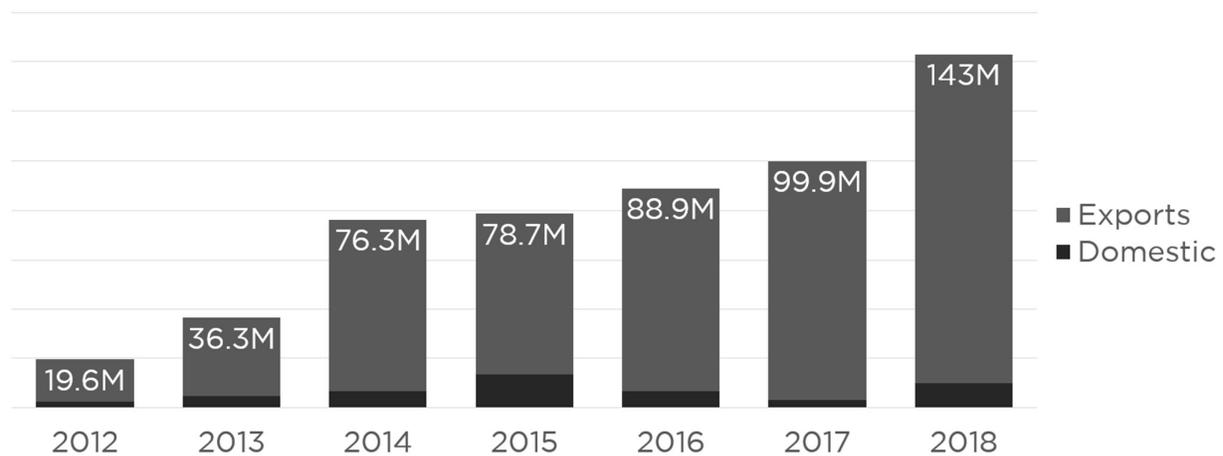


**NZ GAME STUDIO REVENUES GROW 43% TO A RECORD \$143M,
 BUT NEW STARTUPS ARE MISSING OUT**

GROWTH OF NZ GAME EXPORTS 2018

\$143M ANNUAL REVENUE **93%** EXPORT DRIVEN **43%** ANNUAL GROWTH



New Zealand’s game developers earned a record \$143.0M in the financial year ending 31 March 2018 according to an independent survey of New Zealand Game Developers Association studios. That’s 43% growth since last year when the sector first passed the \$100 million mark. 93% of that revenue came from exports of digital creative entertainment software.

Employment in the sector also grew 10% to 550 full-time roles.

MIX OF CREATIVE & HITECH ROLES

130 NEW JOBS PREDICTED IN 2018 **21%** FEMALE EMPLOYEES



“Interactive entertainment is the combination of two of New Zealand’s most successful exports – creativity and code,” says New Zealand Game Developers Association Chairperson Michael Vermeulen.

“The ten largest studios earned 94% of the revenue and employed 81% of the industry, and are eight years old on average. While those trailblazers have proven that games can be a sustainable and profitable business, we’re not seeing a pipeline of new fast-growing studios to join their ranks.”

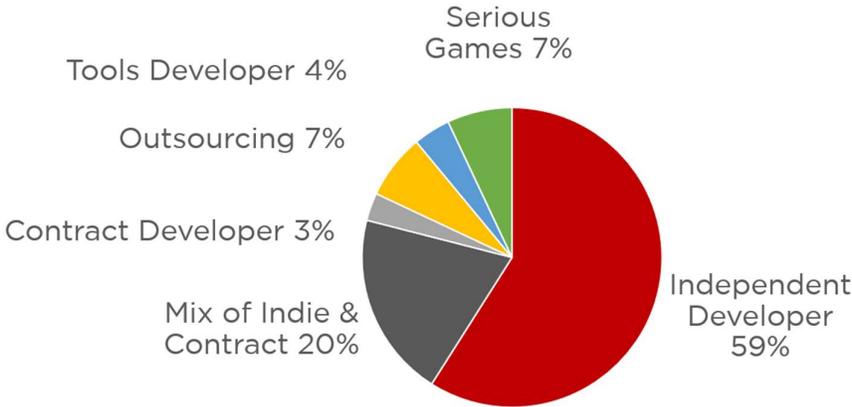
“Since we’re competing in a global market New Zealand should have significantly more large studios. Our potential isn’t limited by New Zealand’s size,” says Vermeulen.

Support for startup game businesses and ‘indie games’ is one of the issues being looked into by a report on Interactive Media and Video Games being undertaken by NZ Tech and the NZ Game Developers Association with support from the Ministry of Business, Innovation and Employment.

The overall industry outlook continues to look good, with 63% of studios expecting more than 10% growth in the coming year. This optimism is reinforced by several local game studios having announced further successes since the survey closed. Bloons Tower Defence 6 by West Auckland-based Ninja Kiwi became the number one paid app in the world, ranking above Minecraft, on both the Apple and Android app stores when it launched in June. Local studio Grinding Gear Games was acquired by the world’s largest games publisher Tencent for over \$100M – one of the largest tech exits in New Zealand history.

Those successes come from studios developing and exporting their own original game IP, rather than contracting for publishers or Hollywood studios. This continues to be the most profitable business model, making up 77% of the industry’s revenue - an increase on previous years. However, it requires more initial development and marketing investment which is lacking in the New Zealand ecosystem. Revenue from contract work (12%) and selling advertising in games (7%) has remained constant, but accounts for a smaller percentage of industry revenues as profits from original IP investments take off.

BUSINESS MODELS



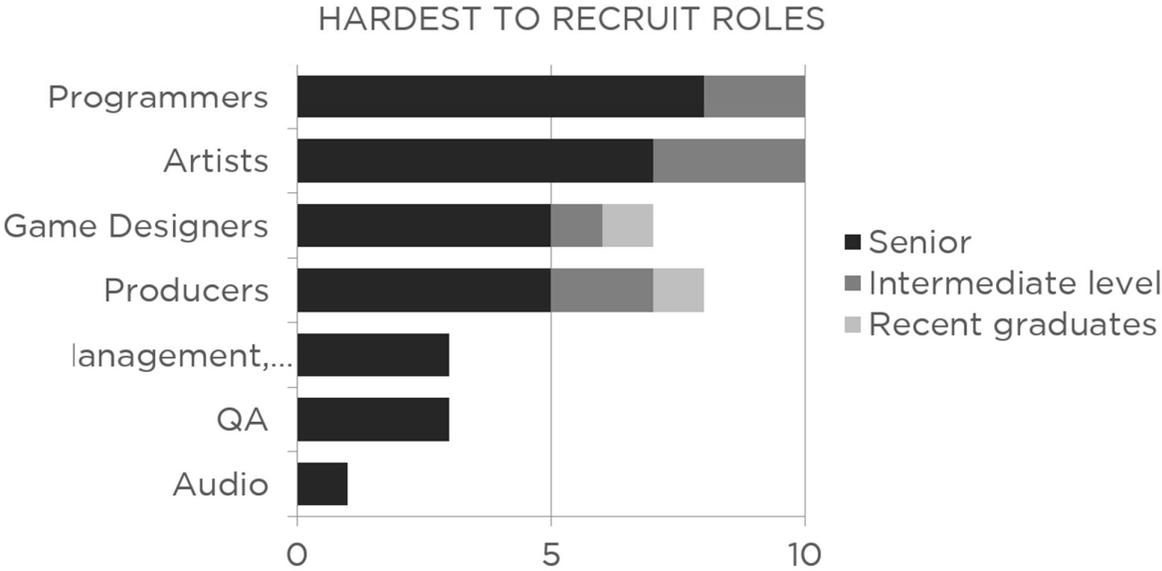
59% of local studios describe themselves as independent self-publishers, while 20% mix contracting with developing their own original IP. 7% said they specialised in virtual reality or augmented reality entertainment.

Scaling up New Zealand’s game studios “from small beginnings” is the theme of this year’s NZ Game Developers Conference, being held at Sky City Auckland today and tomorrow. Over 450 creatives and developers will discuss interactive design, exporting to China, educational games, online community management and business skills.

Video games is one of our fastest growing creative careers, with studios expecting to employ another 130 people in the coming year.

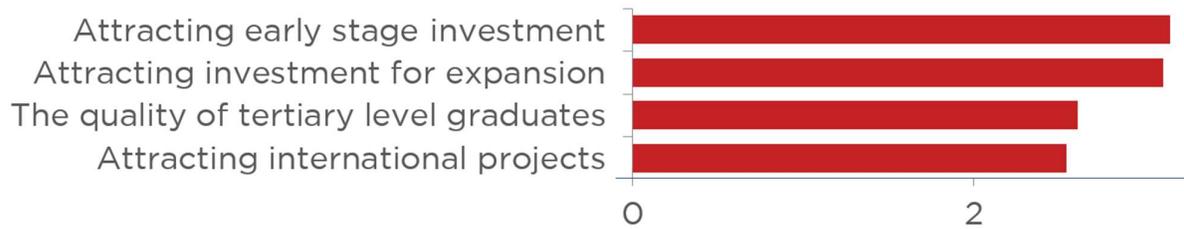
As of March 2018 there were 550 full-time professional game developers working in New Zealand studios, in a mix of creative and technical roles. 31% of employees are artists, 29% are programmers, 12% are in marketing or management, 10% are game designers, 7% work in quality assurance and 6% are producers.

SKILLS SHORTAGES ARE LIMITING GROWTH OF **24%** STUDIOS



However, 24% of studios felt that skills shortages were constraining the growth of their business, especially for experienced senior staff. Many experienced developers come from offshore, with seven studios currently employing 84 staff on work supported visas - 15% of the entire industry.

BARRIERS TO GROWTH



Other barriers to growth identified are difficulties attracting early stage funding, expansion capital, the quality and experience of graduates and attracting international projects.

Diversity continues to be a priority for the Game Developers Association as the sector has only 21% female employees. The Association runs many programmes to attract and retain female game creators, including special events during this week's conference.

The overall interactive games industry in New Zealand is now worth more than half a billion dollars. In addition to making video games, New Zealanders spent \$118.3 million in retail stores on games and \$334.0 million on digital and mobile gaming during 2017 according to figures from the Interactive Games Entertainment Association. The combined value of software development earnings and local consumer spending totals \$595.3 million.

The data comes from a survey of 41 New Zealand Game Developers Association studios conducted by independent researchers Tim Thorpe Consulting Limited and is for the financial year ending 31 March 2018.

For an infographic summarising the report visit www.nzgda.com/survey2018/