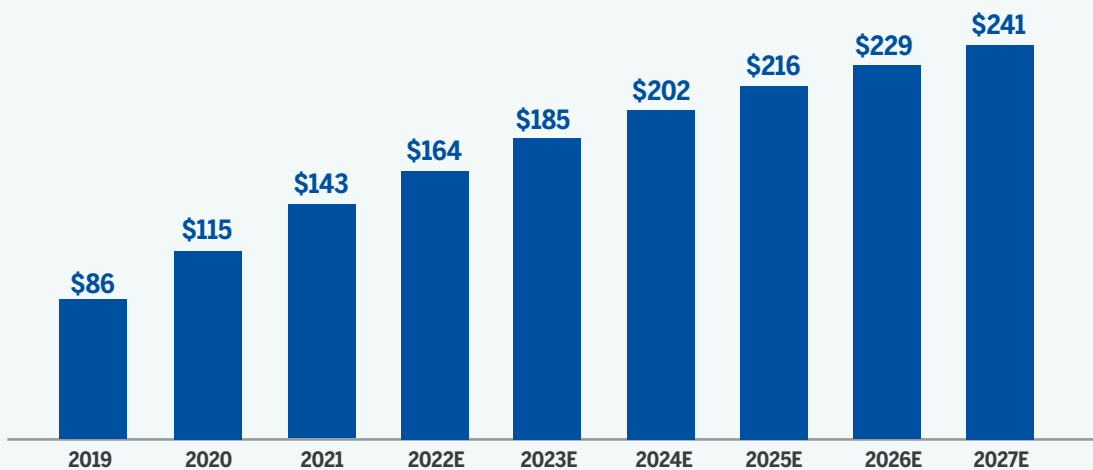


Game On

Since the early days of arcade classics like Pong, to the home consoles that gave rise to wildly successful franchises like Grand Theft Auto, the gaming industry has experienced a colossal transformation. However, an important platform has quickly emerged that has captured over half of the global gaming market by revenue: mobile gaming.¹

Global Mobile Gaming Revenue (in Billions USD)



Source: Worldwide; Statista Digital Market Outlook; Industry estimates are as of July 2022.

- Growth within the mobile gaming industry has been on a steady climb over the years, and was turbocharged during the Covid-19 pandemic. While we will likely see a deceleration in growth in 2022, we believe the mobile gaming environment signals a long runway for growth in years to come.
- There are several mobile gaming trends that appear compelling. From our perspective, for example, free-to-play (F2P) is an effective monetization tool that gives players access to free content, yet cleverly entices them with numerous spending opportunities, potentially earning more revenue versus a one time charge in some cases. Remarkably, the F2P global market for mobile games is estimated to generate over \$78 billion in revenue this year, according to Statista. Another industry tailwind we find appealing is the spread of console content - such as Call of Duty and Fortnite, both F2P - transitioning to mobile devices. While mobile native content remains strong, the incorporation of highly successful console games being offered on mobile is an advantageous enhancement, in our view.
- Global smartphone adoption, coupled with improving cloud-based infrastructure, continues to fuel this growth, allowing the mobile gaming industry to scale rapidly at a low marginal cost. In our view, we find larger game development companies compelling, where global reputation and scale outmatch the smaller players which face intense competition and significant cost hurdles.

¹Source: Game World Observer.



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Data.ai (formerly App Annie), the first unified data artificial intelligence company, in partnership with International Data Corporation (IDC), released the Gaming Spotlight 2022 report. Powered by Game IQ, a data analytics algorithm, the report reveals that mobile gaming represents 61% of the overall gaming market, which is set to hit \$222 billion in 2022.

Video Games are defined as fee-based video games distributed over the internet. Download games include downloads of full versions for gaming consoles or PCs (installation required), mobile games for smartphones and tablet devices (paid app downloads and in-app-purchases), paid or free-to-play online games which can be either played directly in the internet browser or via clients that need to be installed (subscription-based or including in-game purchases) as well as subscription-based gaming networks such as Xbox Live Gold, PlayStation Plus or Nintendo Switch Online. Physical video game sales and demo/trial versions are not included.

Game World Observer is an online gaming magazine. On May 5, 2022, the company released a report on the global market revenue for gaming in 2022, by segment.