ACTIVATE CONSULTING TECHNOLOGY & MEDIA OUTLOOK 2025

VIDEO GAMING

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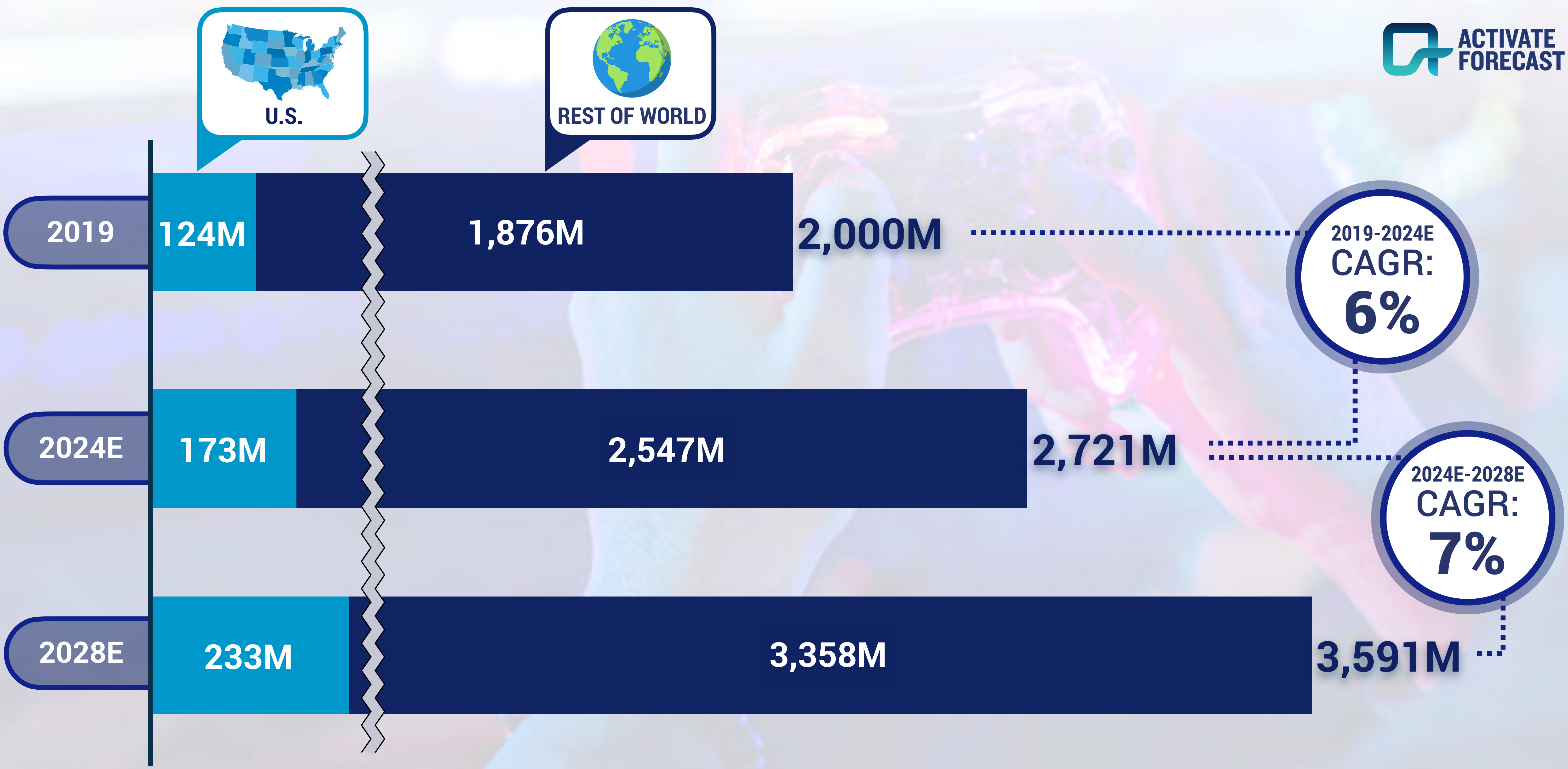
Video gaming is one of the most widespread global digital behaviors, with active gamers reaching over 3.5B by 2028

GAMING POPULATION BY REGION[1], GLOBAL, 2019 VS. 2024E VS. 2028E, MILLIONS GAMERS[2]

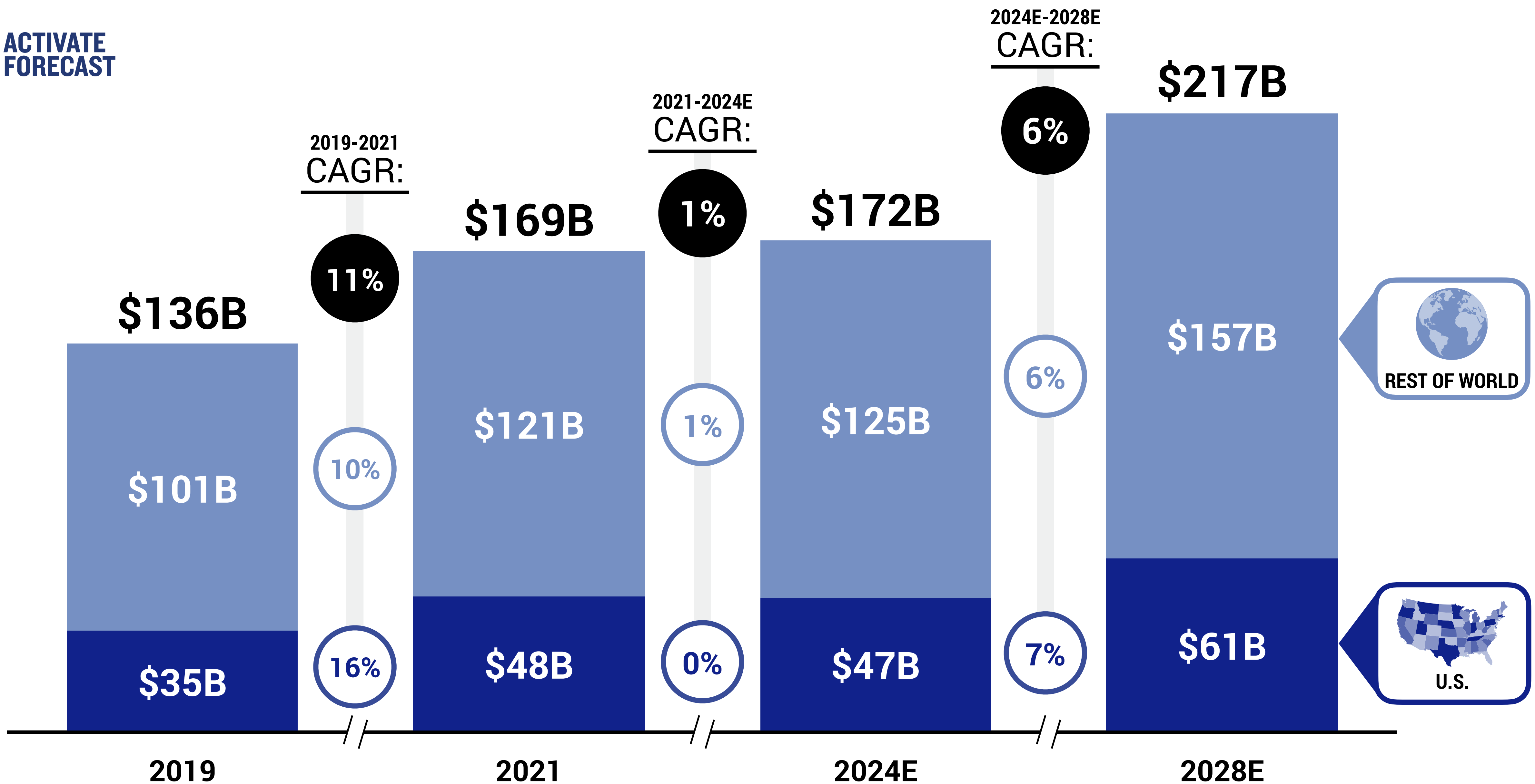


1. Figures do not sum due to rounding. 2. "Gamers" are defined as adults aged 18+ who currently play video games.
Sources: Activate analysis, Activate 2019 Consumer Technology & Media Research Study (n = 4,006), Activate 2024 Consumer Technology & Media Research Study (n = 4,004), Newzoo, Statista Market Research, U.S. Census Bureau

We forecast that global consumer video game revenue will reach over $200B by 2028, delivering healthy growth

CONSUMER VIDEO GAME REVENUE BY REGION[1], GLOBAL, 2019 VS. 2021 VS. 2024E VS. 2028E, BILLIONS USD

ACTIVATE FORECAST



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1. Excludes hardware and device sales, augmented/virtual reality content, and advertising. Figures do not sum due to rounding.
Sources: Activate analysis, Newzoo, Omdia, PricewaterhouseCoopers, Statista Market Research

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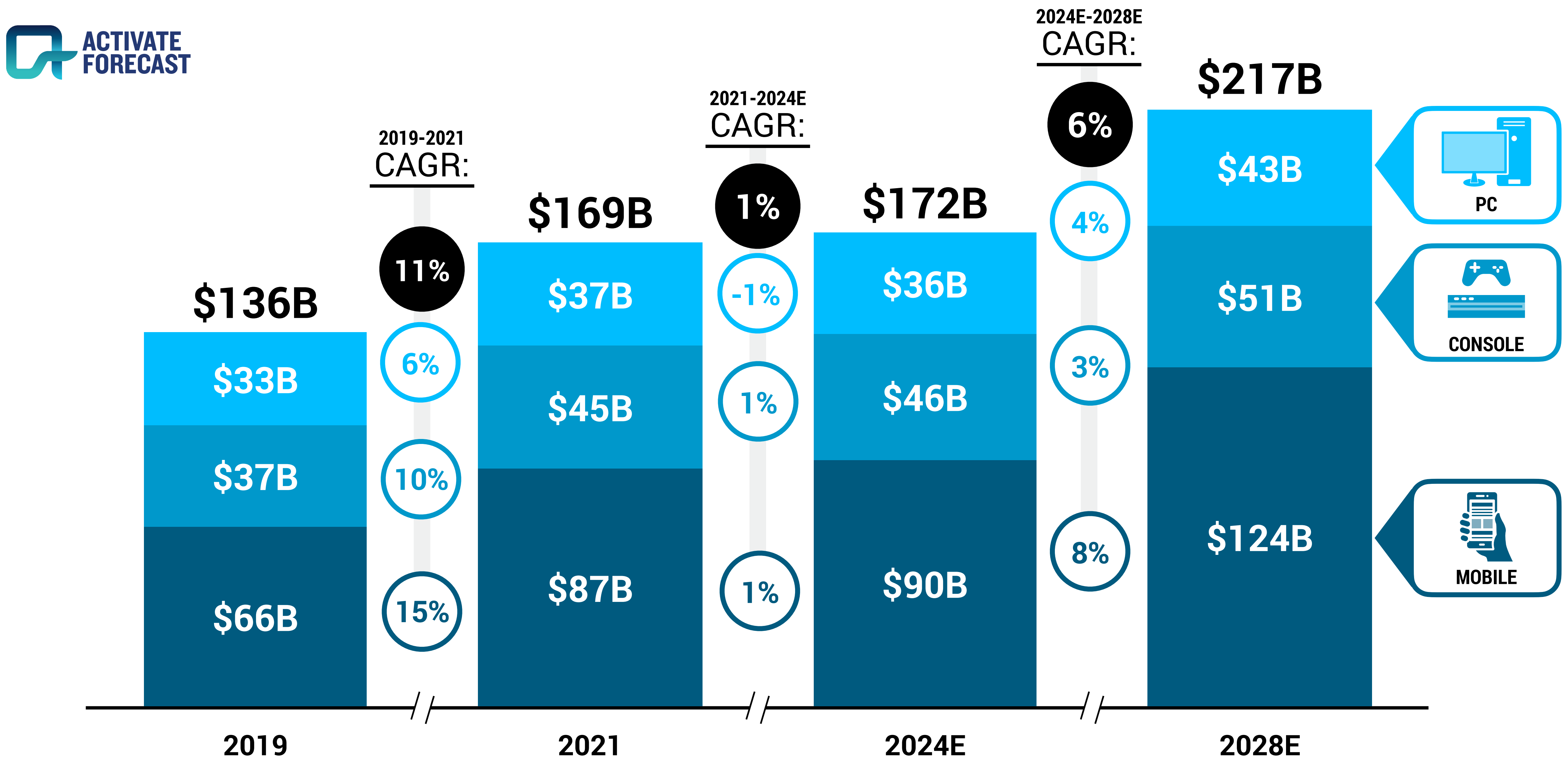
Mobile gaming makes up more than half of revenues today and will see the most growth moving forward

CONSUMER VIDEO GAME REVENUE BY PLATFORM[1], GLOBAL, 2019 VS. 2021 VS. 2024E VS. 2028E, BILLIONS USD



1. Excludes hardware and device sales, augmented/virtual reality content, and advertising. Figures do not sum due to rounding.
Sources: Activate analysis, Newzoo, Omdia, PricewaterhouseCoopers, Statista Market Research

The majority of top earning PC/console games are installments in existing game franchises, with very few new games breaking into the top 10

TOP-EARNING[1] PAID PC AND CONSOLE VIDEO GAME TITLES, U.S., 2021-2023

Sequel | New Franchise[2]

	2021	2022	2023
1	**Call of Duty:** Vanguard	**Call of Duty:** Modern Warfare II	**Hogwarts Legacy** (New Franchise)
2	**Call of Duty:** Black Ops Cold War	**Elden Ring** (New Franchise)	**Call of Duty:** Modern Warfare III
3	**Madden NFL 22**	**Madden NFL 23**	**Madden NFL 24**
4	**Pokemon:** Brilliant Diamond / Shining Pearl	**God of War:** Ragnarok	**Marvel's Spider-Man 2**
5	**Battlefield 2042**	**Lego Star Wars:** The Skywalker Saga	**The Legend of Zelda:** Tears of the Kingdom
6	**Marvel's Spiderman** (New Franchise)	**Pokemon Scarlet/Violet**	**Diablo IV**
7	**Mario Kart 8**	**FIFA 23**	**Call of Duty:** Modern Warfare II
8	**Resident Evil:** Village	**Pokemon Legends:** Arceus	**Mortal Kombat 1**
9	**MLB:** The Show 21	**Horizon 2:** Forbidden West	**Star Wars:** Jedi Survivor
10	**Super Mario 3D World**	**MLB:** The Show 22	**EA Sports FC 24**

1. Earnings includes the revenue generated from the purchase of the game itself. Excludes in-game advertising or purchases. 2. "New Franchise" is defined as the first installment in a new franchise, or a standalone game not connected to an existing game franchise.
Sources: Activate analysis, Circana, Forbes, Statista Market Research

Top franchises are controlled by the largest global gaming companies

TOP 10 PUBLIC GAMING COMPANIES BY MARKET CAP[1] AND 2023[2] GAMING REVENUE[3], GLOBAL, 2024/2023, BILLIONS USD

1 Microsoft
Market Cap: **$3,106B**
Gaming Revenue[3]: **$22B**
Call of Duty | Halo | Minecraft

2 Tencent 腾讯
Market Cap: **$522B**
Gaming Revenue: **$25B**
Honor of Kings | League of Legends | Valorant

3 SONY
Market Cap: **$115B**
Gaming Revenue[4]: **$30B**
God of War | Marvel's Spiderman | Uncharted

4 Nintendo
Market Cap: **$62B**
Gaming Revenue: **$12B**
Pokémon | Super Mario | The Legend of Zelda

5 NetEase Games
Market Cap: **$57B**
Gaming Revenue[5]: **$11B**
Blood Strike | Identity V | Knives Out

6 sea
Market Cap: **$55B**
Gaming Revenue[6]: **$2B**
Black Clover | Free Fire | Speed Drifters

7 Electronic Arts
Market Cap: **$38B**
Gaming Revenue: **$8B**
Battlefield 2024 | EA Sports FC | Madden

8 ROBLOX
Market Cap: **$27B**
Gaming Revenue: **$3B**
Roblox

9 Take Two Interactive
Market Cap: **$27B**
Gaming Revenue: **$5B**
Grand Theft Auto | NBA 2K | Red Dead Redemption

10 NEXON
Market Cap: **$16B**
Gaming Revenue: **$3B**
Blue Archive | KartRider | MapleStory

1. Market capitalizations as of market close on Oct. 7, 2024. 2. Revenue represents 2023 calendar year unless otherwise noted. 3. Excludes all non-gaming related revenues. 3. Revenue reflects the Microsoft fiscal year from June 2023 to June 2024. 4. Represents revenue from the "Game & Network Services" revenue segment. 5. Represents revenue from the "Games and Related Value-Added Services" revenue segment. 6. Represents revenue from the "Digital Entertainment Business" revenue segment.
Sources: Activate analysis, Company filings, Company press releases, Company sites

Technology companies are building out their capabilities and assets to become full-stack gaming enterprises

SELECT MAJOR TECHNOLOGY COMPANIES' PRESENCE IN GAMING

* Announced, not yet released

	amazon	Apple	Google	Meta	Microsoft	NETFLIX	Nintendo	SONY	Tencent	VALVE
GAME PUBLISHER	games			studios; oculus publishing	XBOX GAME STUDIOS; Activision; Blizzard	night school; Next Games; SPRYFOX; BOSSFIGHT	Nintendo	Sony Interactive Entertainment	Tencent Games	VALVE
VIRTUAL WORLD	amazon anywhere			horizon Worlds; Reality Labs	Minecraft					garry's mod[1]
CONSOLE[2]					XBOX	Nintendo Switch		PlayStation	logitech G handheld Co-development	STEAM DECK
SPATIAL COMPUTING: AR/VR		Vision Pro		Meta Quest Pro; Meta Quest 3	Microsoft HoloLens 2[3]			PlayStation VR2; Sony Spatial Content Creation System *		STEAM VR; VALVE INDEX
CLOUD	luna			facebook gaming[4]	CLOUD GAMING[5]	NETFLIX GAMES	Nintendo Switch Cloud Streaming[6]	PlayStation Plus[7]	START云游戏	STEAM CLOUD PLAY
APP STORE	amazon appstore	App Store	Google Play	Meta Quest Store	Microsoft Store; MOBILE STORE *		My Nintendo	PlayStation Store	腾讯应用宝 Tencent App Store	STEAM
SUBSCRIPTION SERVICE	luna; prime gaming	Arcade	Google Play Pass	Meta Quest+	GAME PASS; CLOUD GAMING[5]	NETFLIX GAMES	ONLINE Nintendo Switch Online	PlayStation Plus	START云游戏	
GAMING AS VIDEO			YouTube	facebook gaming[4]					企鹅电竞 EGAME; Huya; trovo	STEAM TV

Note: Not exhaustive. As of Sept. 2024. Does not include areas in which a company is a majority stakeholder.
1. Engine created by Valve and game eventually published by Valve, but independently developed by Garry Newman and Facepunch Studios. 2. Excludes devices with a primary purpose other than gaming (e.g. Apple TV). 3. In Oct. 2024, Microsoft announced they are discontinuing production of the HoloLens 2, with software support ending Dec. 2027. 4. Meta does not offer a standalone cloud service but allows streaming of select games through Facebook on Android and web. The standalone Facebook Gaming app for iOS and Android was shut down in Oct. 2022, but gaming features will remain available in the main Facebook app. 5. Only available through a bundle with Xbox Game Pass Ultimate. 6. On a game-by-game basis, not as a subscription or service. 7. Only available through a bundle with PlayStation Plus Premium subscription.
Sources: Activate analysis, Company press releases, Company sites

Mobile gamers prefer Puzzle games, console gamers prefer Arcade and Fighting games, and PC gamers more frequently play MOBAs

TOP MOBILE GAME GENRES[1], U.S., 2024, % MOBILE GAMERS[2]

87% of gamers[5] play **mobile games**

Rank	Genre	% Usage[1]
1	Puzzle	48%
2	Trivia/Word	43%
3	Action/Adventure	43%
4	Board	41%
5	Arcade	35%
6	Non-Casino Card	27%
7	Strategy	25%
8	Music	24%
9	RPG[6]	23%
10	Horror	22%

TOP CONSOLE GAME GENRES[1], U.S., 2024, % CONSOLE GAMERS[3]

61% of gamers[5] play **console games**

Rank	Genre	% Usage[1]
1	Arcade	39%
2	Fighting	37%
3	Racing	33%
4	Sports	32%
5	MMORPG[7]	32%
6	Sandbox	31%
7	Shooter	31%
8	Battle Royale	30%
9	Action/Adventure	30%
10	RPG[6]	30%

TOP PC GAME GENRES[1], U.S., 2024, % PC GAMERS[4]

59% of gamers[5] play **PC games**

Rank	Genre	% Usage[1]
1	MOBA[8]	31%
2	Board	25%
3	Shooter	24%
4	MMORPG[7]	24%
5	Puzzle	23%
6	Arcade	23%
7	Sports	23%
8	Battle Royale	23%
9	Action/Adventure	23%
10	RPG[6]	22%

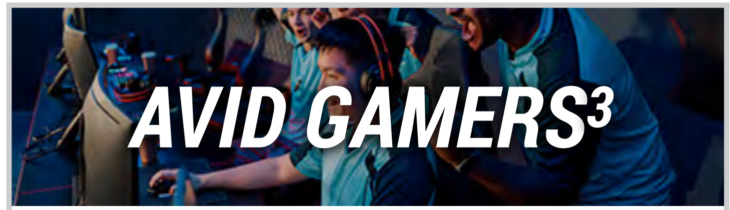
1. Genre usage is defined as having played a genre in the last year. 2. "Mobile Gamers" are defined as adults aged 18+ who have played video games on a mobile device in the last 12 months. 3. "Console Gamers" are defined as adults aged 18+ who have played video games on a console (e.g. Nintendo Switch, Playstation, Xbox) in the last 12 months. 4. "PC Gamers" are defined as adults aged 18+ who have played video games on a PC in the last 12 months. 5. "Gamers" are defined as adults aged 18+ who currently play video games. 6. Role-playing game. 7. Massively multiplayer online role-playing game. 8. Multiplayer online battle arena.
Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004)

We segmented the U.S. gaming population and identified Super Gamers; this valuable segment has the highest level of engagement with video games and represents over one-third of all U.S. gamers

2024 GAMER SEGMENTATION: OUR RESEARCH SHOWS THAT U.S. GAMERS[1] FALL INTO ONE OF THREE SEGMENTS…

ACTIVATE CONSUMER INSIGHT

HIGHER ENGAGEMENT ← → LOWER ENGAGEMENT

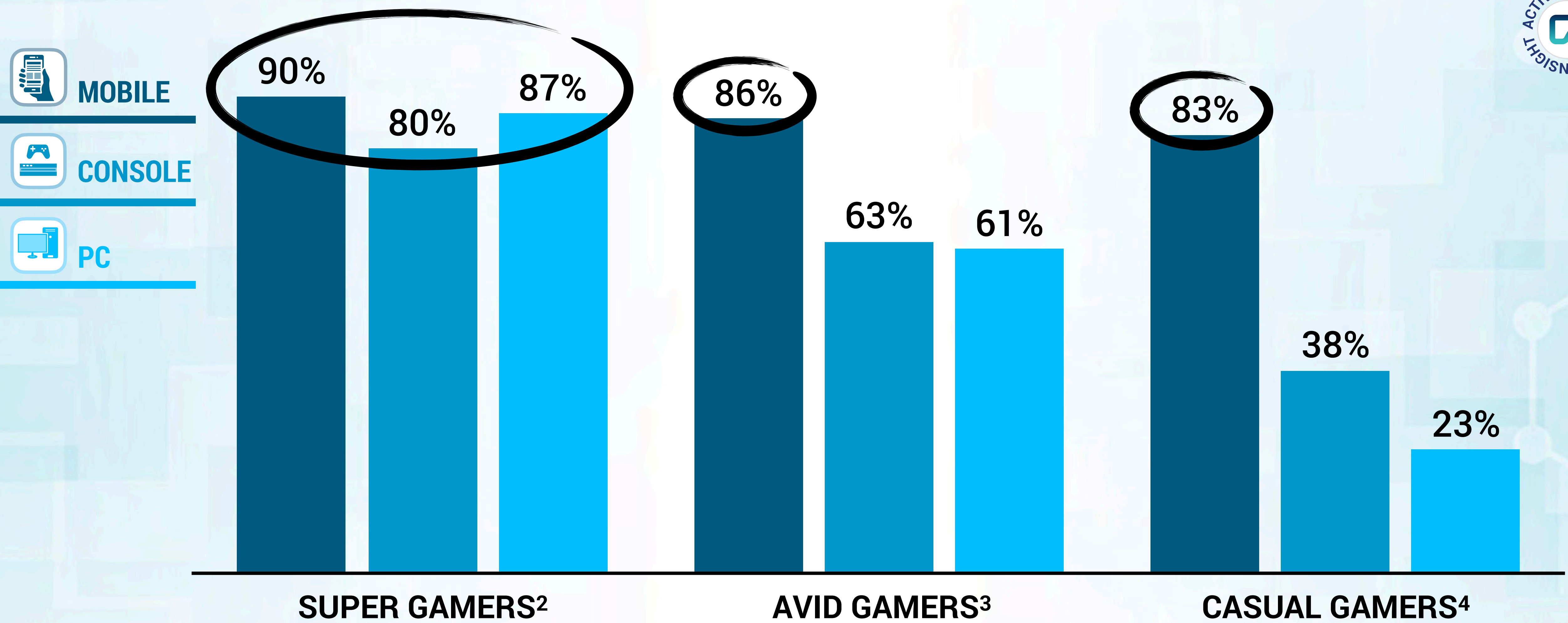


	SUPER GAMERS[2]	AVID GAMERS[3]	CASUAL GAMERS[4]
	34% OF U.S. GAMERS[1] / **59M** IN THE U.S.	**36%** OF U.S. GAMERS[1] / **62M** IN THE U.S.	**30%** OF U.S. GAMERS[1] / **52M** IN THE U.S.
AVERAGE DAILY TIME GAMING (HOURS:MINUTES)	3:48	2:53	1:48
GAMING BEHAVIORS/ TENDENCIES	Play video games as their **primary source** of entertainment	Play video games as **one of a few equivalent sources** of entertainment	Play video games **only when other sources** of entertainment are **unavailable**
GAMING ECOSYSTEM INVOLVEMENT	**Follow gaming content online** (e.g. watch playthroughs, read reviews)	**May follow** gaming content online	**Unlikely to follow** gaming content online

1. "Gamers" are defined as adults aged 18+ who currently play video games. 2. "Super Gamers" are defined as gamers who view gaming as their primary source of entertainment and follow gaming content online. 3. "Avid Gamers" are defined as gamers who view gaming as one of a few equivalent options for entertainment, or gamers who view gaming as their primary source of entertainment but do not follow gaming content online. 4. "Casual Gamers" are defined as gamers who only view gaming as an entertainment option when other options are not available, or gamers who view gaming as one of a few equivalent options for entertainment but do not follow gaming content online.
Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004), data.ai, eMarketer, GWI, Newzoo, Nielsen, NPD Group, Omdia, PricewaterhouseCoopers, U.S. Census Bureau

Super Gamers play video games across all platforms, while Avid and Casual Gamers have higher usage of mobile

PLATFORMS USED FOR GAMING IN THE LAST 12 MONTHS BY SEGMENT, U.S., 2024, % GAMERS[1] BY SEGMENT



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Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004)

Each gamer segment plays a different set of genres, influenced by the platforms on which they play

TOP THREE SUPER GAMER[1] GENRES[2] BY PLATFORM, U.S., 2024, % SUPER GAMERS[1]

TOP THREE AVID GAMER[3] GENRES[2] BY PLATFORM, U.S., 2024, % AVID GAMERS[3]

TOP THREE CASUAL GAMER[4] GENRES[2] BY PLATFORM, U.S., 2024, % CASUAL GAMERS[4]

SUPER GAMERS[1]

Rank	MOBILE		CONSOLE		PC	
1	Action/ Adventure	72%	Arcade	56%	MOBA[5]	39%
2	Trivia/ Word	42%	Fighting	47%	Board	29%
3	Puzzle	42%	MMORPG[6]	43%	Puzzle	28%

AVID GAMERS[3]

Rank	MOBILE		CONSOLE		PC	
1	Puzzle	51%	Fighting	38%	MOBA[5]	26%
2	Board	47%	Action/ Adventure	36%	Shooter	25%
3	Trivia/ Word	46%	Sports	35%	Sandbox	24%

CASUAL GAMERS[4]

Rank	MOBILE		CONSOLE		PC	
1	Puzzle	52%	Racing	12%	Arcade	18%
2	Trivia/ Word	41%	Arcade	11%	Board	18%
3	Board	33%	Action/ Adventure	11%	Puzzle	16%

Note: "Gamers" are defined as adults aged 18+ who currently play video games.
1. "Super Gamers" are defined as gamers who view gaming as their primary source of entertainment and follow gaming content online. 2. Genre usage is defined as having played a genre in the last year. 3. "Avid Gamers" are defined as gamers who view gaming as one of a few equivalent options for entertainment, or gamers who view gaming as their primary source of entertainment but do not follow gaming content online. 4. "Casual Gamers" are defined as gamers who only view gaming as an entertainment option when other options are not available, or gamers who view gaming as one of a few equivalent options for entertainment but do not follow gaming content online. 5. Multiplayer online battle arena. 6. Massively multiplayer online role-playing game.
Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004)

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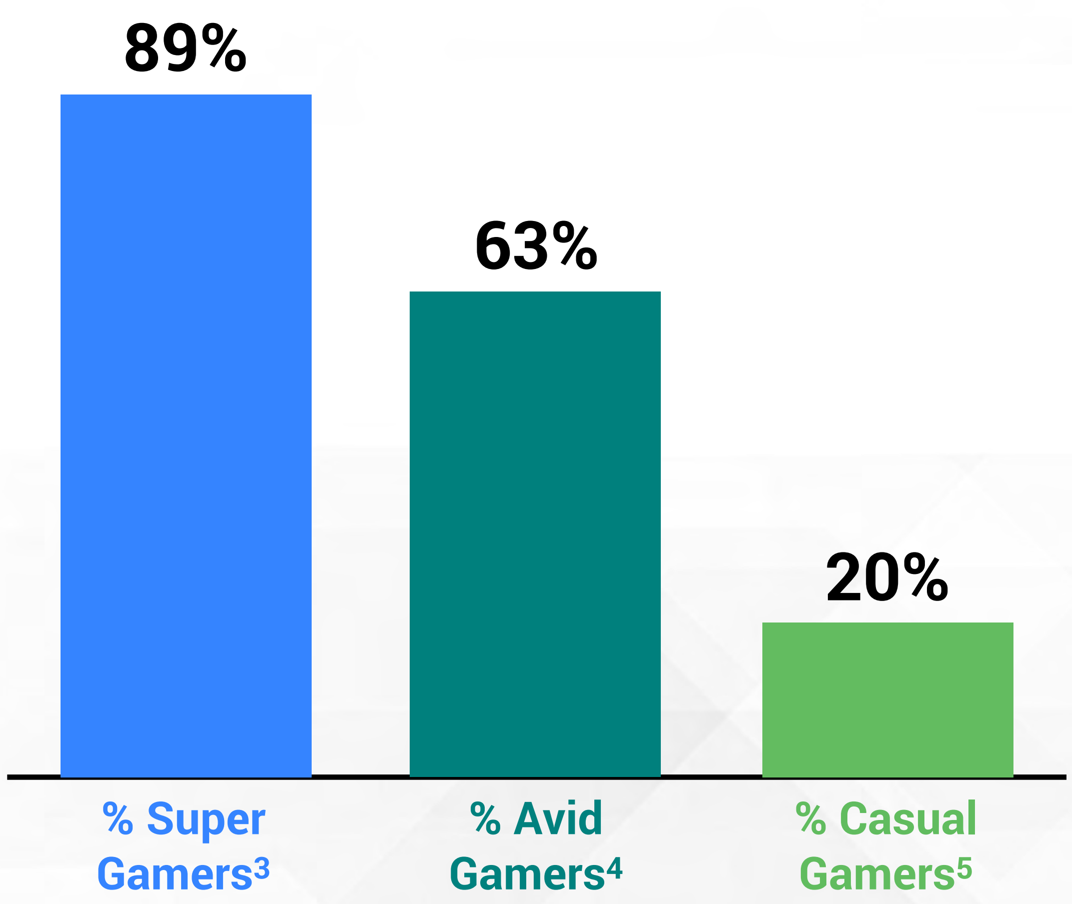
Today, there are already 400M+ people globally in major Metaverse video games and immersive virtual world platforms, and we forecast that there will be 600M+ by 2028

MONTHLY ACTIVE USERS OF SELECT METAVERSE GAMES, GLOBAL, 2024, MILLIONS MAUS

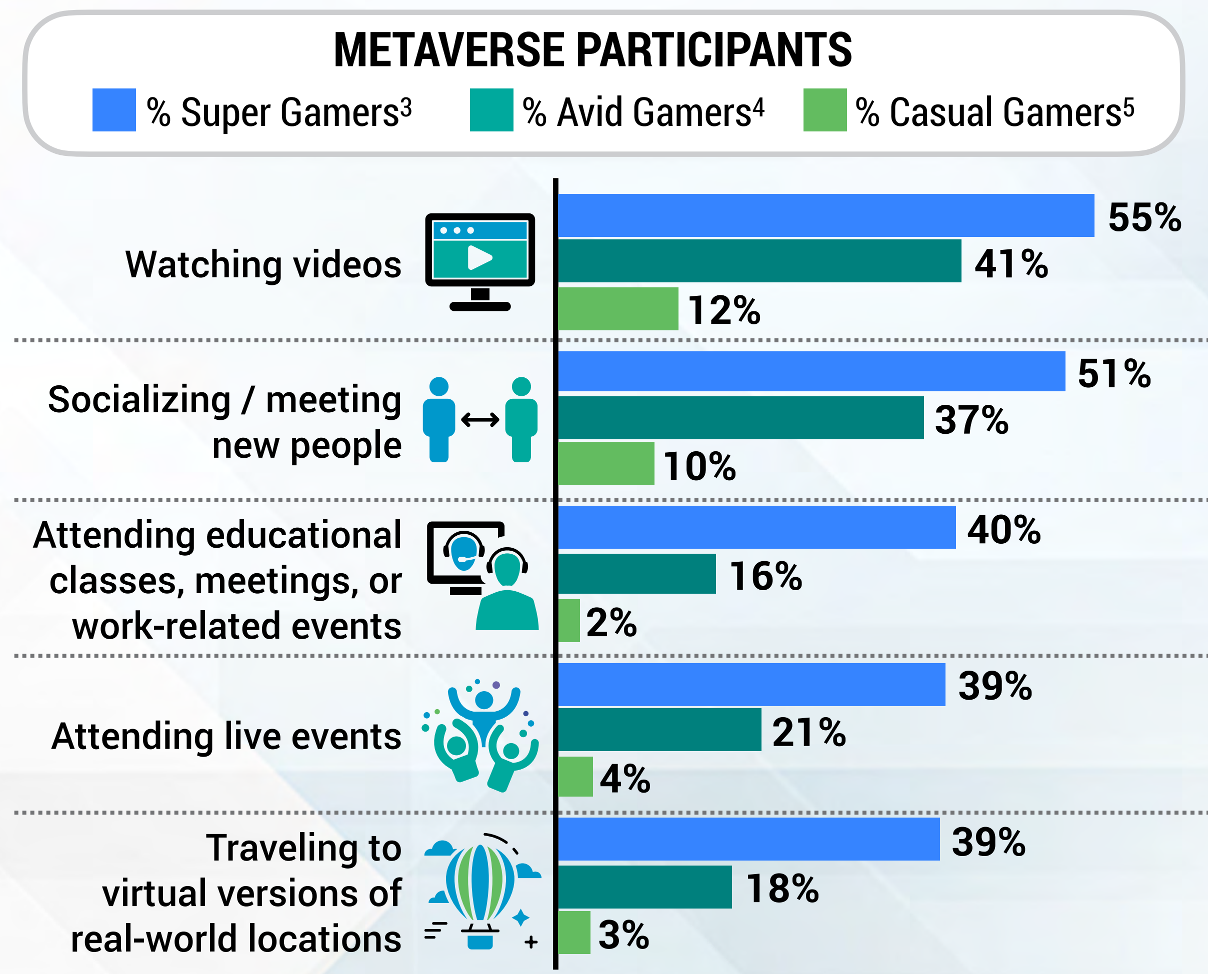
1. July 2024 estimate. 2. As of July 2024. 3. As of Aug. 2024. 4. As of June 2024.
Sources: Activate analysis, ActivePlayer, Sportskeeda

Super Gamers are the earliest adopters of the Metaverse, as they are the most likely to participate in Metaverse activities within games and virtual worlds today

METAVERSE PARTICIPATION[1] IN THE LAST 12 MONTHS, U.S., 2024, % GAMERS[2] BY SEGMENT



METAVERSE PARTICIPATION[1] IN THE LAST 12 MONTHS BY ACTIVITY, U.S., 2024, % GAMERS[2] BY SEGMENT



1. "Metaverse participation" includes socializing / meeting new people, watching entertainment videos / documentaries, attending live events, traveling to virtual versions of real-world locations, and attending educations classes, meetings, or work-related events within an immersive virtual world in the last 12 months. 2. "Gamers" are defined as adults aged 18+ who currently play video games. 3. "Super Gamers" are defined as gamers who view gaming as their primary source of entertainment and follow gaming content online. 4. "Avid Gamers" are defined as gamers who view gaming as one of a few equivalent options for entertainment, or gamers who view gaming as their primary source of entertainment but do not follow gaming content online. 5. "Casual Gamers" are defined as gamers who only view gaming as an entertainment option when other options are not available, or gamers who view gaming as one of a few equivalent options for entertainment but do not follow gaming content online.
Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004)

Generative AI will lower the barrier to entry for in-game creation for both users and developers, further improving the depth of new and existing immersive worlds and experiences

EXAMPLES OF GENERATIVE AI USED FOR DEVELOPMENT AND CREATION WITHIN GAMES

EA UNVEILED "IMAGINATION TO CREATION," AN AI SYSTEM THAT WILL ALLOW USERS TO MODIFY GAMES WITH SIMPLE PROMPTS

HEXWORKS USED GENERATIVE AI DURING THE DEVELOPMENT OF LORDS OF THE FALLEN TO FIX GRAPHICAL INEFFICIENCIES

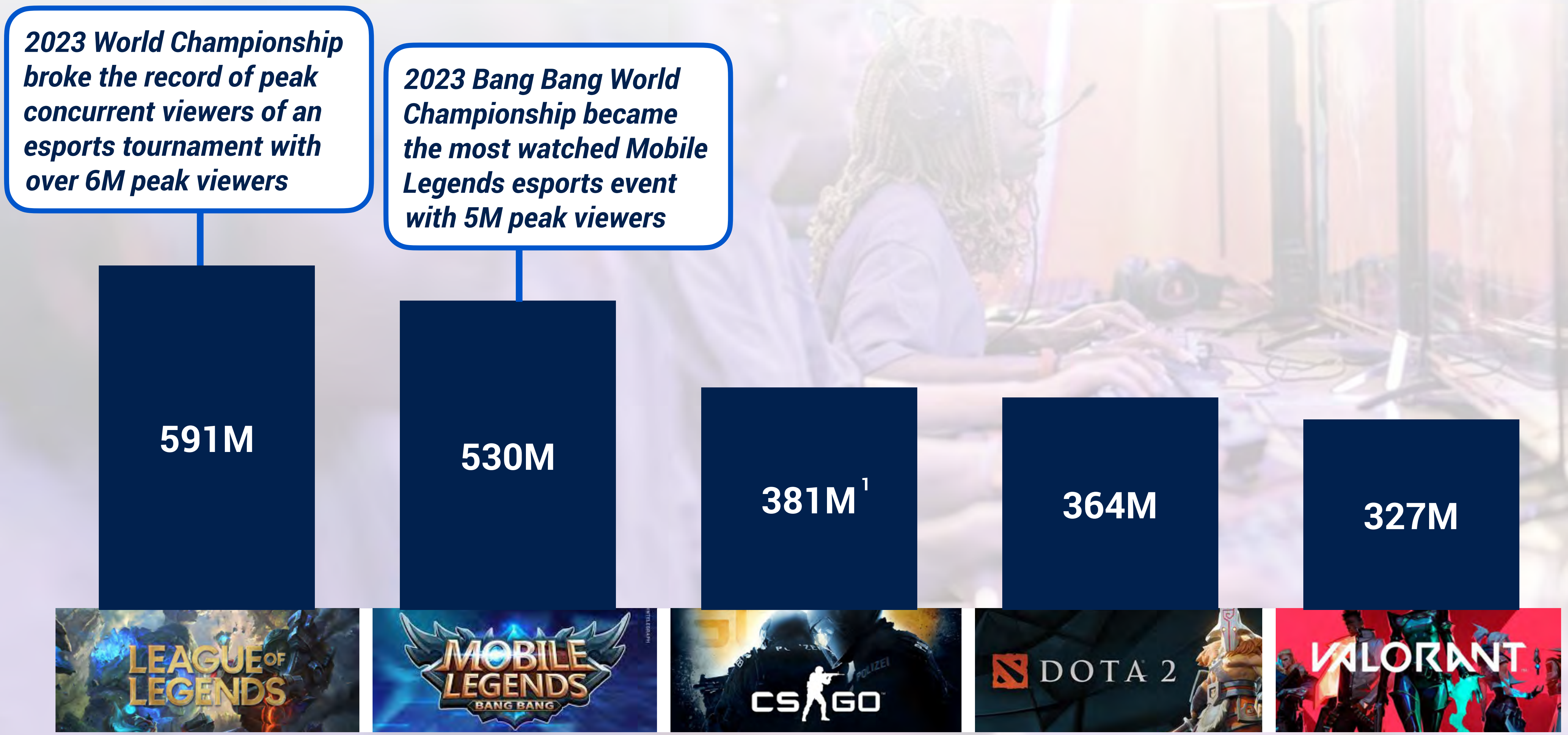
ROBLOX LAUNCHED AN AI CHATBOT TO IMPROVE AND STREAMLINE THE IN-GAME CREATION EXPERIENCE

CYBERPUNK 2077 UTILIZED NVIDIA DLSS AI TECHNOLOGY TO IMPROVE THE RENDERING AND DETAIL OF ITS FUTURISTIC CITY SETTING

Sources: Activate analysis, Company sites

Esports is a global phenomenon; League of Legends and Mobile Legends Bang Bang lead esports viewership with record-breaking peak concurrent viewers in 2023

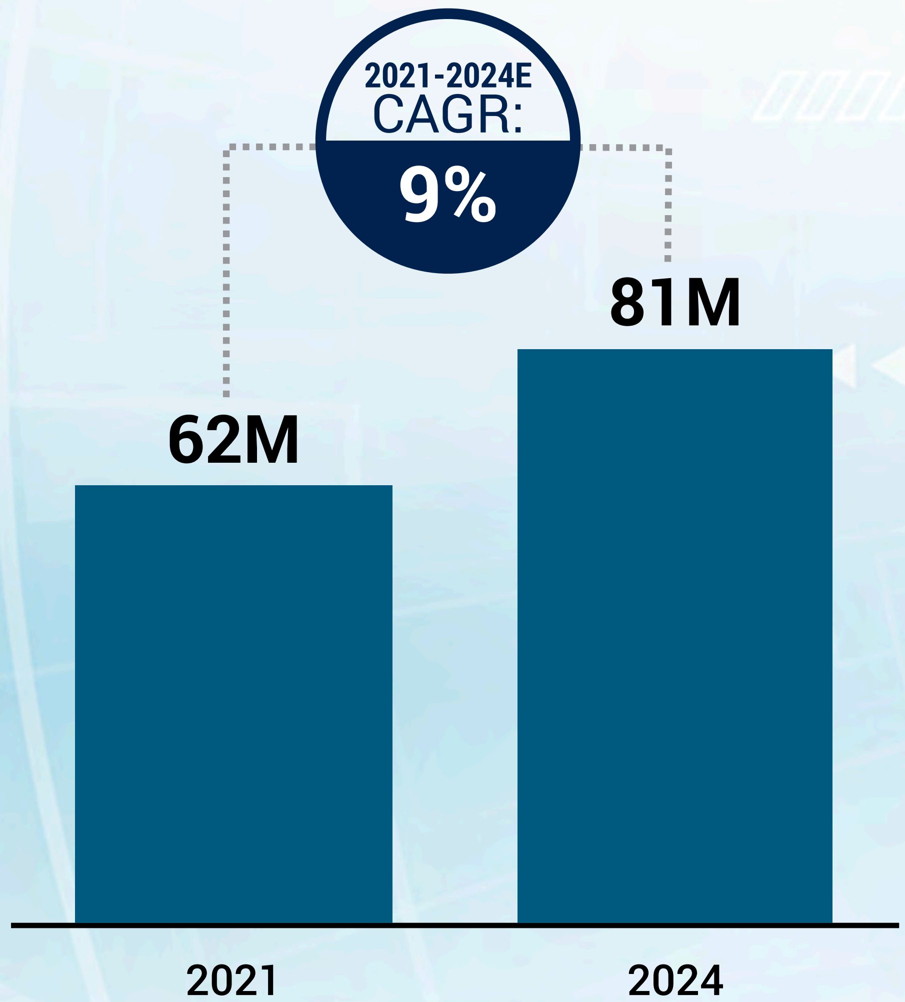
MOST WATCHED ESPORTS GAMES, GLOBAL EXCLUDING CHINA, 2023, MILLIONS HOURS



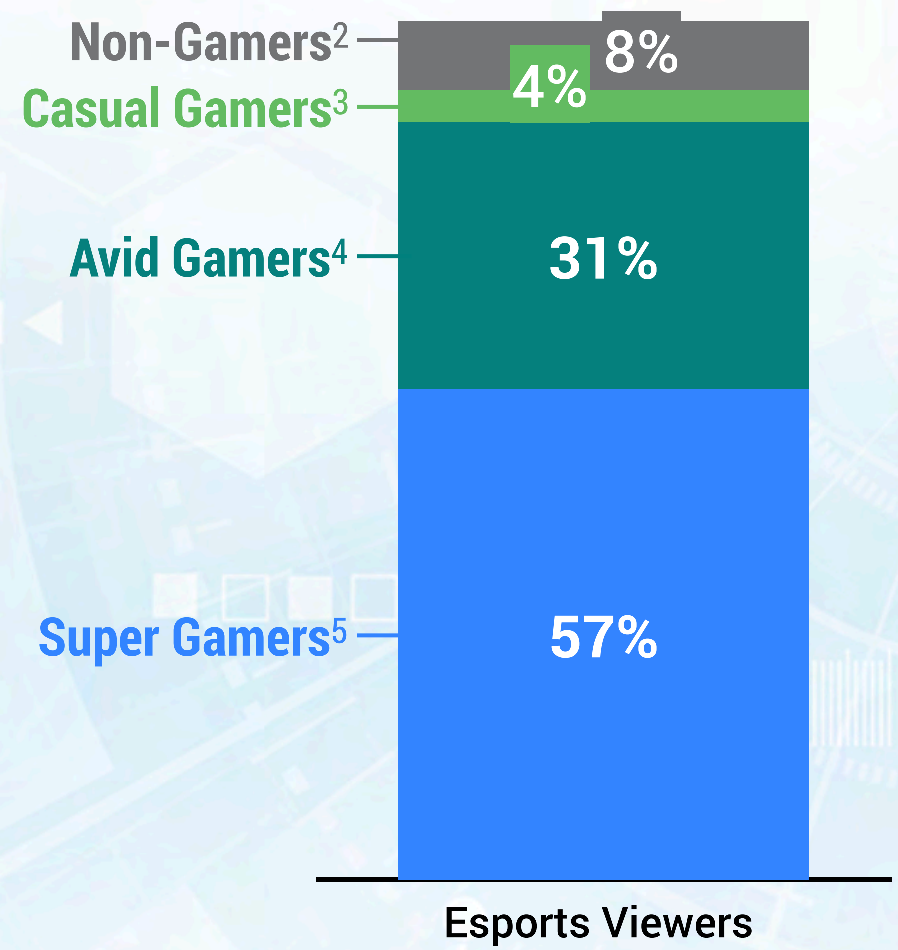
1. Includes hours watched for both Counter-Strike Global Offensive and Counter-Strike 2.
Sources: Activate analysis, Esports Charts, Esports Illustrated, Esports Insider

Esports viewership continues to grow in the U.S., primarily driven by Super and Avid Gamers

ESPORTS VIEWERS[1], U.S., 2021 VS. 2024, MILLIONS ESPORTS VIEWERS



ESPORTS VIEWERS[1] **BY SEGMENT**, U.S., 2024, % ESPORTS VIEWERS



1. "Esports viewers" are defined as adults aged 18+ who have watched or attended esports competitions in the last 12 months. 2. "Non-Gamers" are defined as adults aged 18+ who do not currently play video games. 3. "Casual Gamers" are defined as gamers who only view gaming as an entertainment option when other options are not available, or gamers who view gaming as one of a few equivalent options for entertainment but do not follow gaming content online. 4. "Avid Gamers" are defined as gamers who view gaming as one of a few equivalent options for entertainment, or Gamers who view gaming as their primary source of entertainment but do not follow gaming content online. 5. "Super Gamers" are defined as gamers who view gaming as their primary source of entertainment and follow gaming content online.
Sources: Activate analysis, Activate 2021 Consumer Technology & Media Research Study (n = 4,018), Activate 2024 Consumer Technology & Media Research Study (n = 4,004), U.S. Census Bureau

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Activate Consulting helps technology and media companies drive revenue growth, identify new strategic opportunities, and position their businesses for the future.

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Together, we can help you grow faster than the market and smarter than the competition.

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Thank you!

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