star Nest	Seed	\$6.0	Asia	
	Play AI	Seed	\$4.3	Asia	
	Trala's Lab	Seed	\$4.0	North America	
	DeGaming	Seed	\$3.7	Europe	

Source: CB Insights



# Largest game content VC deals

## Game content investments – Q2 2024

	Company name	Stage	Raise, \$m	Region
 Bespoke Pixel	Bespoke Pixel	Series A	\$25.0	Europe
 Red Rover Interactive	Red Rover Interactive	Series A	\$15.0	Europe
 The Seeds	The Seeds	Seed	\$12.0	Asia
 Avalon	Avalon	Seed	\$10.0	North America
 Gomble Games	Gomble Games	Series A	\$10.0	Asia
 BORED SLOT	BORED SLOT	Unattributed VC	\$10.0	North America
 Redacted	Redacted	Series A	\$10.0	North America
 New Tales	New Tales	Seed	\$9.1	Europe
 LightFury Games	LightFury Games	Seed	\$8.5	Asia
 InfiniGods	InfiniGods	Series A	\$8.0	North America

### Comments:

- The top 10 Content deals totaled \$117.6m (-63% QoQ), however, Q1 had two large outliers (\$210m); the funding for the top 10 content deals in Q2 2024 was the same as that of Q4 2023
- 5 of the top 10 Content deals (\$50m) were into web3-related studios

Source: CB Insights

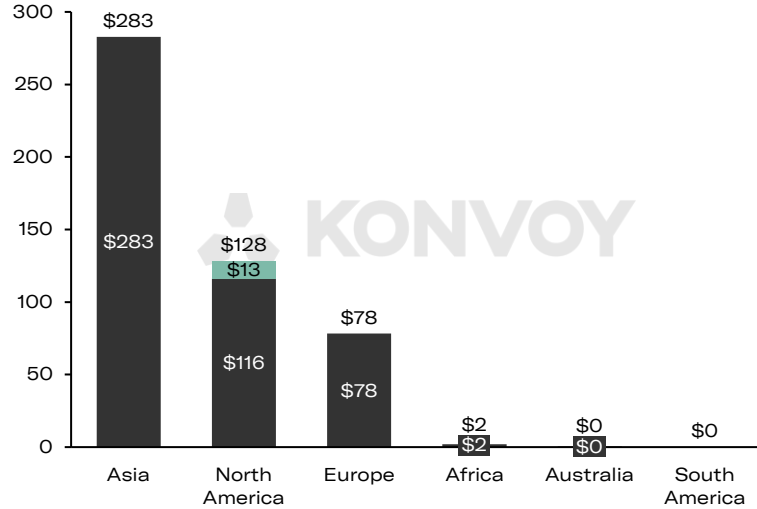


# **Regional Breakdown**

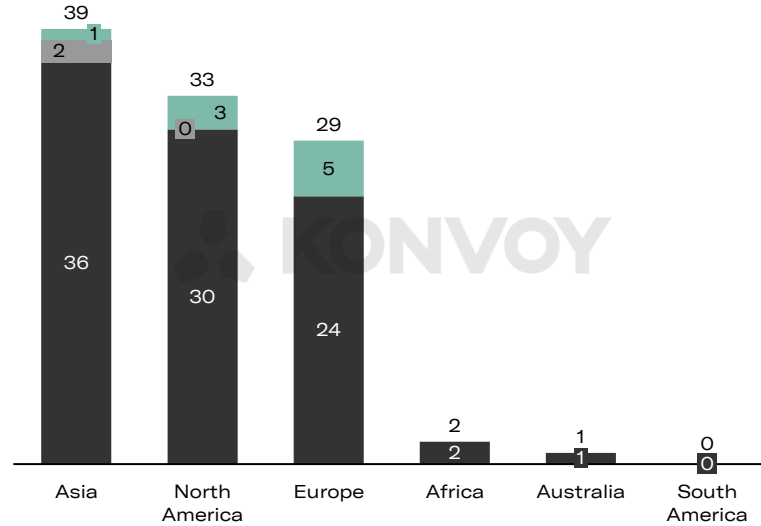


# Gaming deals globally: at a glance

Gaming venture funding in Q2 2024, \$m



Number of gaming venture deals in Q2 2024



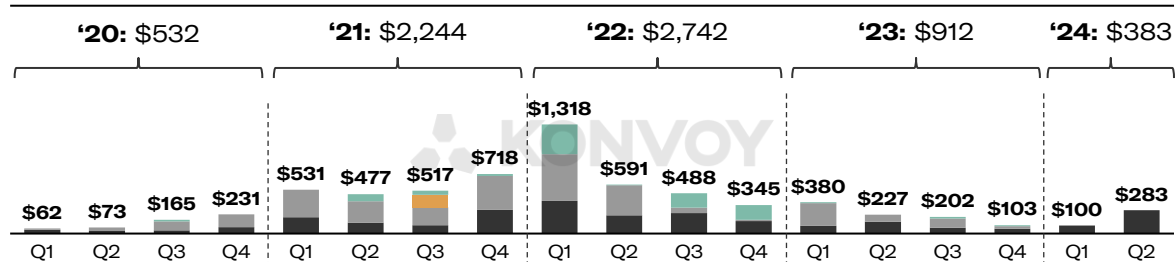
Note 1: Early = Pre-Seed through Series A, Growth = Series B through D, Late = Series E+ VC; Note 2: Some funding amounts may not be disclosed in source data; Source: CB Insights



# Asia: Q2 funding hits 12-month high

■ Early ■ Growth ■ Late ■ Unattributed VC

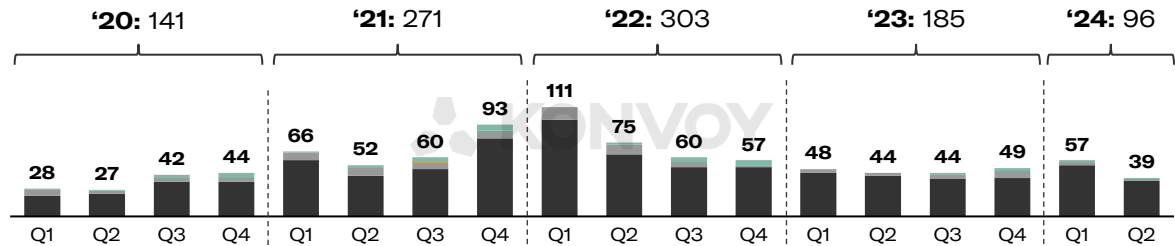
## Gaming venture funding from Q1 2020 through Q2 2024, \$m



## Largest VC deals in Q2

Company	Size
Zentry	\$140.0m
k-ID	\$45.0m
The Seeds	\$12.0m
Carv	\$10.0m
Gomble Games	\$10.0m
LightFury Games	\$8.5m
Star Nest	\$6.0m
Play AI	\$4.3m

## # of gaming venture deals from Q1 2020 through Q2 2024



Note: Early = Pre-Seed through Series A, Growth = Series B through D, Late = Series E+ VC; Source: CB Insights

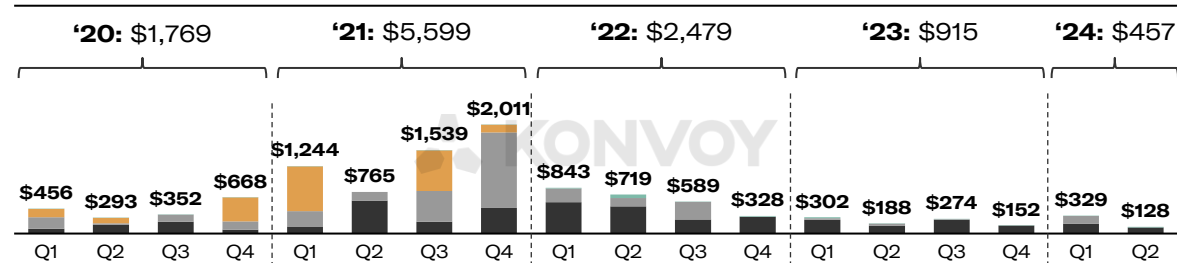




# NA: 61% decrease in funding QoQ

Gaming venture funding from Q1 2020 through Q2 2024, \$m

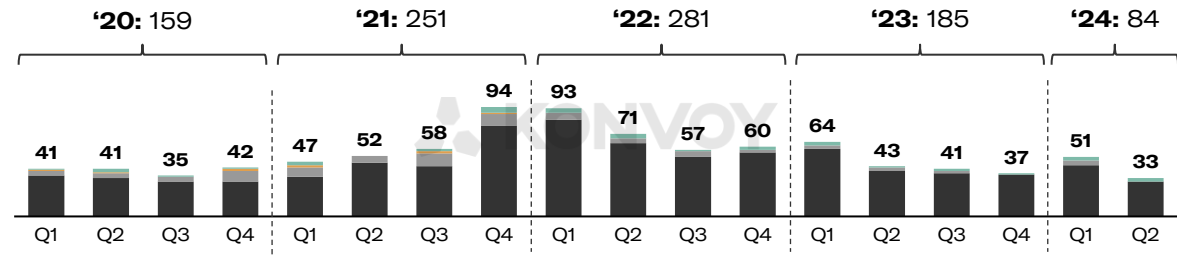
Legend: Early (Dark Grey), Growth (Light Grey), Late (Orange), Unattributed VC (Green)



## Largest VC deals in Q2

Company	Size
Sonic	\$12.0m
Astrocade	\$12.0m
Avalon	\$10.0m
BORED SLOT	\$10.0m
Redacted	\$10.0m
Quintar	\$8.2m
InfiniGods	\$8.0m
Trala's Lab	\$4.0m

## # of gaming venture deals from Q1 2020 through Q2 2024



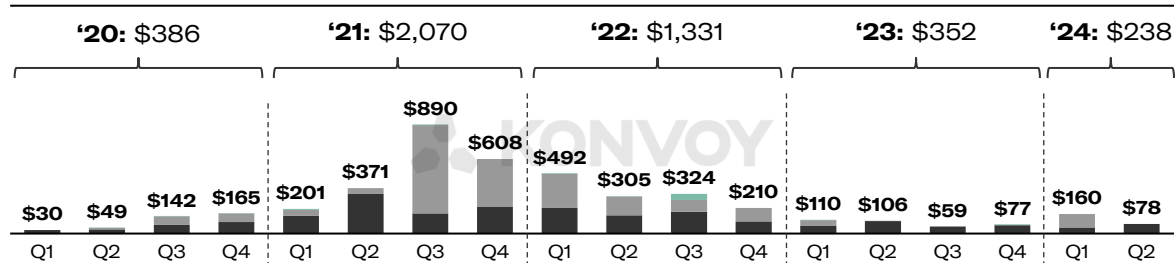
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# Europe: Funding -51%, deal count +32% QoQ

■ Early ■ Growth ■ Late ■ Unattributed VC

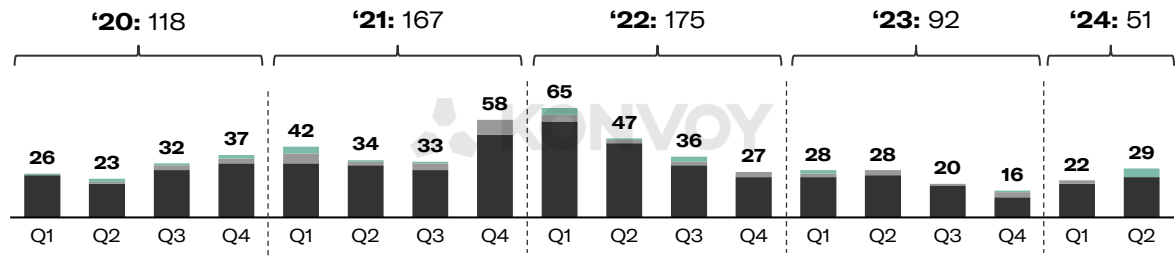
## Gaming venture funding from Q1 2020 through Q2 2024, \$m



## Largest VC deals in Q2

Company	Size
Bespoke Pixel	\$25.0m
Red Rover Interactive	\$15.0m
New Tales	\$9.1m
DeGaming	\$3.7m

## # of gaming venture deals from Q1 2020 through Q2 2024



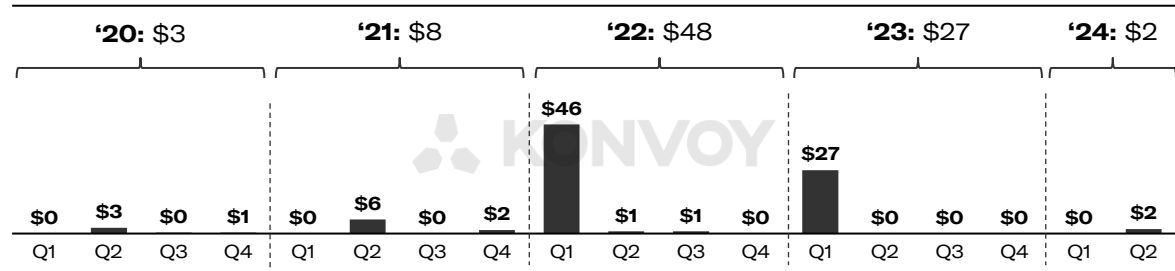
Note: Early = Pre-Seed through Series A, Growth = Series B through D, Late = Series E+ VC; Source: CB Insights



# Africa: \$2m in disclosed deal funding in Q2

■ Early ■ Growth ■ Late ■ Unattributed VC

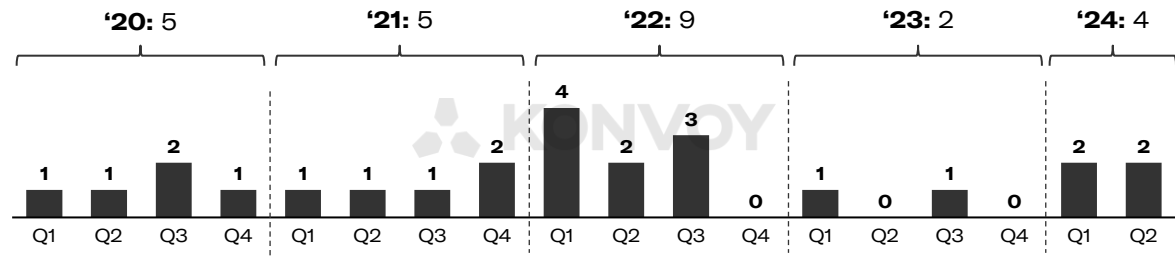
Gaming venture funding from Q1 2020 through Q2 2024, \$m



## Largest VC deals in Q2

Company	Size
Cellula	\$2.0m
SIDUS	Unknown

# of gaming venture deals from Q1 2020 through Q2 2024



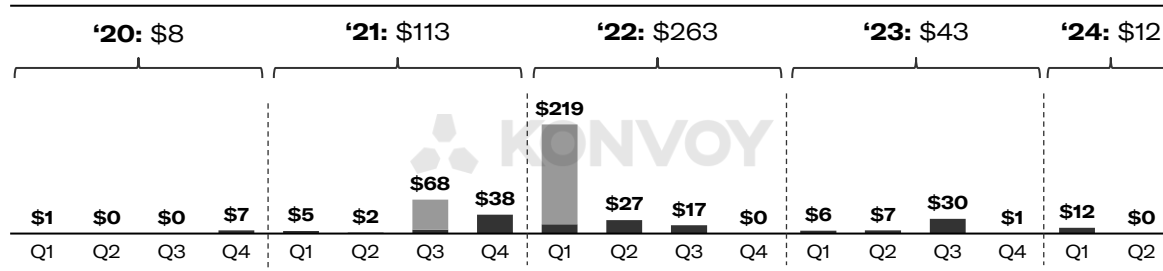
Note: Early = Pre-Seed through Series A, Growth = Series B through D, Late = Series E+ VC; Source: CB Insights



# Australia: 1 Gaming VC deal done in Q2-24

■ Early ■ Growth ■ Late ■ Unattributed VC

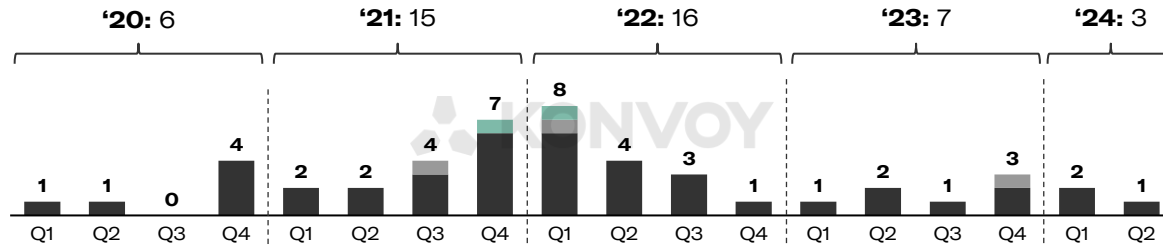
Gaming venture funding from Q1 2020 through Q2 2024, \$m



## Largest VC deals in Q2

Company	Size
Nucanon	\$0.3m

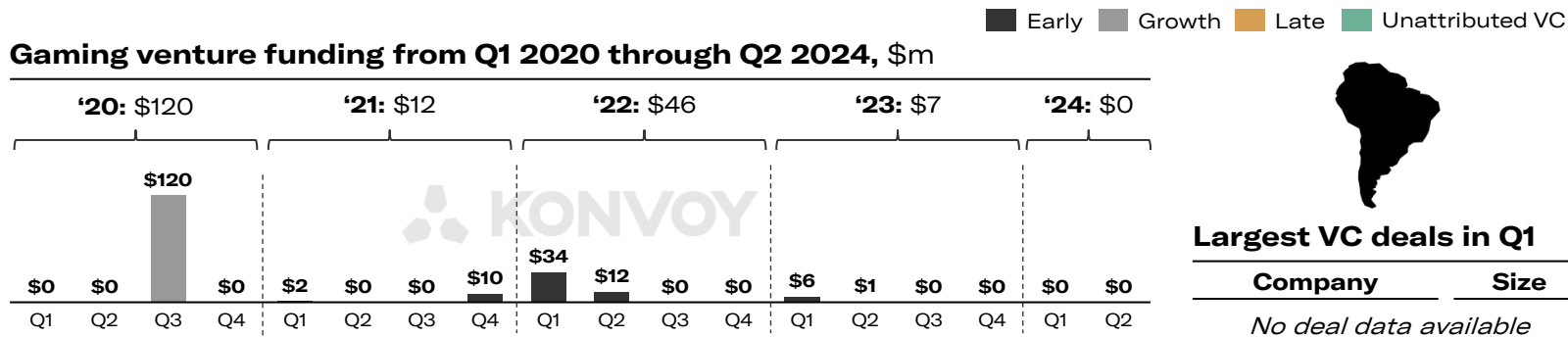
# of gaming venture deals from Q1 2020 through Q2 2024



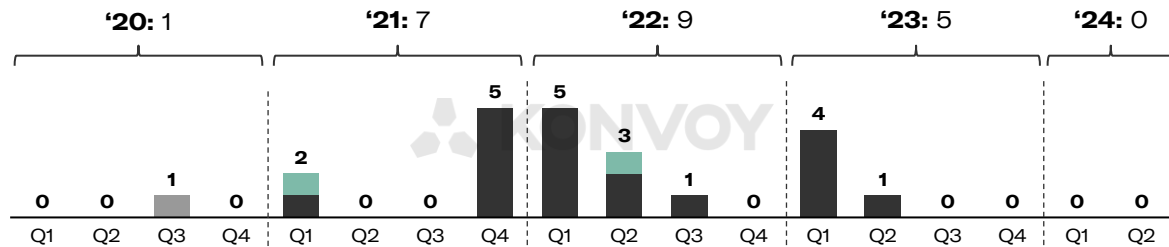
Note: Early = Pre-Seed through Series A, Growth = Series B through D, Late = Series E+ VC; Source: CB Insights



# South America: no deals<sup>1</sup> since Q2-23



## # of gaming venture deals from Q1 2020 through Q2 2024



1: Announced deals; Note: Early = Pre-Seed through Series A, Growth = Series B through D, Late = Series E+ VC; Source: CB Insights



- 1 YouTube and LinkedIn introduce game strategy
- 2 Introducing the Olympic Esports Games
- 3 Epic Games Store, Fortnite coming to iOS in EU and Japan
- 4 Apple to potentially face \$1b in daily fines over alleged DMA breaches
- 5 Voodoo acquires BeReal (€500m)
- 6 TikTok faces a ban in the US



# 1 YouTube & LinkedIn introduce game strategy

**Background:** In 2019, Netflix claimed that their main competition was not other streaming services like HBO, but rather interactive entertainment platforms like Fortnite. Since then, they have invested >\$1b into building their gaming business. The platform has ~100 games on the platform, 90% of which were developed by external partners.

By [venturing](#) into gaming, Netflix aims to capture a share of the audience traditionally engaged with interactive media over passive viewing.

Following this trend, major tech companies such as TikTok have also expanded into gaming. This quarter, YouTube and LinkedIn have joined the fray, further intensifying the competition in the interactive media space:



- In May, YouTube formally announced that 75 games were available to play on YouTube including Angry Birds Showdown, Cut the Rope, and Trivia Crack, among others
- This is Google's first return back to gaming since they shut down the cloud streaming service Stadia in January 2023
- While Netflix's foray into gaming suggests that this could be a fit for YouTube who similarly specializes in passive media, **it is unclear how YouTube plans to find a niche in an already crowded market**



- In May, LinkedIn launched their first 3 games on the platform with the intention of "spark[ing] conversations and friendly competition among professionals around the world."
- The games are designed to enhance retention, only allowing users to play each game once per day (daily streak and high score only)
- While this has the potential to help retention, **it is unclear if games and the value that they provide are congruent with LinkedIn's core value proposition** as a company

Source: Netflix, YouTube, LinkedIn, The Wall Street Journal



## 2 Introducing the Olympic Esports Games

**Background:** In June, The Executive Board of the International Olympic Committee (IOC) proposed the creation of the “Olympic Esports Games”. In July, IOC announced they are partnering with the National Olympic Committee of Saudi Arabia for this proposal (a 12-year partnership to be hosted as a standalone event at an unknown date) and for the games to be hosted in the Kingdom of Saudi Arabia. The final proposal to the International Olympic Committee will take place on the eve of the Olympic Games in Paris this month.

**If confirmed, this has the potential to significantly progress esports:**

- 1. Infrastructure spending:** Being recognized by the Olympics brings a legitimacy to any sport, and this is likely to help drive funding from universities, governments, and other organizations into the ecosystem for competitive gaming
- 2. Prestige and cultural integration:** If approved, the Olympic Esports Games will be the first ever true esports event held by the IOC and will help to highlight the sport putting it on the same stage as sports and events that have been celebrated for thousands of years
- 3. Talent pipeline:** This will expose esports to billions of people helping to draw new and old fans to the sport. This will also help to drive younger people to esports and provide them with role models to aspire to in the same way that Simone Biles or Michael Phelps have inspired young athletes in their own fields



Source: International Olympic Committee





### 3 Epic Games Store, Fortnite coming to iOS in EU and Japan

**Background:** Apple has recently allowed the Epic Games Store (EGS) and Fortnite to return to iOS devices in the European Union and Japan, marking a significant development in the ongoing dispute between Apple and Epic Games



European Union (primary driver: regulatory pressure):

- At the end of Q2, EGS and Fortnite were not available on iOS devices, and had faced two prior rejections. In July, Apple approved EGS after Epic Games publicly called out Apple for violations of EU law, specifically the Digital Markets Act (DMA). The DMA, which came into effect in March, requires Apple to allow alternative app stores on iPhones and provide an opt-out from their in-app payment system.
- **However, the dispute is not entirely resolved.** Apple has reportedly asked Epic to make future changes to the design of buttons within the EGS, particularly the "Install" and "in-app purchases" buttons. Epic Games CEO Tim Sweeney has expressed frustration with these demands, calling them "absurd" and vowing to fight against them.



Japan (primary driver: new legislation):

- Epic Games announced that it will be bringing EGS and Fortnite to Japan's iOS store in 2025 due to a new law in which required Apple and Google to allow users to download third-party app stores onto its platforms and provide alternative payment systems

**Note:** These regional approvals do not apply globally, and the broader conflict between Apple and Epic Games regarding App Store policies and revenue sharing continues. The situation remains dynamic, with ongoing discussions about user data protection, security scanning for sideloaded apps, and the potential for further regulatory actions in other regions.

Source: Apple, PYMNTS, Gamesindustry.biz, bizjournal



## 4 Apple to potentially face \$1b in daily fines over alleged DMA breaches

**Background:** The European Commission is preparing to levy a substantial fine on Apple for allegedly failing to fully comply with the DMA. If imposed, the fine could amount to 5% of Apple's average daily global revenue, which translates to over \$1 billion per day. This potential fine would mark the first time a company has been fined under the DMA.

**The problem:** The European Commission has deemed that Apple's current practices, particularly regarding the App Store, do not fully comply with the DMA requirements. Specific issues cited by the Commission include:

- 1 Apple's resistance to allowing app developers to "steer" users to external offers without imposing fees.
- 2 The company's new "Core Technology Fee" and requirements for third-party app developers and app stores



**Apple's position:** Apple has maintained that it believes its plan complies with the DMA and has stated it will continue to engage with the European Commission during their investigations

*It's worth noting that these are preliminary findings, and Apple could still implement further changes to avoid the penalty. The final decision and any potential fines are yet to be officially announced by the European Commission.*

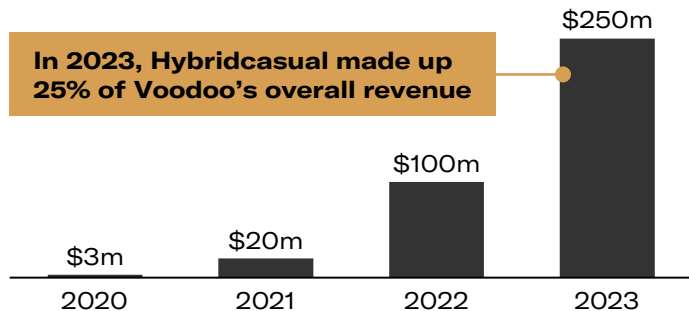
Source: Apple, PYMNTS, Gamesindustry.biz, bizjournal



## 5 Voodoo acquires BeReal (€500m)

**Background:** In June, Voodoo announced they will be acquiring social media application, BeReal for €500m. Voodoo's acquisition of BeReal marks their first in 3 years.

### Voodoo Hybridcasual revenue, \$m



*Voodoo has invested heavily into diversifying their initial Hypercasual business into the Hybridcasual genre, multiplying the revenue from this business by more than 12x between 2021 and 2023.*

**The product:** The core loop of BeReal has not meaningfully changed since the app's initial launch in January 2020 - BeReal sends all users a daily notification at a random time. From this point onward, users can capture and share a double-sided photo (a point-of-view shot and a selfie). **The app today does not directly monetize their users**

**Traction:** In their announcement, Voodoo reported that BeReal has 40m "active users"<sup>1</sup> today with 20m people using the app at least 6 days a week

**Justifying the purchase:** We estimate that the value of BeReal's user base is \$8-13 per MAU or \$17-33 per DAU (reasonable compared to other social platforms). We do not believe the plan to optimize the BeReal platform alone will be successful enough to return the meaningful investment. In order to capture this value, we anticipate Voodoo will need to drastically expand the capabilities of the social platform – either by integrating with their existing social platform, Wizz (1.6m DAUs) or by following the NYT playbook (making games a primary engagement and revenue driver)

1: It is unclear how Voodoo defines an active user (MAU vs WAU vs DAU); Source: Voodoo, Naavik



## 6 TikTok faces a ban in the US

**Background:** On April 24<sup>th</sup>, Joe Biden signed a bill that would ban TikTok in the US. The company has 9 months to divest its US arm, otherwise, it will be shut down. On May 7<sup>th</sup>, TikTok sued the US government claiming that, “For the first time in history, Congress has enacted a law that subjects a single, named speech platform to a permanent, nationwide ban, and bars every American from participating in a unique online community with more than 1 billion people worldwide.” and have deemed the ban “unconstitutional”.



### TikTok has 3 options:

1. **Seek a potential acquirer:** Assuming the company finds an acquirer in the next few months, the acquiring company will have access to **over one billion users** and an estimated \$16b in revenue generated in the US alone
2. **Otherwise, TikTok must shut down US operations:** If a deal is not reached and the app is shut down in the US, this could negatively impact the businesses which are spending ~3% of global ad spend on TikTok and the platforms of >1 million influencers. TikTok has also acted as an organic form of marketing for many smaller companies looking to save on marketing spend.
3. **(Not likely) Win their lawsuit vs the US government to maintain their US ownership**

**Future precedent:** This could set a precedent for other companies that are owned by foreign adversaries of the US. As data security increasingly becomes a topic of national debate, concerns around who has access to this data, especially when it relates to children, could drive further action from lawmakers.

Source: TikTok, NY Times



# Top gaming industry conferences / events

## 2024 events schedule

Event	Location	Dates	Category
Pocket Gamer Connects*	Multiple	Multiple	Gaming
Consumer Electronics Show (CES)*	Las Vegas, NV	January 9-12, 2024	Technology
Design, Innovate, Communicate, Entertain (DICE) Summit*	Las Vegas, NV	February 13-15, 2024	Gaming
South by Southwest (SXSW)*	Austin, TX	March 10-19, 2024	Gaming, Media, Technology
Game Developers Conference (GDC)*	San Francisco, CA	March 18-22, 2024	Gaming
GamesBeat Summit 2024	Los Angeles, CA	May 20-21, 2024	Gaming
Augmented World Expo (AWE)*	Long Beach, CA	June 18-20, 2024	Gaming, Technology
Gamescom Latam (Prev: BIG)	São Paulo, Brazil	June 26-30, 2024	Gaming, Media
Siggraph*	Denver, CO	July 28 - August 1, 2024	Gaming, Media, Technology
Gamescom Germany*	Cologne, Germany	August 21-25, 2024	Gaming
Tokyo Game Show	Tokyo, Japan	September 26-29, 2024	Gaming
Web Summit	Lisbon, Portugal	November 11-14, 2024	Gaming, Technology
India Game Developer Conference (IGDC)	Hyderabad, India	November 13-15, 2024	Gaming
Slush*	Helsinki, Finland	November 20-21, 2024	Gaming, Technology



**KONVOY**

# **Konvoy: Overview and Team**

30



# Konvoy: by the numbers



Our top newsletters published in Q2 2024:

1. [Gaming IPO Watch List \(2024\)](#)
2. [Version Control For 3D Assets](#)
3. [TikTok For Games: A Pipe Dream](#)
4. [Mobile Gaming Post-IDFA Deprecation](#)
5. [Virtual Pets](#)

1: Initial investments



# Konvoy invests in the platforms and technologies at the frontier of gaming

## Investment Stage

Pre-Seed, Seed,  
Series A

## Check Size

\$1m - \$5m

## Fund III

\$150m





# The Konvoy Team

## Managing Partners



**Josh Chapman**



**Jason Chapman**



**Jackson Vaughan**

## Investment Team



**Taylor Hurst**  
*Principal*



**Dani Tran**  
*Senior Associate*



**Anthony Schena**  
*Associate*

## Platform Team



**Dhinuka Perera**  
*Head of Platform*



**Carly Martin**  
*Associate*

## Operations



**Sam Epstein**  
*EA & Office Manager*

