QUANTUM
TECH PARTNERS
Global Gaming M&A Advisory

2025 Gaming Industry Report

M&A and Fundraising Update

Global Gaming M&A and Funding Advisors

Sell Side M&A
Growth Funding
Buy-Side Expansion

70+ Closed Transactions
Global Reach & Perspective

Advisors to the top independent game developers, game publishers & game platforms WORLDWIDE

Experienced Operators, 3x Gaming Founders, Strategic and Financial Experts in Gaming

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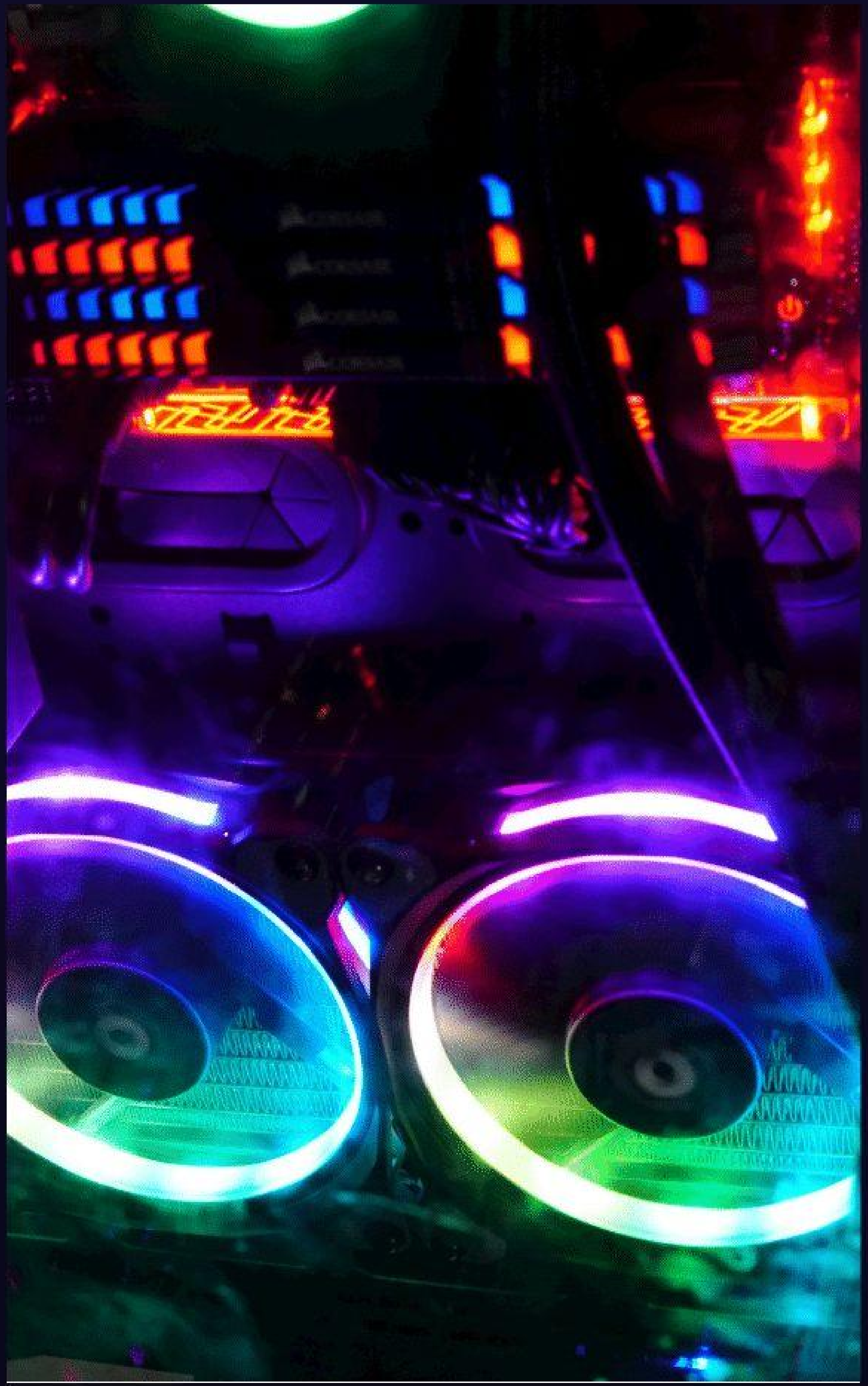
"Video Games were one of the best strategic decisions we ever made."

Jensen Huang
CEO, Founder
NVIDIA



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1

$11.5B M&A Total - Lowest since 2019

Bottoming out value with total count increasing. 35 reported transactions over $100M vs 27 in 2023 which was the prior low year.

2

Indie Game Success Beating New AAA

2024 saw tremendous success for indie games with huge acclaim. Balatro, UFO 50, Animal Well, Enshrouded and various others.

3

Eastern new IP won Players over in 2024

Metaphor, Wukong, Stellar Blade, Zenless Zone Zero all developed in and made for Eastern audiences, with big growth in the West.

4

AI Growth

Less impact in the gaming sector with higher skepticism. The broad impact on tech, graphics, and general business cannot be ignored.

5

Alternative Platforms Growing

Roblox and UEFN continue to expand and draw new and traditional developers. Active interest in fundraising and acquisitions.

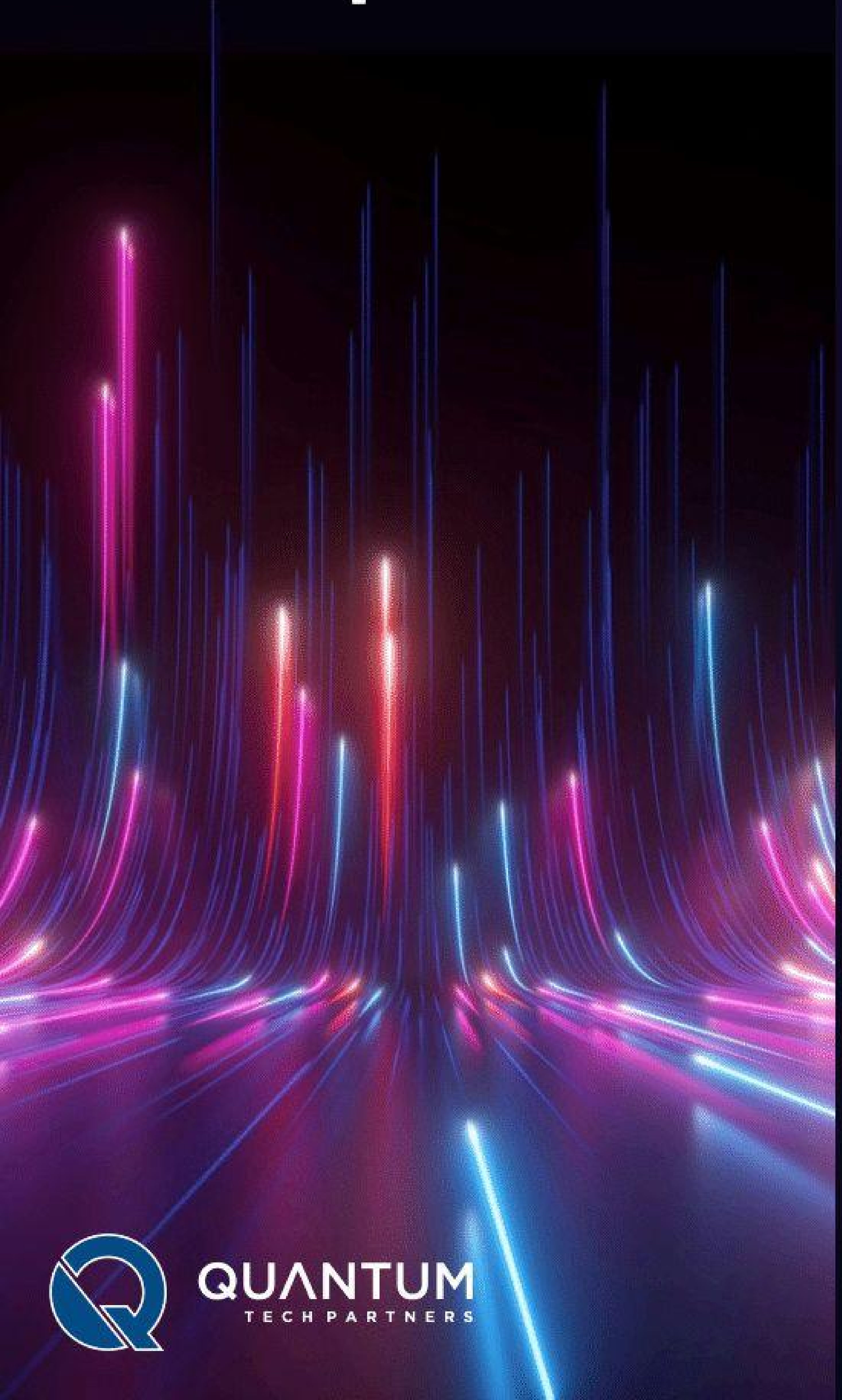
6

Is 2025 the "year" for Web3?

Web3 is roaring back with Bitcoin but there is a major gap in quality games that make it to launch. A few are in early access and more to watch in 25.

State of the Gaming Industry

QTP Perspective



‘Expensive mistakes’ are unlikely to stop here, even with the largest companies reacting quickly and downsizing studios or cancelling projects. Old marketing methods and genre assumptions are no longer accurate and continue to disrupt operations & decisions. Influencer marketing is significantly growing in strength!

Contribution of Alternative platforms - UEFN, Roblox, other UGC, HTML5, streaming and video apps are filling holes in the market. They are meeting new players where they are and it's still a growing blue ocean opportunity.

Smaller, leaner developers - independent or part of larger groups - will continue to create targeted, niche games that garner huge success through quality and community. There will be many M&A opportunities here as publishers look to broaden their scope.

Geographic power is shifting again. South Korea and Japan are driving key worldwide publishing and funding decisions. Tension with China is limiting investment into the West. Great games are being built by small but mighty teams across Central/Eastern Europe and LATAM.

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Where are the Opportunities

Small & Agile Developers

UGC Platforms

Distribution Channels

Nostalgic Games

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Small Budget Indies, Huge Fan Bases - 2024 Releases

Exceptional talent and unique vision delivers innovative game play not seen by larger, slower moving groups.

Small teams are supported by talented contractors who contribute significantly to the final product.

1 Developer

~1M Copies

1 Developer

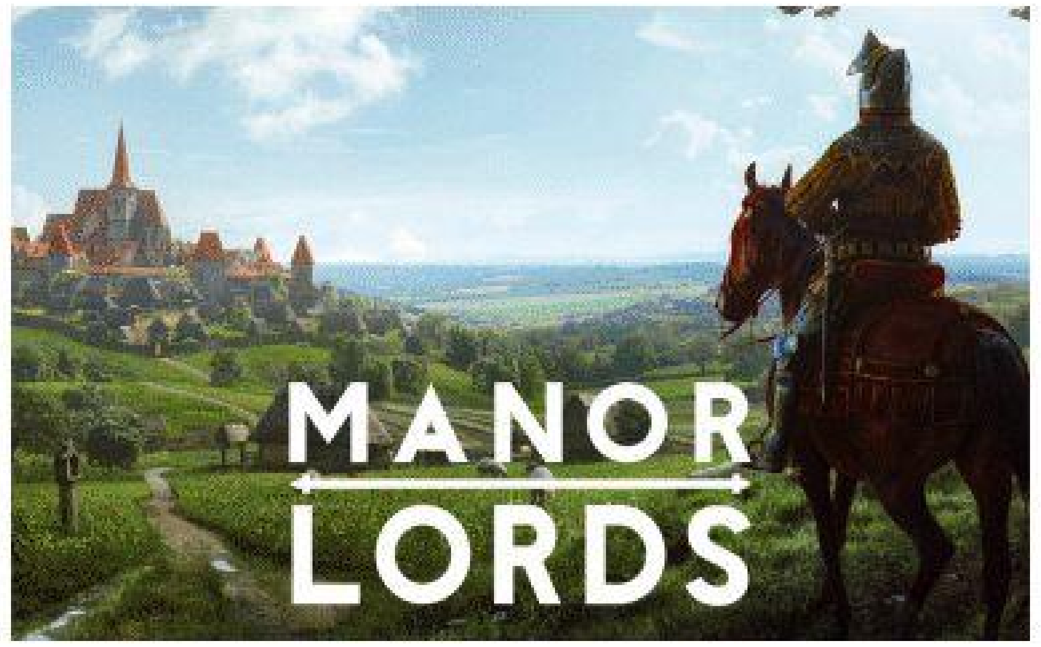
5.6M Copies

25 Developers

3M Copies

1 Developer

5M Copies



1 Developer

2.7M Copies

10 Developers

100M Copies

*Estimated sales only on Steam

Significant Expansion Area for Independent Developers

Creator Platforms Offer Access to 90M+ DAUs

In 2024, $1.2 Billion was distributed to developers, offering a significant new source of revenue. Roblox increased distributions by 23%, and the audience base is continuing to grow. UEFN continues to strengthen its platform tools, monetization options and audience - another "Blue Ocean".

ROBLOX

$864M

LTM DEVELOPER EXCHANGE FEES

FORTNITE

$352M

2024 DEVELOPER PAYOUT

Source: Roblox Public Filings, Quantum Proprietary Research, Epic Games

New Distribution & Revenue Options

- ## Discord - 200M+ MAUs, 90% Gamers

  Activities announced in September brings web games directly in.

  Audience is largely gamers. The social element helps drive growth virally and effectively.

  Discord is actively working on continued streaming, latency improvements that will improve the experience with games.

- ## Telegram - 950M Active Users

  20% playing Games, up from 1% one year ago.

  Hypercasual, Web3 based games are making the biggest splash so far, Hamster Kombat reached 300M players.

  Very early days where attaining new users costs pennies.

  Open HTML5 format means games can be taken outside of the platform with ease.

  We expect to see more types of experiences and mid-core soon .

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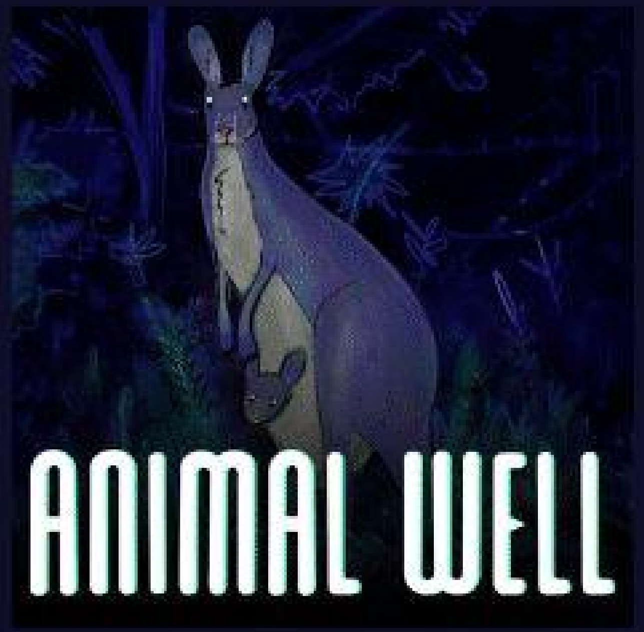
Nostalgic Games

The lure of nostalgic thrills, whether through direct remasters or games that capture that familiar essence, continues to grow steadily.



- ## Remasters and Remakes

  There are numerous examples of successful basic remasters created and sold at lower price tiers.

  Remakes vary more in quality and are worth considering whether the investment is worth the effort versus a remaster.

  Old-School Runescape and WoW Classic show that even the originals maintain popularity as new remakes/remasters get released.

- ## Nostalgic Experiences

  Games with retro or cozy aesthetics evoke the nostalgic charm of 90s and 2000s gaming through their familiar experiences and visuals.

  Examples range from Balatro to Space Marine 2 to Animal Well - All Game Award Nominees in 2024.

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Global Gaming Index

3.0x

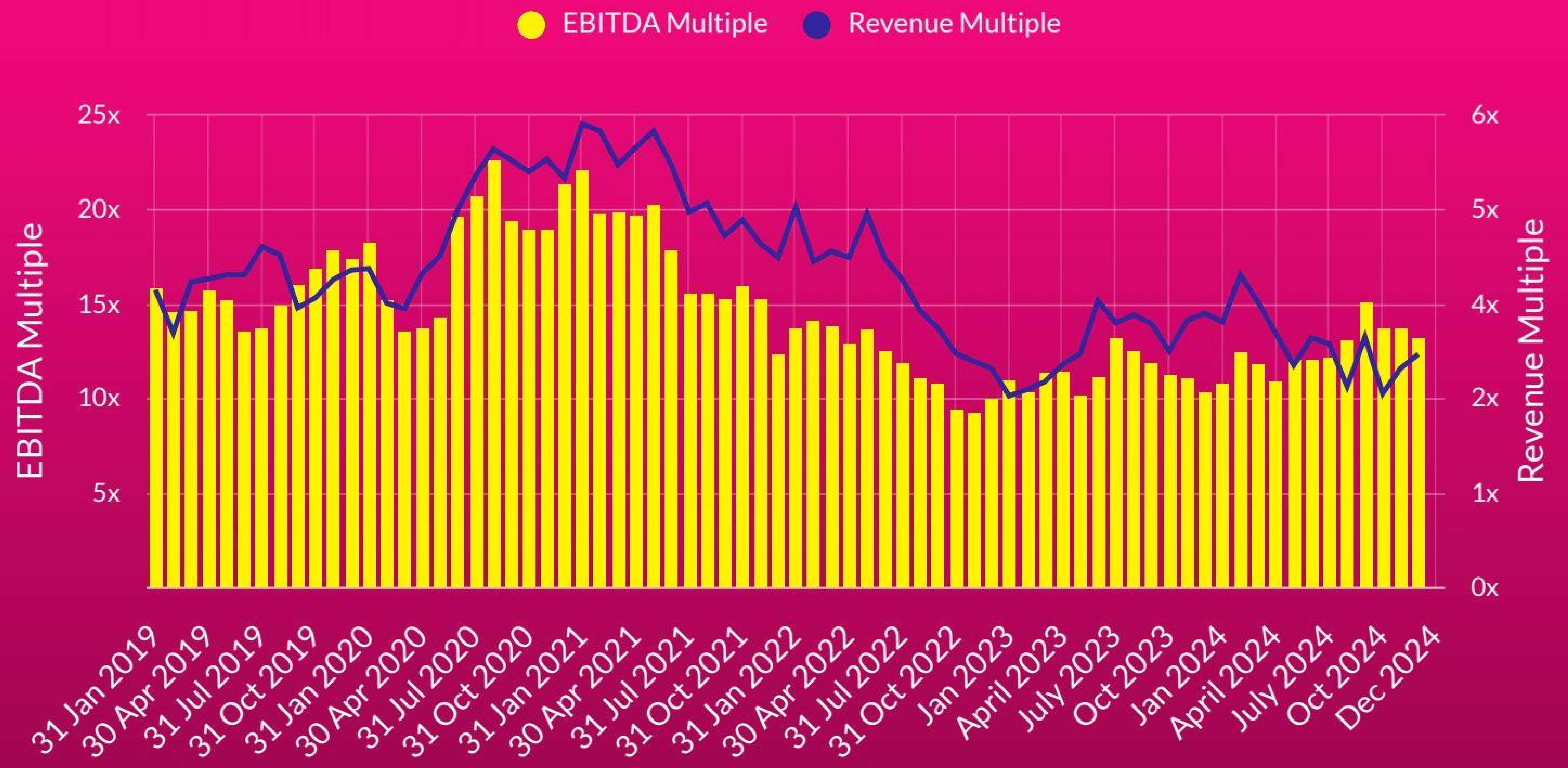
REVENUE MULTIPLE

13.2x

EBITDA MULTIPLE

$60B+

CASH ON BALANCE SHEETS



Index includes Capcom, EA, Netease, Nexon, Roblox, Square Enix, Tencent, Ubisoft, Unity plus others

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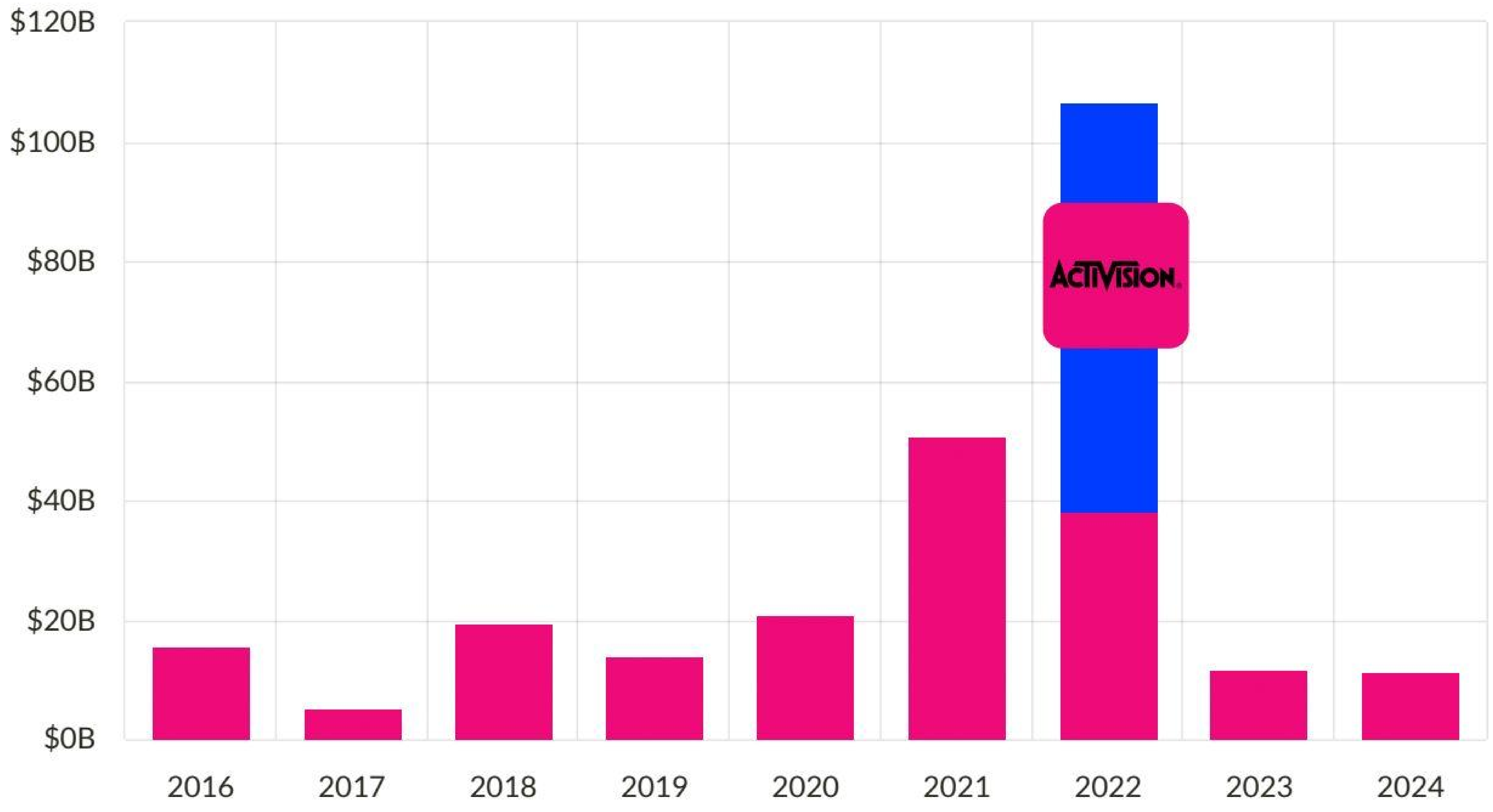
M&A Update

Gaming remaining stable at pre-COVID levels two years after multi-year record breaking run

Annual Gaming M&A Activity



$11.5B

Total M&A Value

2024 saw similar activity to 2023, which shows a return to normalized levels after the ZIRP era of 2021 and 2022. Activity has leveled out and expected to rise moderately in 2025.

ZIRP = Zero Interest Rate Policy

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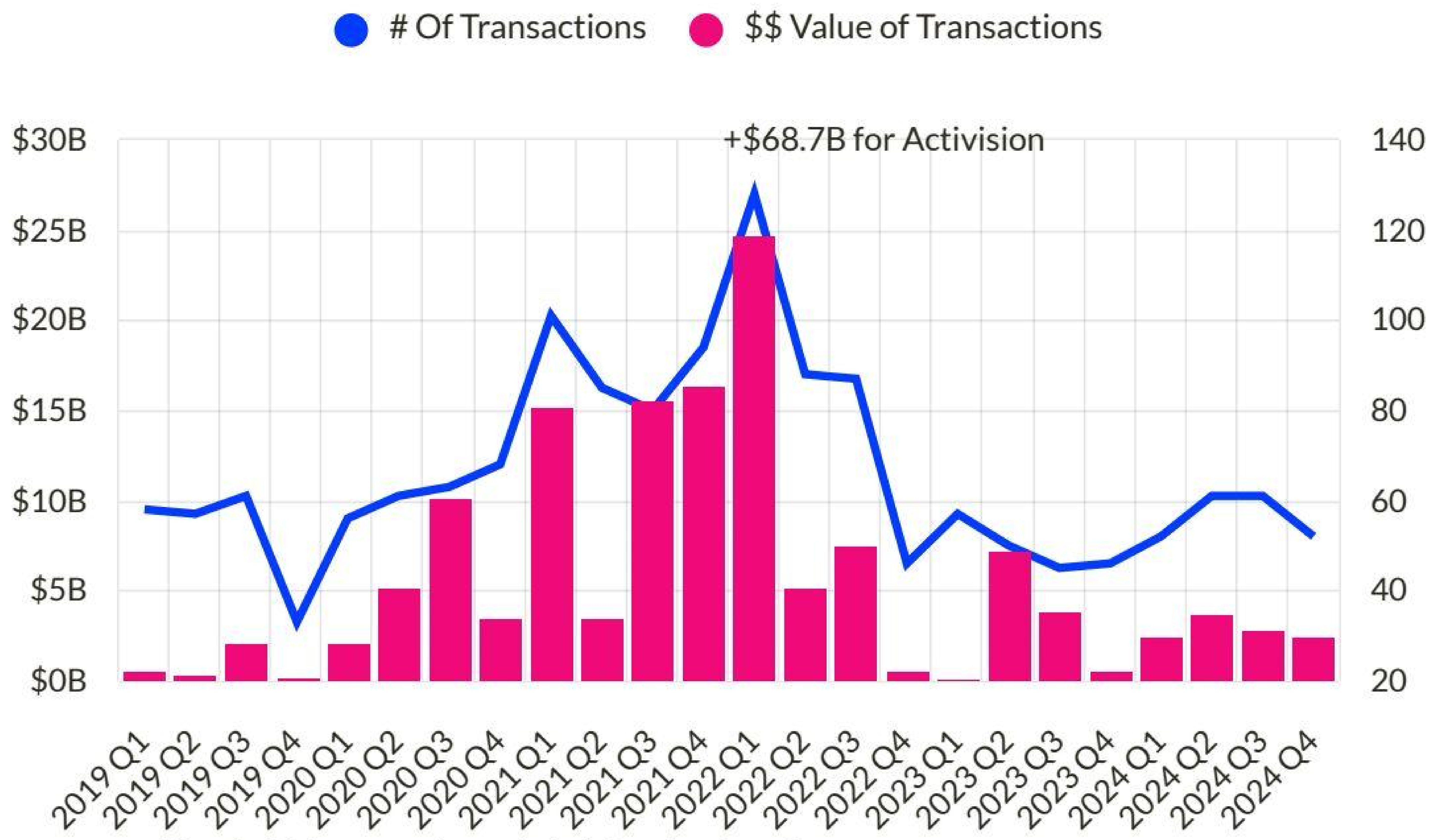
Quarterly M&A Activity

Bumpy M&A Activity Showing Signs of Stability



Note: Activision transaction not included on chart for scale purposes.

$11.5B

Total M&A Value

Deal value was primarily driven by $2.8B Keywords <> EQT in Q2, $1.9B Superplay <> Playtika in Q3 and $1.2B Easybrain divestment from Embracer <> Miniclip in Q4

-3%

Transaction Value Year over Year

+14%

Deal Count Year over Year

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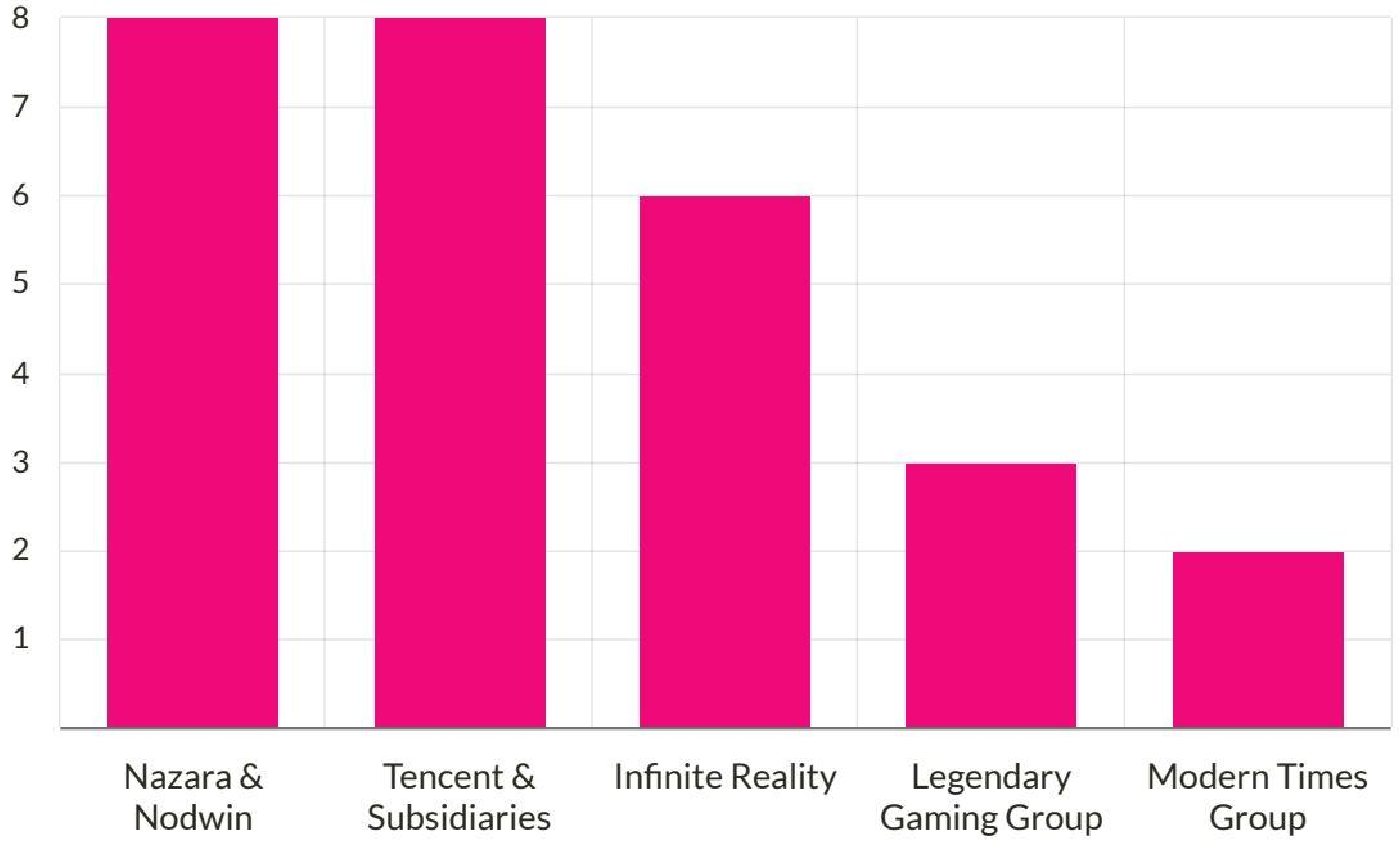
5 Largest M&A Transactions in 2024

$2.8B	$1.95B	$1.2B	$1.15B	$820M
Game & Art Development Services	Casual Mobile Game Developer	Casual Puzzle Mobile Developer	Runescape Developer	Mobile Developer behind RAID: Shadows Legends

Total Enterprise Value including potential earnouts

Most Active in 2024

Serial Acquirers Aggressive Growth and Expansion



Nazara and its subsidiary Nodwin continue to expand both with game developer and eSports acquisitions supported by major fundraising efforts.

Tencent acquired largely Chinese Developers and ByteDance's divestments.

Infinite Reality, the latest Billion $ Unicorn, is building an immersive technology powerhouse with 6 acquisitions valued at least $589M.

Legendary is rolling up eSports assets including Team Singularity, an agency and an arena.

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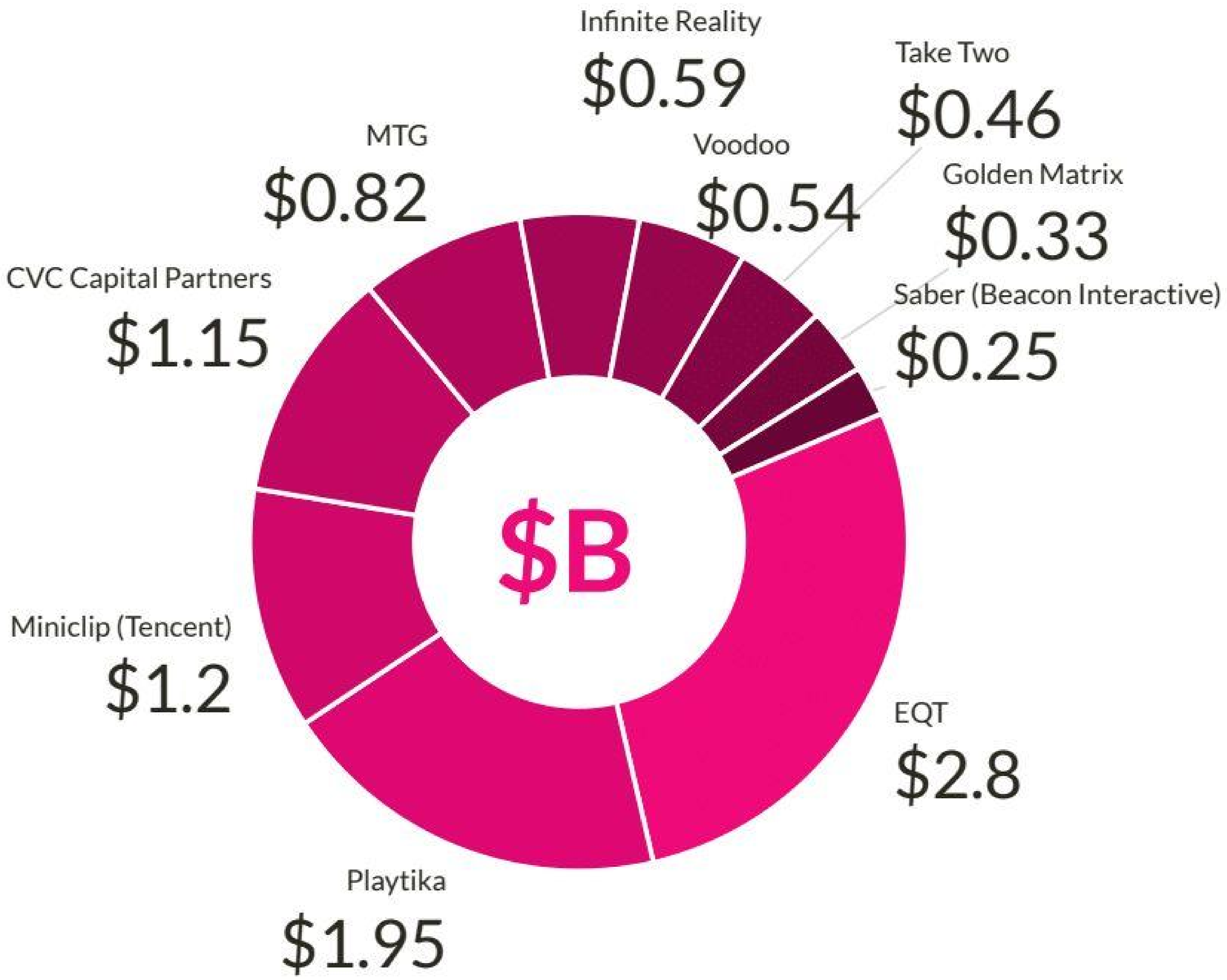
Most Active in 2024

10 Largest Spenders in Gaming



Notable Deal Highlights

- Playtika makes it on the list two years in a row with a focus on mobile. Superplay in 24 and Innplay Labs and Youda in 23
- Embracer's divestments led to 3 of the largest deals this year: Easybrain for $1.2B to Miniclip, Gearbox for $460M to Take-Two and Saber/Beacon Interactive for $247M in a MBO
- Voodoo made a bold bet for BeReal with a total enterprise value of $540M including the earnout ($180M upfront)

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Case Study: $1.95B Superplay acquisition by Playtika (September 2024)

Exceptional Growth, New Game Growing Quickly

$700M Upfront + $1.25B Earnout

Year over Year Revenue Growth Rate: 147%

LTM Revenue: $213M

EV/Revenue Upfront: 3.29x

EV/ Revenue Total Deal: 9.15x

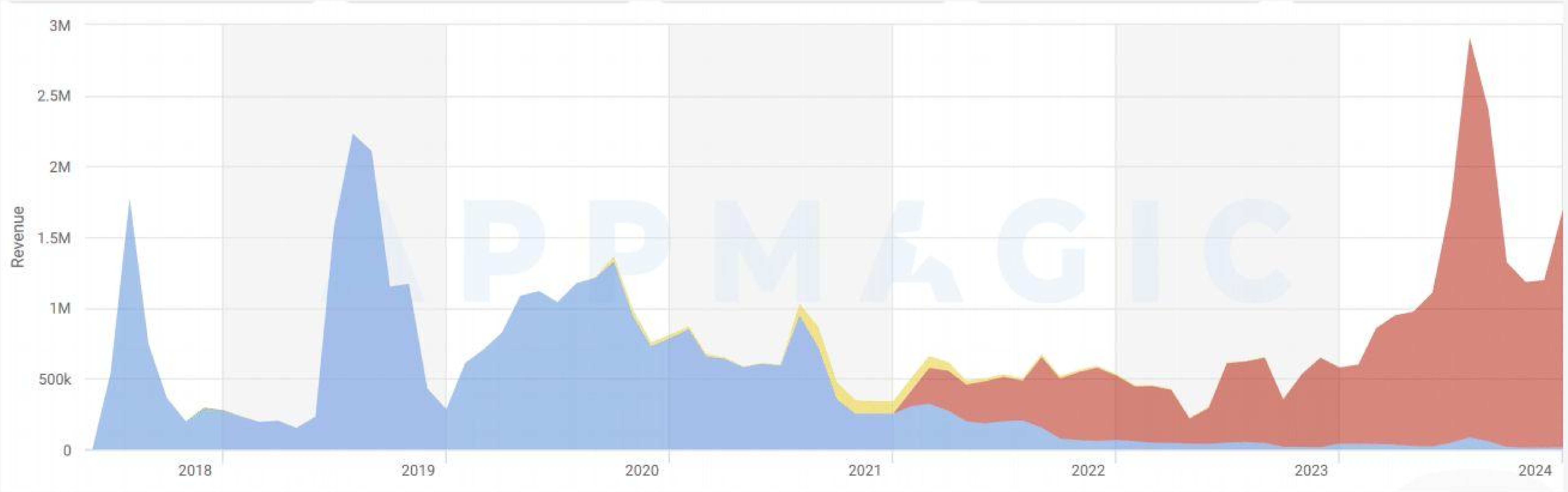
$186M Revenue

$27M Revenue

Powered by APPMAGIC

Case Study: $27.3M Fusebox Games acquisition by Nazara (August 2024)

Love Island takes over Love Villa Users & Position



$27.3M Upfront

LTM Revenue & EBITDA: $13.9M & $4M

EV/Revenue: 2x

EV/ EBITDA: 6.8x

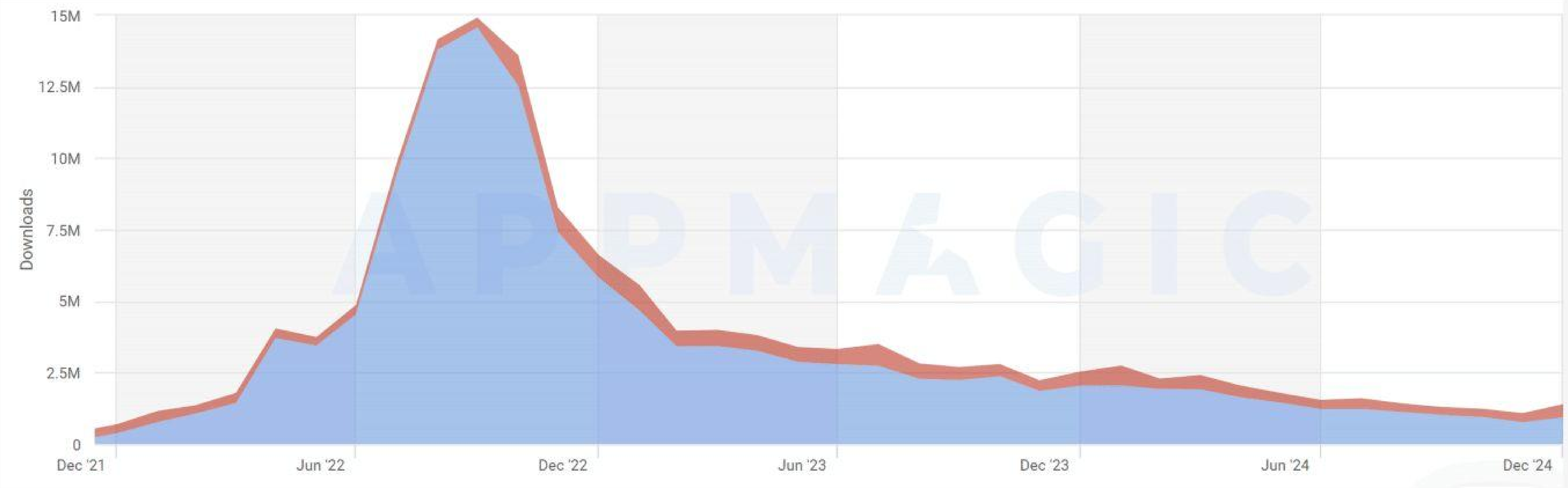
New App {Red}

Discontinued {Blue}

Powered by

Case Study: €500M BeReal acquisition by Voodoo (June 2024)

Downloads Declining, Planned Biz Model Shift to Revenue



€166M Upfront + €334M Earnout

Non Revenue-generating BeReal captured lightning in a bottle with user growth. Voodoo and its existing WIZZ social app is introducing ads to monetize the app for the first time.

BeReal.

Blue Area

WIZZ

Red Area

Powered by APPMAGIC

Fundraising Update

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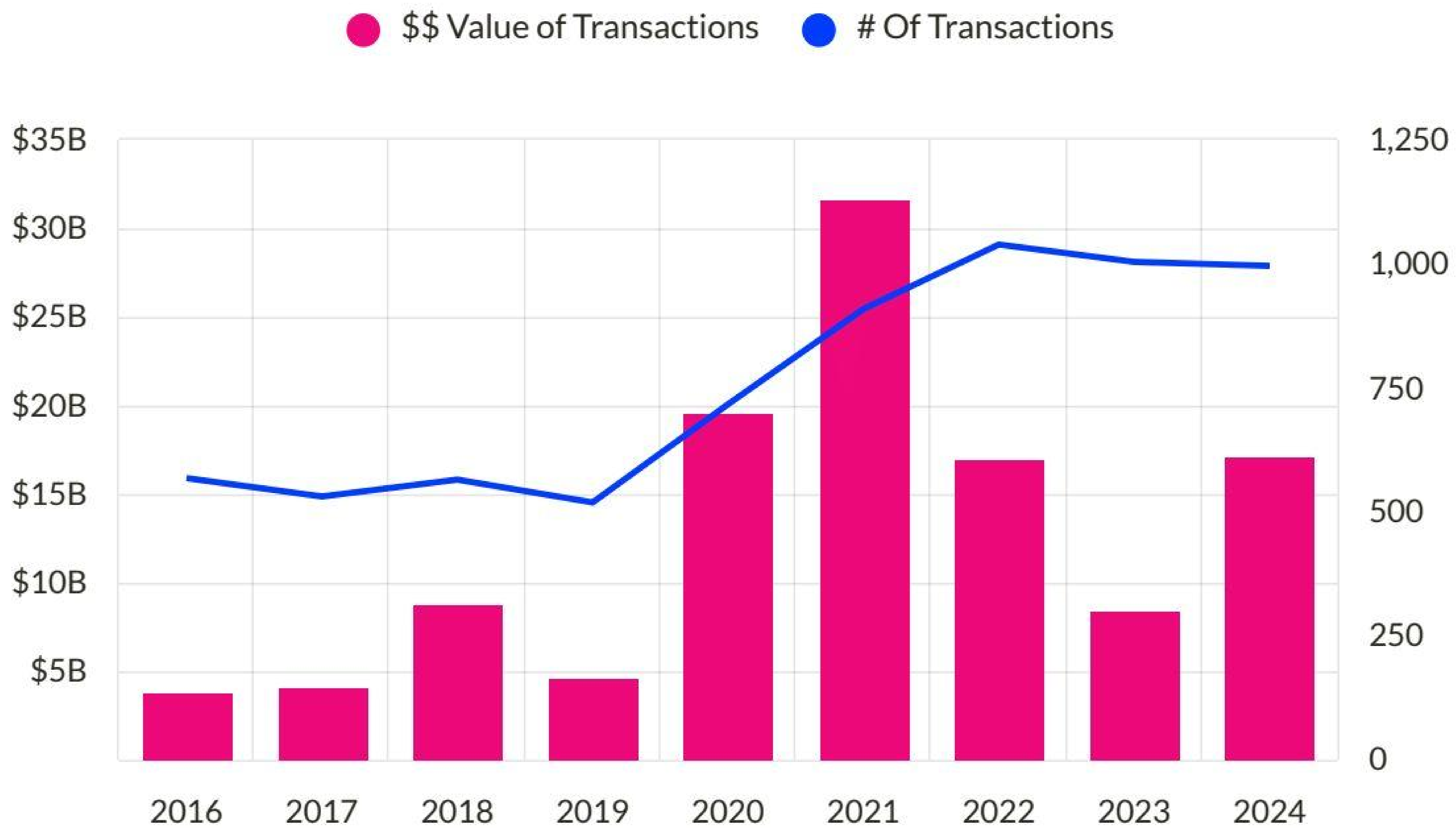
23 Transactions Raised $100M+

~1000 Fundraising Transactions in 2024



$17.2B

Total Raised by Gaming Companies

996

Transactions Announced

+102%

Transaction Value Year over Year

-0.8%

Deal Count Year over Year

Total raised includes venture financing, corporate rounds, debt, initial public offerings and secondary share offerings.

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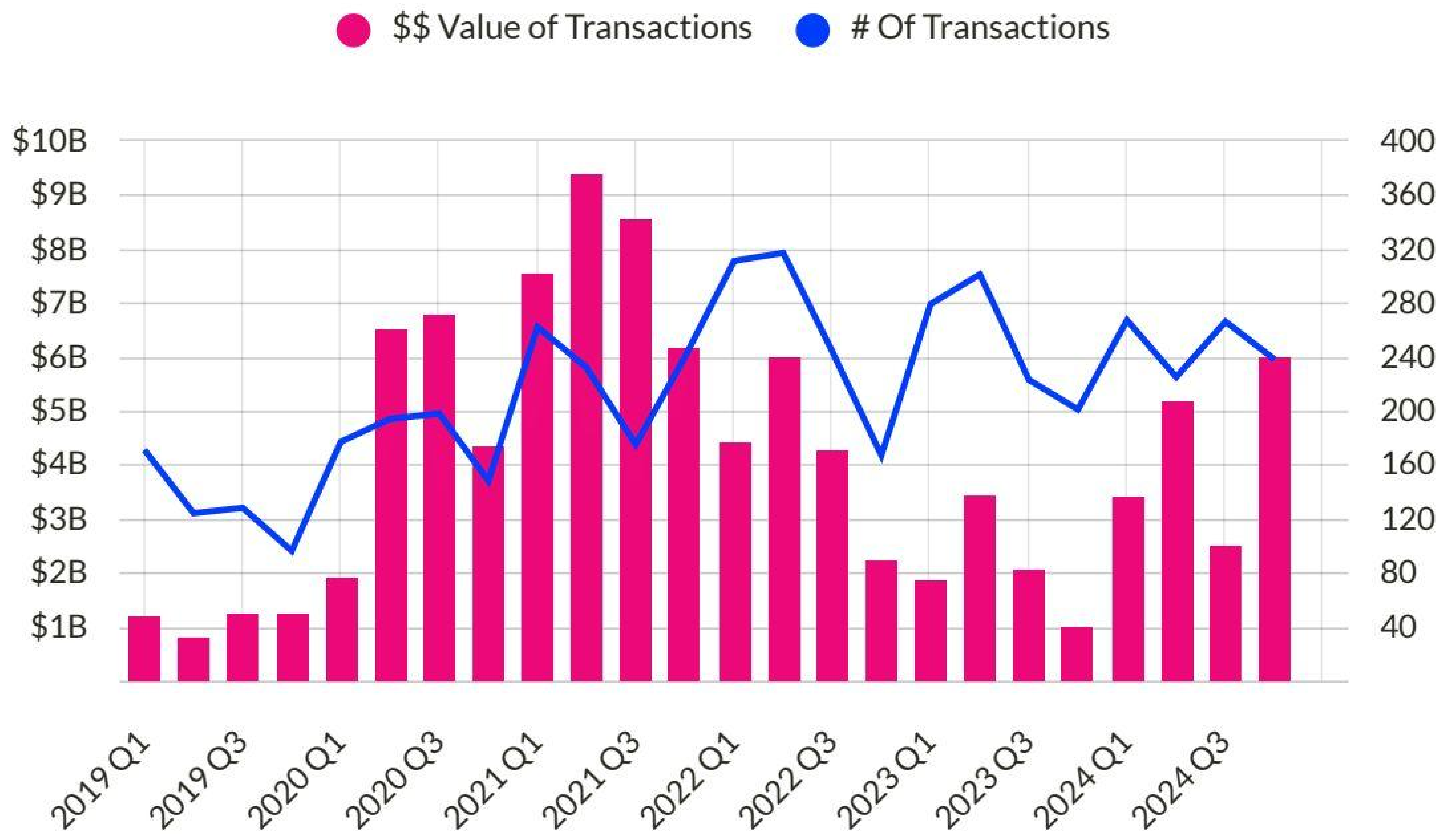
Double the Activity on a Quarterly Basis and Double the Average Raise Per Transaction from 2023

Quarterly Fundraising Overview



996 Deals

Value increased every quarter vs 2023

$27M

Average Raise Per Deal

$4.3B vs $2B vs $4B

Average Quarterly Raise '24 vs '23 vs '22

$93B

Total Raised over last 5 years

Total raised includes venture financing, corporate rounds, debt, initial public offerings and secondary share offerings.

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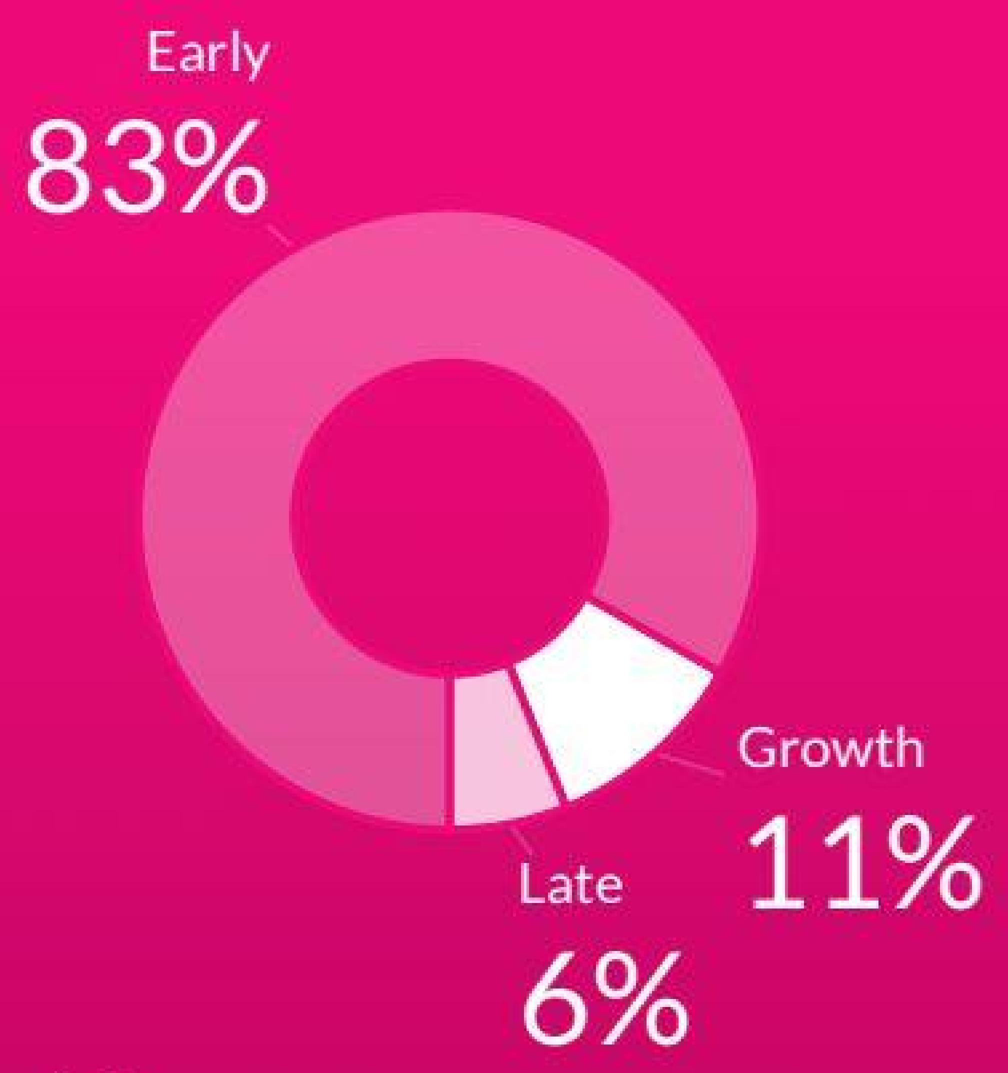
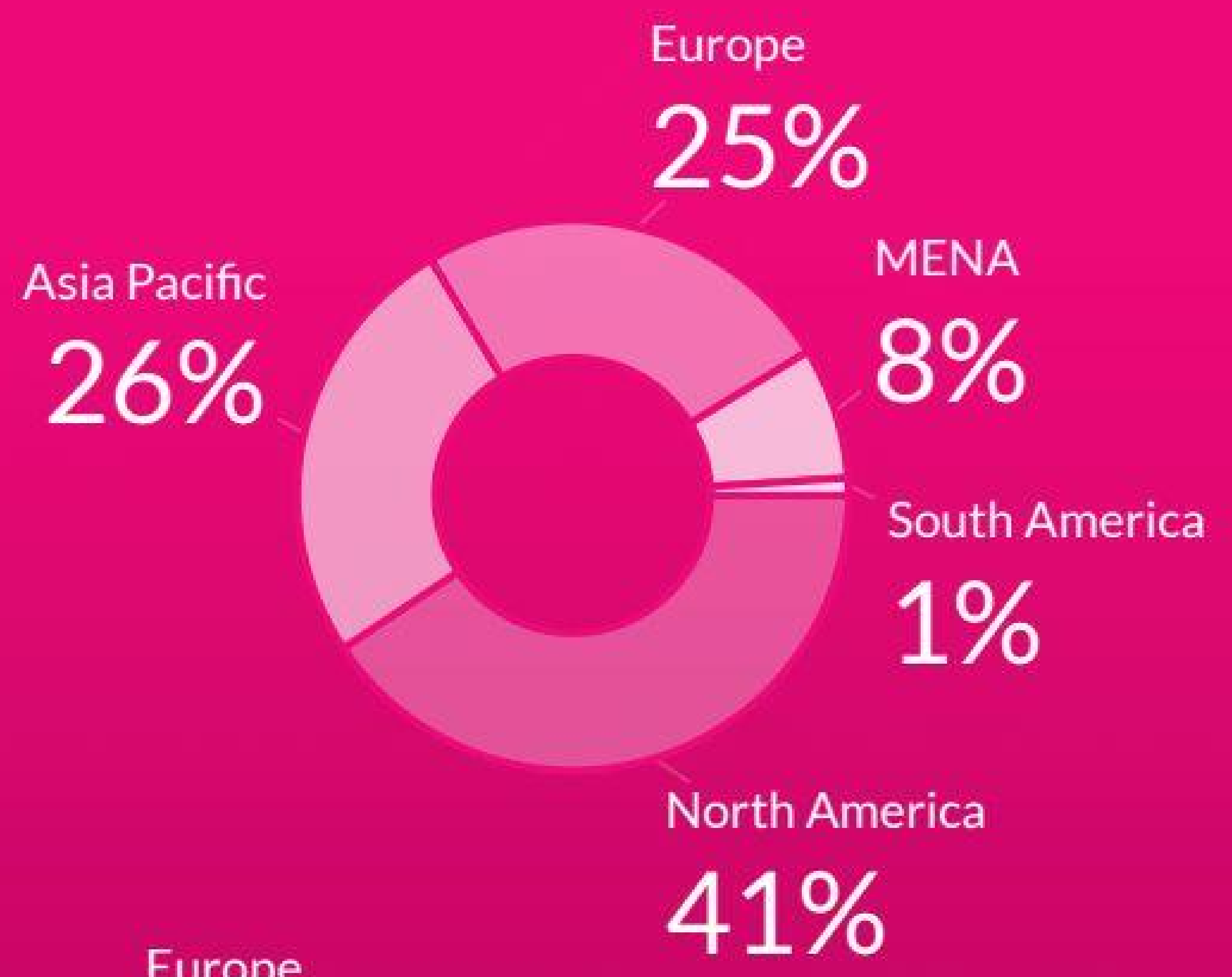
Funding Breakdown by Stages and Geography

Deal Count Distribution





Deal Value in Billions

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5 Largest Growth Funding Rounds in 2024

EPIC GAMES	AONIC	ZENTRY	BUILD A ROCKET BOY	HYBE WE BELIEVE IN MUSIC
$1.5B	$160M	$140M	$110M	$80M
Unreal Engine, Fortnite and UEFN	Developer & Publishing Consolidator	Metaverse Game Developer	Immersive Game Studio founded by GTA Producer	Korean Music Giant expanding to Publishing Games

5 Largest Late Stage Funding Rounds in 2024

APPLOVIN

$3.55B

Mobile AdTech Platform and Developer

Senior Notes Issue

asmodee

€900M

Leading Board Game Maker & Developer,

Financing to Seperate from Embracer

GameStop

$933M

Game Store Operator

Equity Offering

EMBRACER+ GROUP

€ 600M

Active Consolidator, Rearchitecting Structure

Credit Facility

T2 TAKE-TWO INTERACTIVE

$600M

Major Developer and Publisher, Financing Gearbox Acquisition

Senior Notes Issue

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5 Largest AI Funding Rounds in 2024

GCORE

$60M

AI Supported Global Infrastructure Platform

Decart.AI

$53M

Real-time AI Generated Open World Game

LUMA AI

$43M

Photorealistic 3D Photos & Videos

Backflip AI

$30M

AI Enhanced 3D Model Design Tools

SERIESai

$28M

AI Game Engine and Developer

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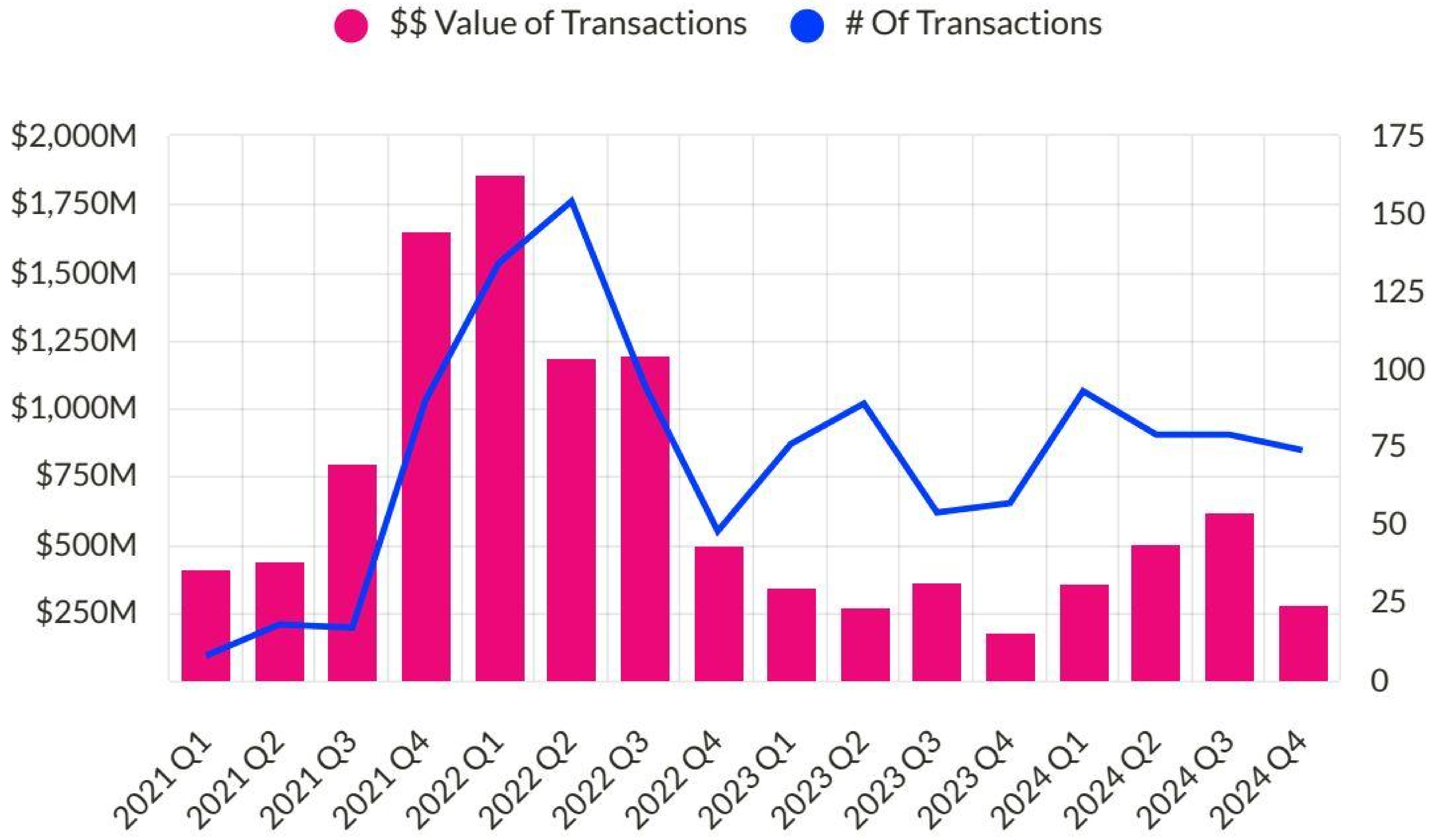
Interest is Building in Web3 Titles, Those Launching This Year will Unveil Players' Attitude Towards New Monetization Systems

Deal Value is up from 2023 in Web3 Investments



$1.76B
Total Raised by Web3 Companies

325
Transactions Announced

+52%
Transaction Value Year over Year

+17%
Deal Count Year over Year

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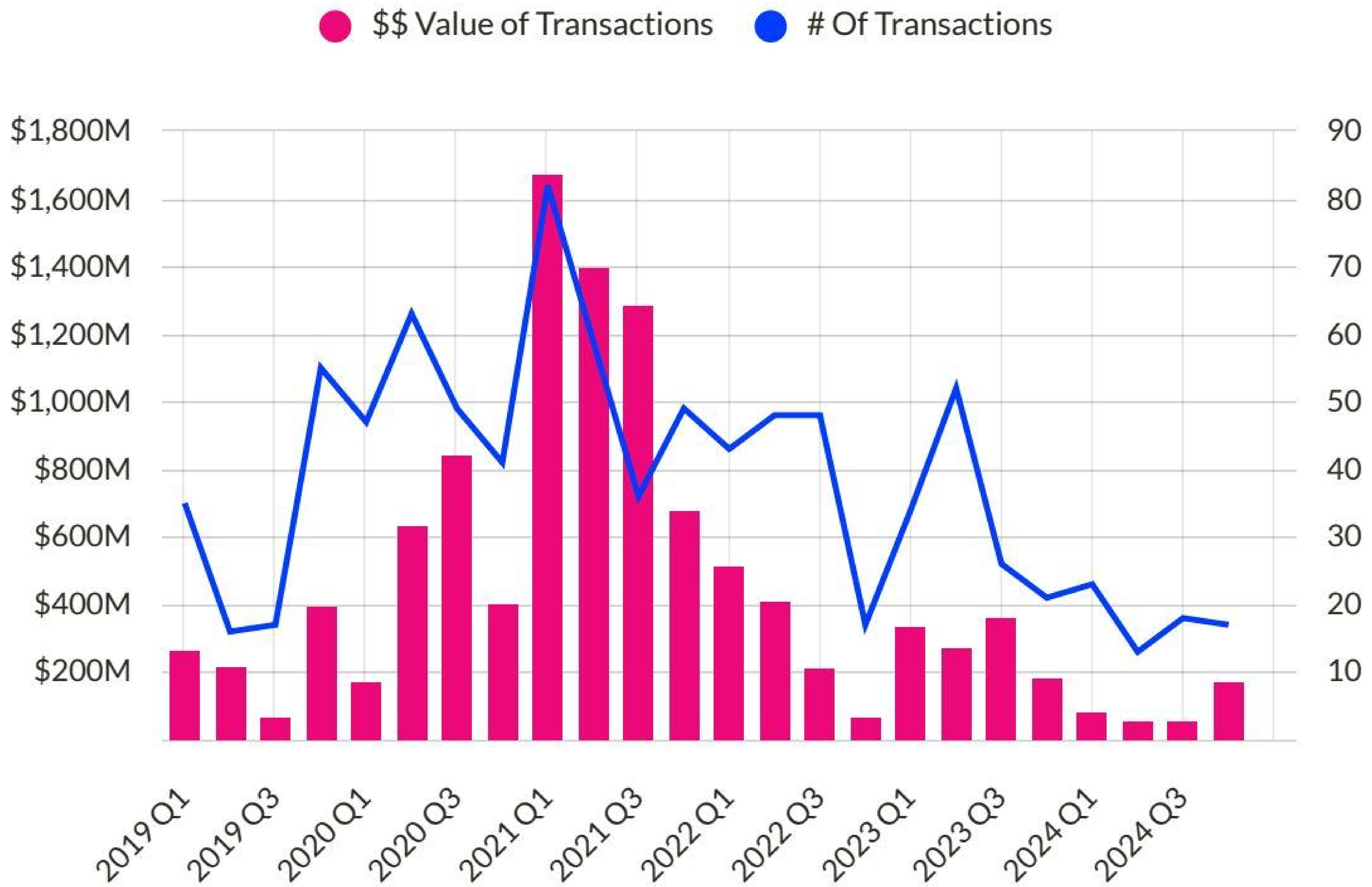
5 Largest Web3 Rounds in 2024

$350M	$140M	$80M	$50M	$43M
Immersive Social Metaverse Platform	Metaverse Game Development Studio	Web3 Platform within GameFi ecosystem	Web3 Gaming Platform on Firefly Blockchain	Game Developer of new RPG IP

Significant Decrease in eSports Investments



$375M

Total Raised by eSports Companies

71

Transactions Announced

-66%

Transaction Value Year over Year

-47%

Deal Count Year over Year

5 Largest eSports Rounds in 2024

$138M	$40M	$20M	$20M	$20M
eSports and Gaming Developer	Vertically Integrated eSports Operator	Faze Clan and associate Media Holdings	eSports Team based in Sweden	Web3 platform for eSports Tournaments and Events

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Gaming VCs are Significant Sources of Capital

New Funds Announced in 2024 -- Raised $2.6B

a16z
beam ventures
BIG TIME
BITKRAFT
HELIKA
Hercules CAPITAL
GRIFFIN GAMING PARTNERS
KING RIVER
Merak.Capital
node.vc
PLAY VENTURES
vgames

Select VCs listed; Quantum tracked a total of 23 new funds with gaming as a focus

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Let's Talk

M&A and Fundraising is constantly changing. Partnering with advisors who have a finger on the pulse of the industry is your best bet.

1. Valuation Trends
2. Strategic Buyer Activity
3. Transaction Preparation

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Quantum's Exclusively Represented Transactions

In-Game Advertising Platform

Series A Financing

APOGEE

Series A Financing

Undisclosed Seller
Acquired
By
Public US iGaming Operator

Thunderful

EARLY MORNING STUDIO

MYTHICAL

Polystream

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