

DIGITAL GAMING

Industry Report – Spring 2021

CONFIDENTIAL

Digital Gaming Panel: The M&A Rise & Relevance of Videogames



The M&A Rise & Relevance of Videogames

- ▶ The Forbes M+A Group's inaugural Digital Gaming Panel Event moderated by Forbes' Head of Digital Gaming, JJ Lane. JJ will be joined by a panel of Digital Gaming leaders representing the entire ecosystem of the Digital Gaming industry
- ▶ With the unprecedented rise and relevance of videogames in not only pop culture and society, but the financial markets (blockbuster M&A and IPOs) within the last year, our panelists, Josh Chapman (Konvoy Ventures), Christian Bishop (Method Gaming), Brandon Byrne (Opera Event), Scott Martins (Dire Wolf), and Zhenghua Yang (Serenity Forge) will discuss and analyze all aspects of this explosive and exciting industry

Join Us for the Event!

April 22
9:00 AM
MST

Join on your computer or mobile app

Click here to join the meeting

Or call in (audio only)

+1 970-628-0867,,229434599#

Phone Conference ID: 229 434 599#

Please contact Sara Cody to RSVP
Sara.Cody@ForbesMA.com

The M&A Rise & Relevance of Videogames Panelists



JJ Lane is an avid gamer and his wife would argue he has two jobs: Vice President & Head of Digital Gaming at Forbes M+A by day and “videogamer” by night. Currently, he’s playing Escape From Tarkov, Valheim, and every Wednesday he loves to “send kids back to the lobby” while playing Fortnite with his 9yo daughter. In addition to gaming, JJ is passionate about crypto and the emerging NFT scene.

Prior to Forbes, JJ co-founded several companies, including a leading MedTech Doctor-to-Patient platform and a residential home service consolidator. Previously, JJ was an Associate with St. Charles Capital, a middle market investment bank primarily focused on M&A advisory, where he closed over 20 transactions across a broad array of industries. He began his finance career as an Analyst in New York for J.P. Morgan in its Investment Banking Division. He has advised on over \$2 billion in M&A and capital markets activities across his investment banking career.



⚡ Konvoy Ventures

Josh Chapman
Managing Partner

Josh Chapman is a Co-Founder and Partner at Konvoy Ventures, a Denver-based venture firm with a focus on early-stage companies in the video gaming industry. Before founding Konvoy, Josh built a career in banking as a Product Analyst for BlackRock and then as a Sales and Trading professional at Morgan Stanley.

Konvoy has invested in 17 companies and recently raised its second fund with the target amount of \$50 million.



 **METHOD**

Christian Bishop
Chief Revenue Officer

Christian Bishop is currently serving as Chief Revenue Officer, while managing current and new developer partnerships at Method Gaming, an esports organization. Prior to Method Gaming, Christian was the Commissioner of World Showdown of Esports and served as the Director of Gaming at Thunder Gaming, one of the largest gaming and production centers on the West Coast.



 **Opera Event**

Brandon Byrne
Chief Executive Officer

Brandon Byrne is the CEO for the startup Opera Event, a platform for leveraging social media influencers with asset content creation for clients. Before Opera Event, Brandon was the CFO for Team Liquid and served as an executive at Curse, a PC technology and media company that was bought by Twitch.tv. He is a contributor at TechCrunch and is also an advisor on the UC Santa Cruz board for games and playable media.



 **DIREWOLF**

Scott Martins
President

Scott Martins is the Founder and President of Dire Wolf Digital, an independent game studio focused on strategy card games. Prior to Direwolf, Scott served as the Director of Development at Sony Online Entertainment after Sony acquired Scott’s previous company, Worlds Apart Productions. Worlds Apart Productions specialized in online digital property games and role-playing games.



 **SERENITY FORGE**

Zhenghua Yang (Z)
Executive Director

Zhenghua Yang (Z) is the Founder and Executive Director at Serenity Forge, a values-driven video game development & publishing company focusing on console and PC games, behind titles such as Cyanide & Happiness - Freakpocalypse, Neversong, Lifeless Planet, and other unannounced titles in collaboration with Hollywood studios. Prior to starting Serenity Forge in 2014, Z spent time in the financial sector. Z is also a TEDx speaker and was selected for Forbes 30 Under 30 class of 2020.

Agenda



Digital Gaming
Overview



The Forbes
M+A Group
Overview



Appendix



I. Digital Gaming Overview



DIGITAL GAMING OVERVIEW

2020 was a Historic Year for Gaming as Sales, Viewership, and Consoles Recorded New Records

“We are thrilled to announce our inaugural Digital Gaming Panel Event: The M&A Rise & Relevance of Videogames scheduled for Thursday, April 22 @ 9am MST. We would encourage you to attend as we will be bringing together leaders from across the entire ecosystem of gaming to share their knowledge on this explosive industry. Whether you are already in the gaming industry or on the outside looking for a way in, we believe this panel event is a must!”

JJ Lane – Head of Digital Gaming Group

Gaming Popularity Higher Than Ever to End 2020

- ▶ Hours watched on Twitch increased by 71.7%, reaching an outstanding 18.9 billion hours in 2020
- ▶ Average concurrent streamers also hit a new record in 2020 after increasing 73.5% to an average of 2.2 million streamers
- ▶ Gaming is continuing to become a daily routine as weekday gameplay increased by 52%
- ▶ The global games market is expected to generate \$189 billion in revenue, 18.6% YoY growth
- ▶ Next-Gen consoles are still struggling to meet demand as production issues continue amidst record sales

Microsoft Looks to Acquire Discord

- ▶ Discord is a free voice, video, and text chat app used to talk and hang out with their communities and friends
- ▶ The platform has ~140 million monthly active users after it doubled in users in 2020
- ▶ Discord is in discussion with Microsoft about a potential acquisition that would value Discord at \$10 billion

Roblox IPO

- ▶ Roblox is a global platform where millions of people gather together every day to imagine, create, and share experiences with each other in immersive, user-generated 3D worlds
- ▶ Roblox took the world by storm in 2020 and since its IPO on March 10th the stock has increased nearly 20.9%

Source(s): Twitch Tracker, Newzoo, Konvoy Ventures, The Esports Observers, Unity



DIGITAL GAMING OVERVIEW

Digital Gaming Continues to Grow and Become More Prevalent

Best Selling Video Games 2020

**CALL OF DUTY
BLACK OPS
COLD WAR**

**CALL OF DUTY
MODERN
WARFARE**

**Animal
Crossing
New Horizons**

- ▶ Call of Duty continued to be one of the best-selling franchises ever with its Cold War and Modern Warfare games. In a span of a year Black Ops Cold War recorded revenues of ~\$3 billion
- ▶ As of November 2020, Modern Warfare had a total player count of 50.2 million between PlayStation and Xbox
- ▶ Animal Crossing: New Horizons sold an outstanding 31.2 million copies in 9 months after launching in March 2020

Roblox is the Latest Gaming Company to go Public in its Direct Listing

ROBLOX

- ▶ Roblox debuted on the NYSE on March 10th with an EV of \$38 billion. As of 4/16, the EV increased 9.3%
- ▶ The company originally planned to IPO in December 2020 but decided with a direct listing instead for greater control over the pricing
- ▶ In 2020, Roblox saw its daily active users increase 85% to 32.6 million
- ▶ Engagement also hit an all-time high as the average hours spent on the platform reached 2.7 hours per user per day or 30.6 billion hours total. Up from 24.7 billion hours the year before

The Next Gen Consoles Have Arrived...But In Still Have Limited Supply

PS5

**SERIES
X**

- ▶ PS5 orders outpaced Xbox Series X orders by ~50%
- ▶ The Xbox Series X and PS5 aren't expected to be readily available until June and July, respectively. Nearly 8 months after their launches in November
- ▶ Reviews of both consoles have been overwhelmingly positive from both consumers and professional reviewers
- ▶ The lack of next gen ready games has caused some consumers to wait until they can fully utilize all the PS5 and Xbox can offer
- ▶ Supply chains issues are continuing to cause the delays for the consoles

Unity Continues to Dominate the Gaming World Despite Declining Stock Price

unity

- ▶ 5B downloads per month of apps built with Unity
- ▶ 94 of the top 100 development studios use Unity to develop their games
- ▶ Unity Ads has led to 253+ million new users/installs per month for developers utilizing its platform
- ▶ Despite hitting an all-time high in December, the stock has decreased 38.7% in a three-month time span

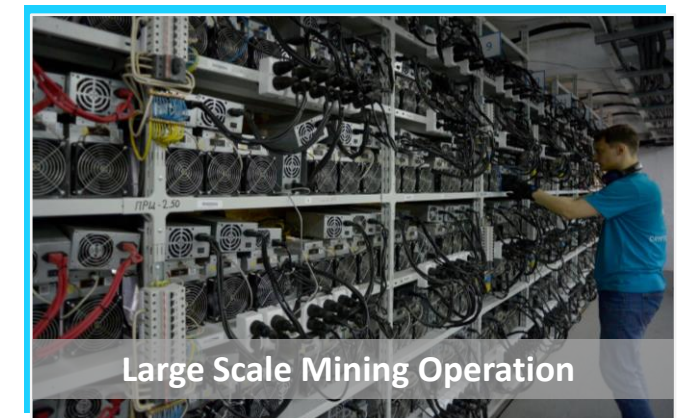
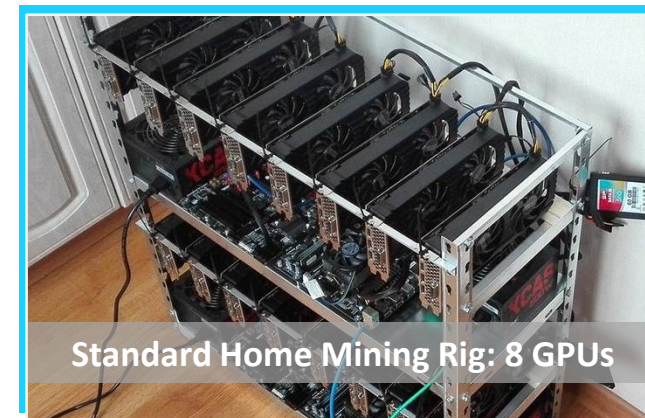
Source(s): Capital IQ, MSN, Gamestat



DIGITAL GAMING OVERVIEW

The Great GPU Shortage of 2020 (and 2021) – How Does it Impact Gaming & What's Driving It?

- ▶ GPUs (aka Graphics Cards) play a central role in PC gaming as they enhance and drive the graphics and performance of the PC, ultimately improving the gaming experience for the user
- ▶ Since the middle of 2020, GPUs have been harder to acquire than PS5s and XBOX Series X due to the rise in PC gaming (that we have covered extensively) as well as the meteoric rise of crypto currency prices
- ▶ GPUs are used to mine crypto currencies, most notably Bitcoin and Ethereum, and while the average gamer only needs one GPU for his gaming rig, a miner will acquire as many as they can get their hands on due to the relationship between GPUS > mined crypto. Put simply, the more GPUs you have, the more crypto you can mine
- ▶ This surge in demand has created a massive secondary market, with GPUs selling instantly for 2x retail, pricing out most gamers who want a GPU for an experience, not profit
- ▶ Nvidia is warning about supply shortages for the rest of 2021. “We expect demand to continue to exceed supply for much of this year,” said Colette Kress, Nvidia CFO, on an investors call earlier this week
- ▶ NVIDIA attempted to combat miners using their GPUs by releasing a patch inside their RTX 3060 cards that would reduce the hash rate of miners (essentially make them obsolete for mining), but workarounds were discovered, and miners returned to business as usual
- ▶ We will continue to monitor this developing trend, but currently no end in sight for supply to catch up with the demand





DIGITAL GAMING OVERVIEW

Digital Gaming Overview



~2.8 Billion

Gamers
Worldwide



33

Average Age of
a Gamer



+5.3 Billion

Hours Streamed
in 1Q 2021



Digital gaming consists of console, PC, and mobile games and encompasses esports, streaming, and sponsorships.



Gaming is becoming more mainstream, merging the casual and competitive scenes, reaching larger audiences than ever before.



Mobile gaming is continuing to grow in popularity as the mobile device population continues to boom.



Digital gaming is expected to reach \$189.3B in revenue in 2021.



The U.S. and China are dominating the gaming universe with nearly 50% of revenue market share.

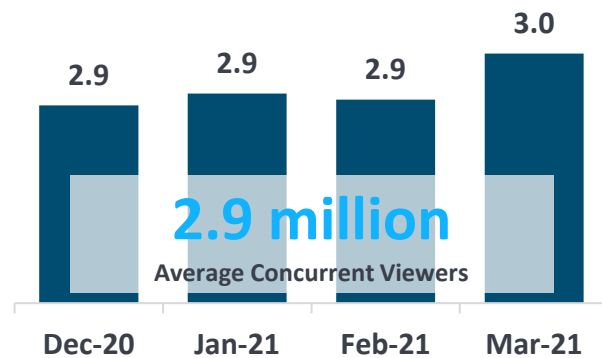
Source(s): Newzoo, Twitch Tracker



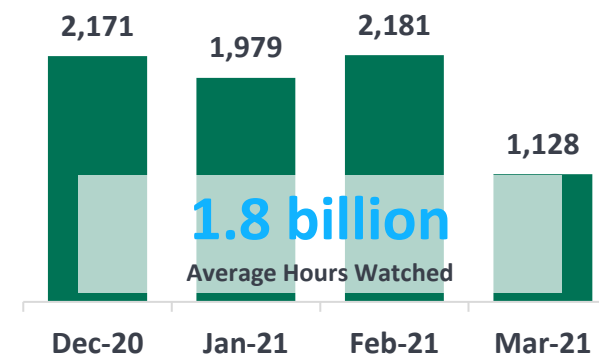
DIGITAL GAMING OVERVIEW

Large and Ever-Expanding Market

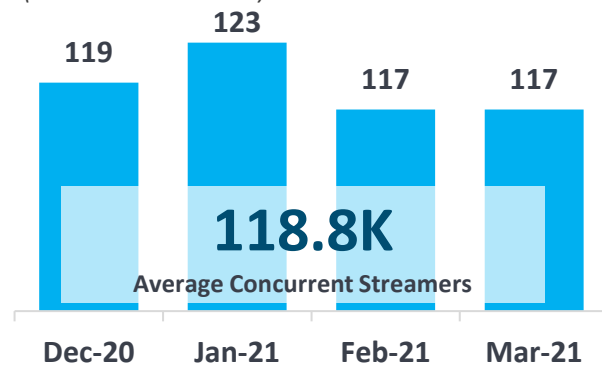
(Viewers in Millions)



(Hours in Millions)



(Streamers in Millions)



Average concurrent viewers on Twitch reaches new record in 1Q 2021



Hours watched on Twitch followed suit and breaks record by nearly 600 million hours in 4Q 2020 and slightly falls in 1Q 2021



The average number of streamers exceeds 100k for the first time ever



Greater than 1/3 of the North American population is playing video games

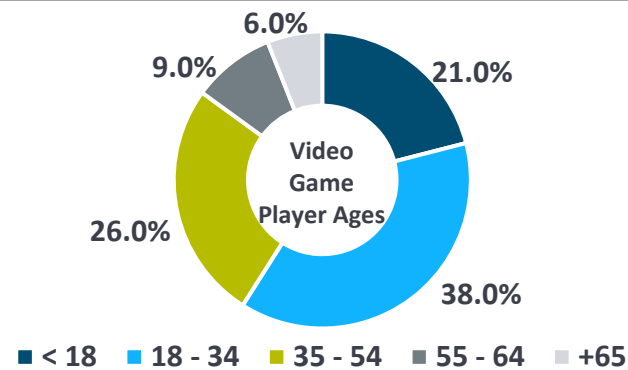
Source(s): Twitch Tracker as of 3/31/2021, Konvoy Ventures



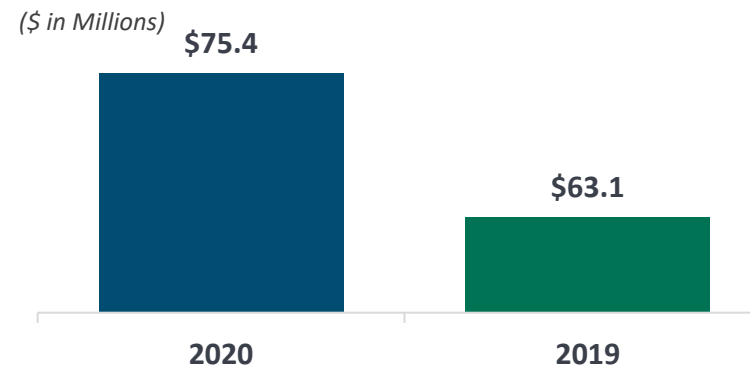
DIGITAL GAMING OVERVIEW

Diverse Gaming Demographics

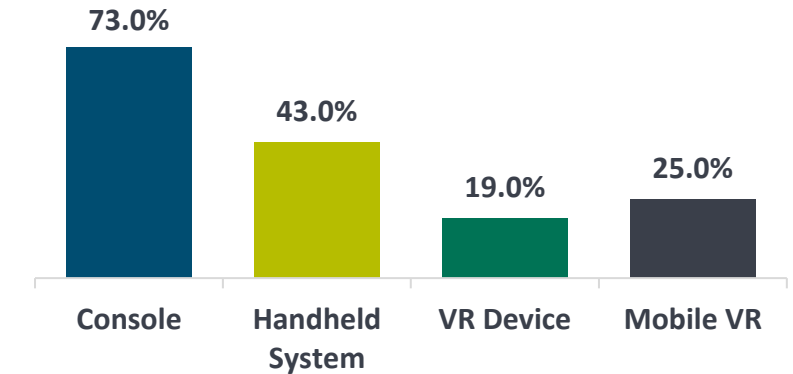
Video Game Players by Age



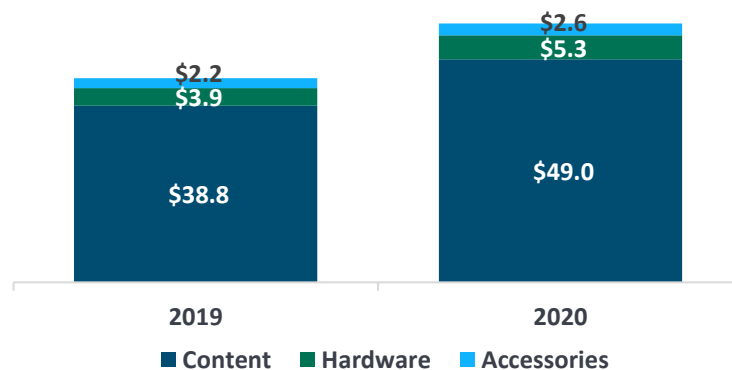
Mobile Game Spending is up 15% in YoY



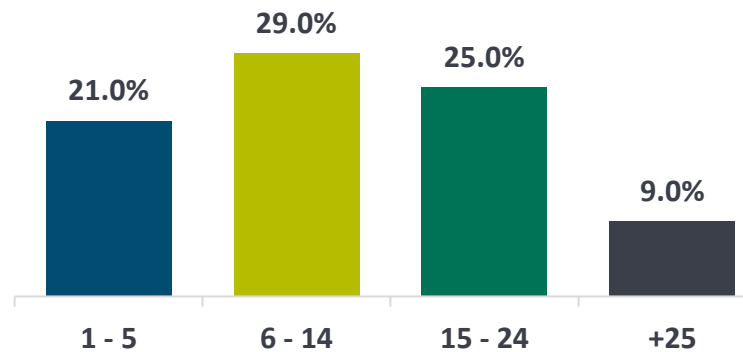
Devices Owned by Gamers



U.S. Video Games Spending Continues to Climb



Years Spent Playing Video Games



Why People Play⁽¹⁾



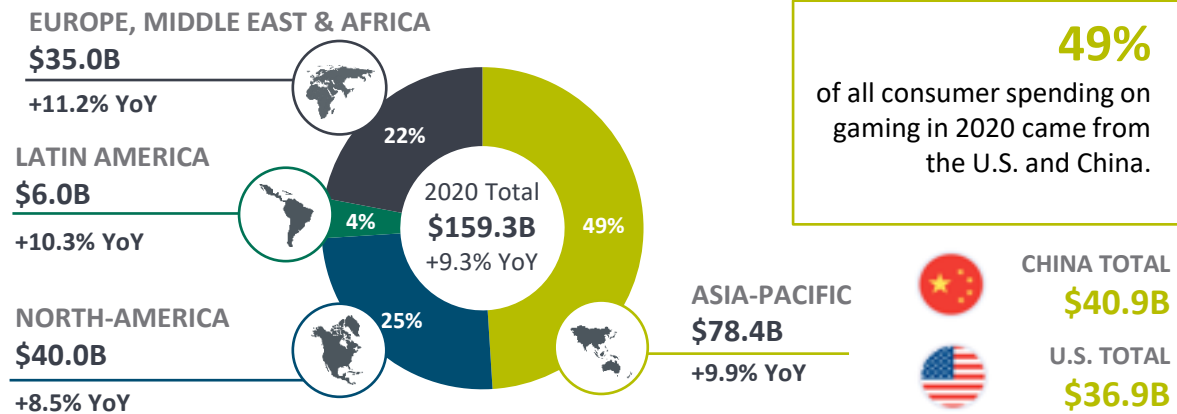
Note: (1) Percentages vary based on age range and gender
Source(s): Venture Beat, Theesa



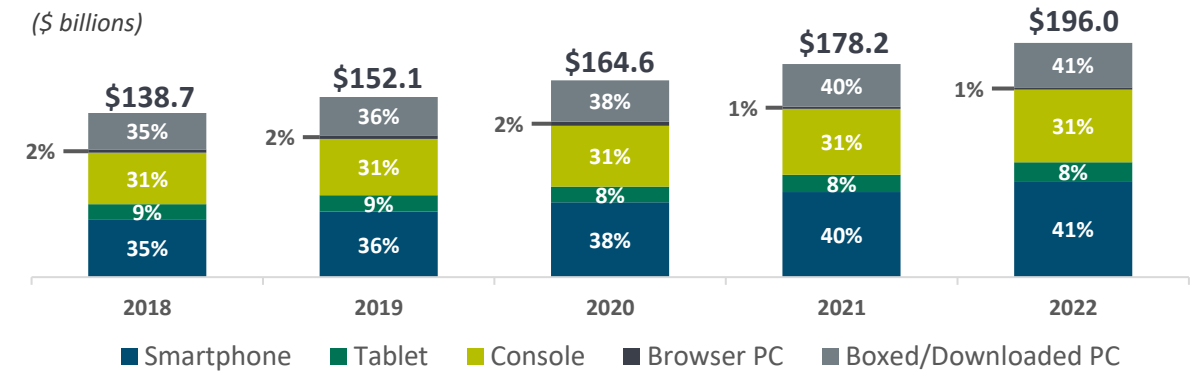
DIGITAL GAMING OVERVIEW

Digital Gaming Industry Outlook

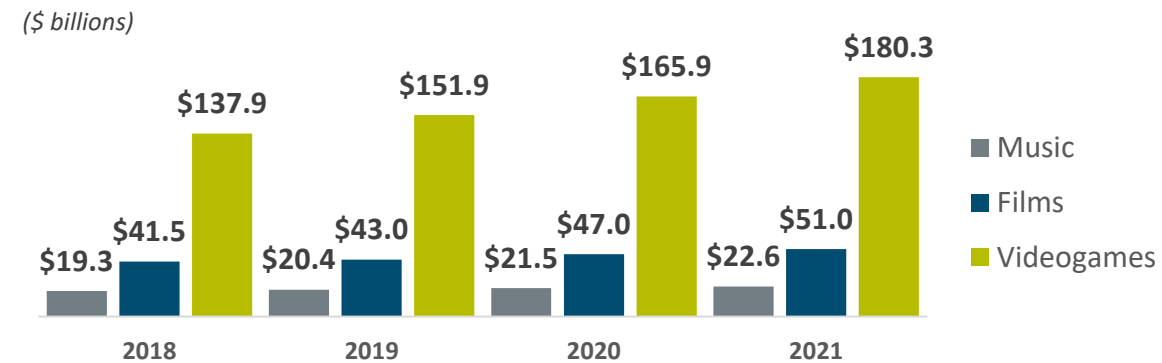
U.S. and China Dominate the Global Gaming Market



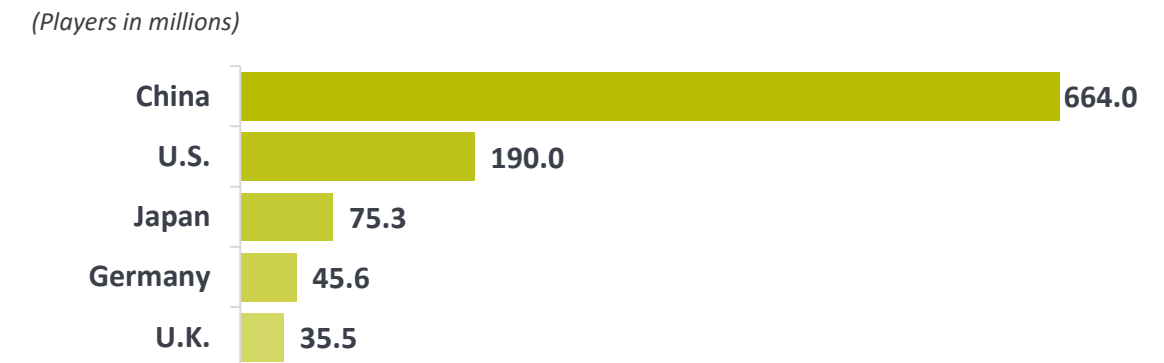
Global Gaming Is on the Rise With the Help of Smartphones



Gaming Sales Continue To Outpace Music and Movie Sales



The Top 5 Gaming Markets Exceed 1 Billion Players for the First Time Ever



Source(s): Newzoo, Konvoy Ventures, Company Websites



DIGITAL GAMING OVERVIEW

Digital Gaming Universe (1/5)

Technology

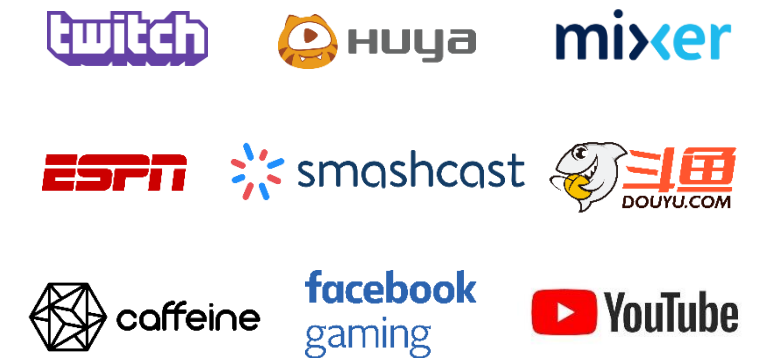
Hardware



Augmented & Virtual Reality



Streaming and Content



Fantasy Sports and Betting

esports Betting



Source(s): Konvoy Ventures, GP Bullhound Report



DIGITAL GAMING OVERVIEW

Digital Gaming Universe (2/5)

Game Development

Developers



Publishers



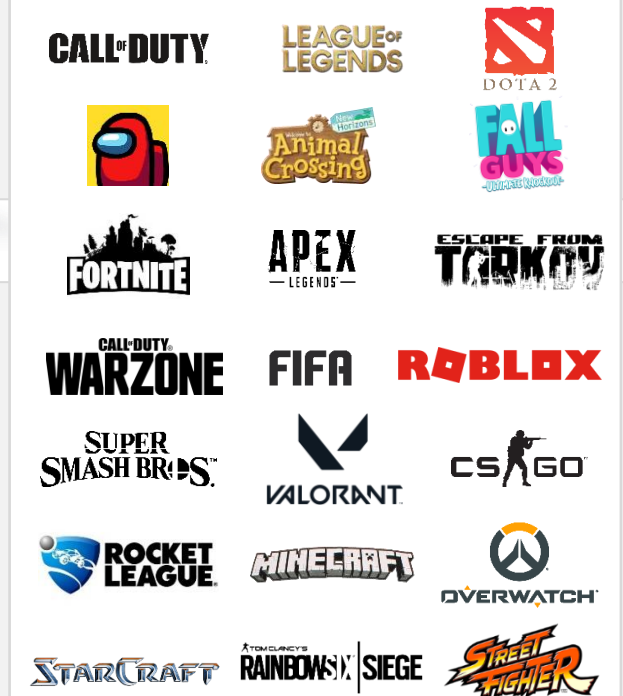
Distribution



User Generated Content



Major Games



Related Services

Data Analytics



Peer to Peer



Sponsors and Sponsorship Services



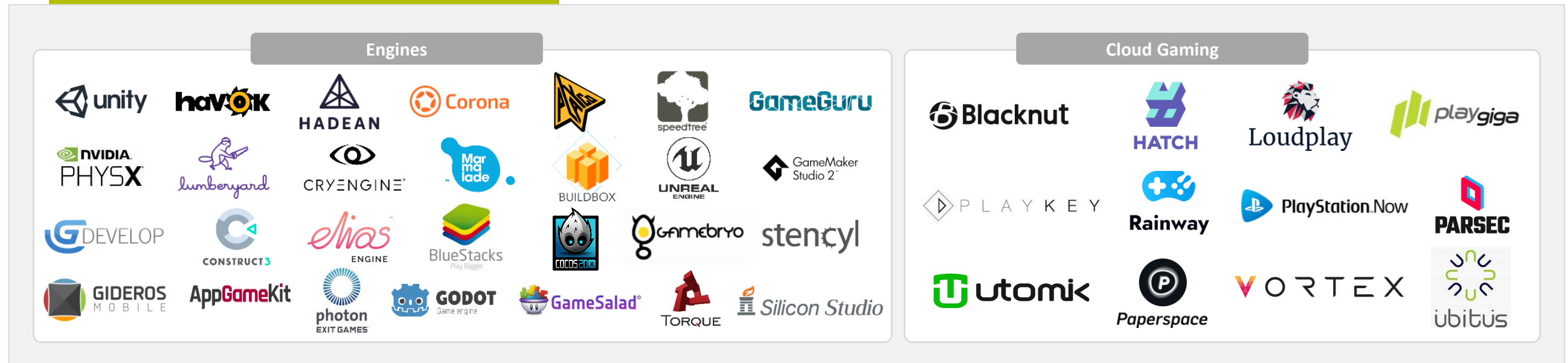
Source(s): Konvoy Ventures, GP Bullhound Report



DIGITAL GAMING OVERVIEW

Digital Gaming Universe (3/5)

Additional Game Development & Services



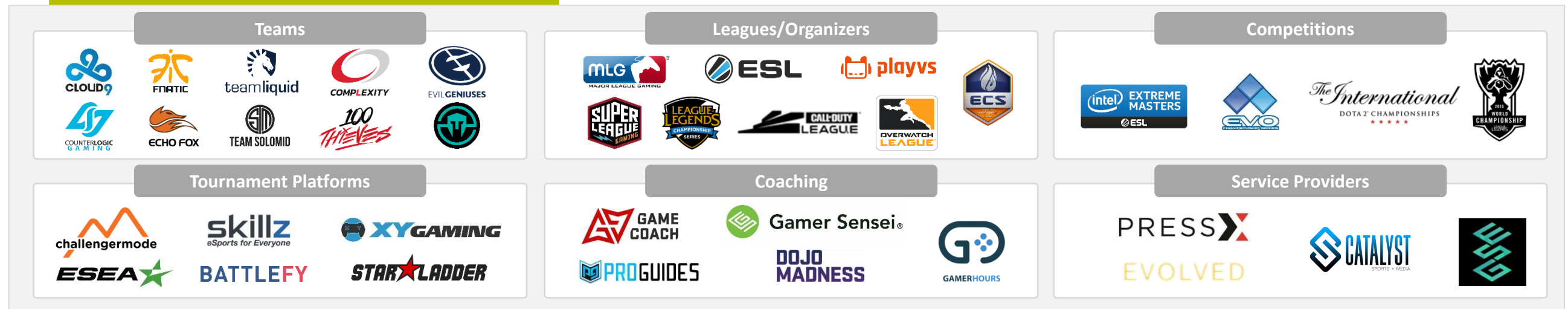
Source(s): Konvoy Ventures, GP Bullhound Report



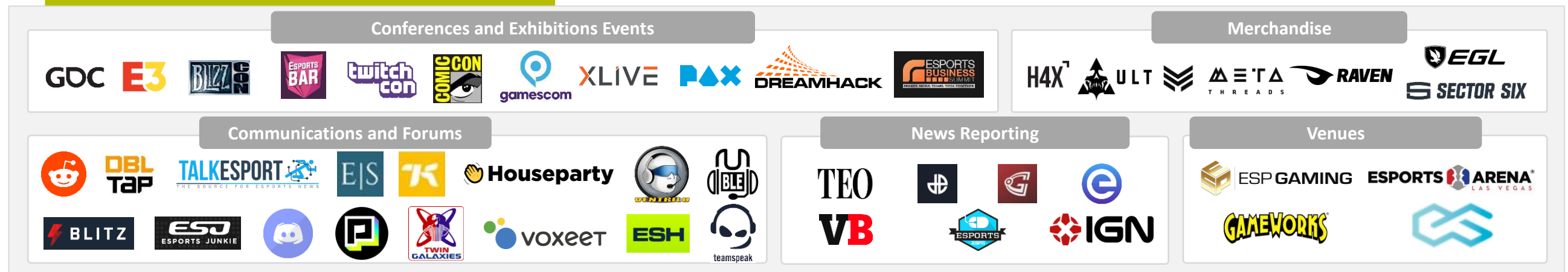
DIGITAL GAMING OVERVIEW

Digital Gaming Universe (4/5)

Professional Scene



Community



Source(s): Konvoy Ventures, GP Bullhound Report

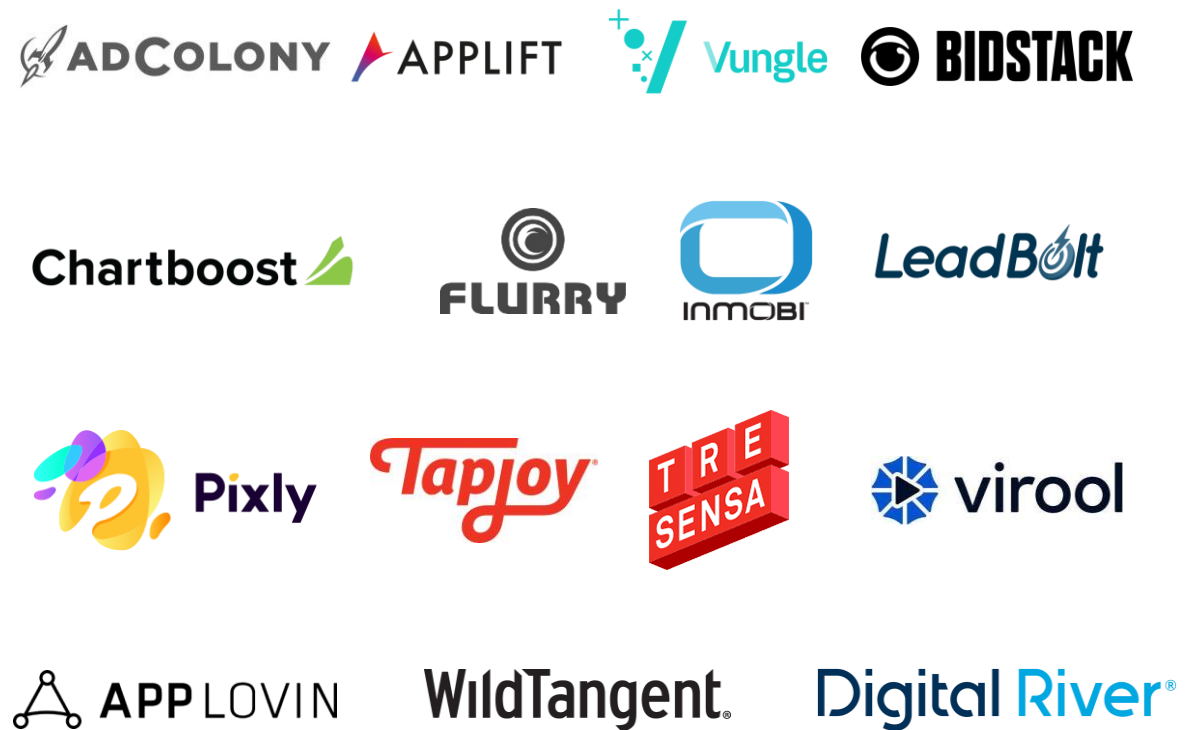


DIGITAL GAMING OVERVIEW

Digital Gaming Universe (5/5)

Other Gaming Services

Advertising



Payments



Source(s): Konvoy Ventures, GP Bullhound Report



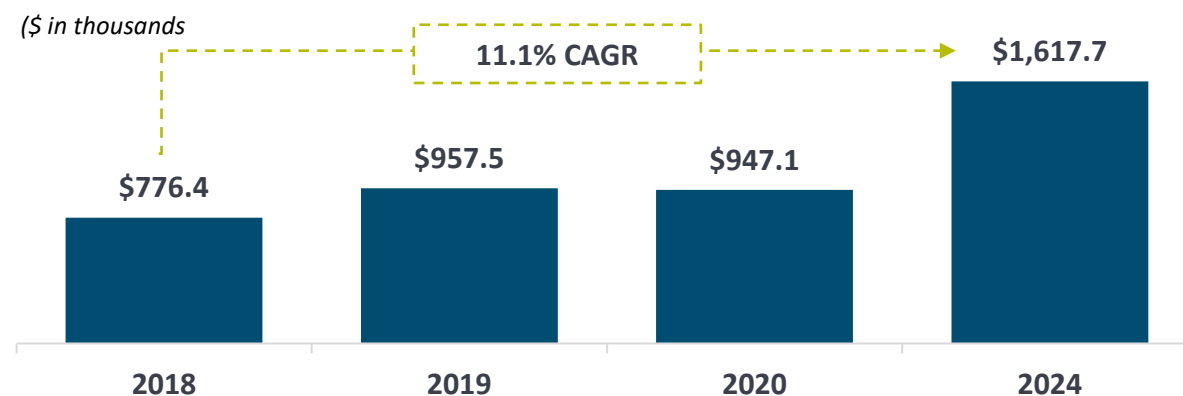
DIGITAL GAMING OVERVIEW

The Professional Scene Continues to Expand in Size and Popularity...

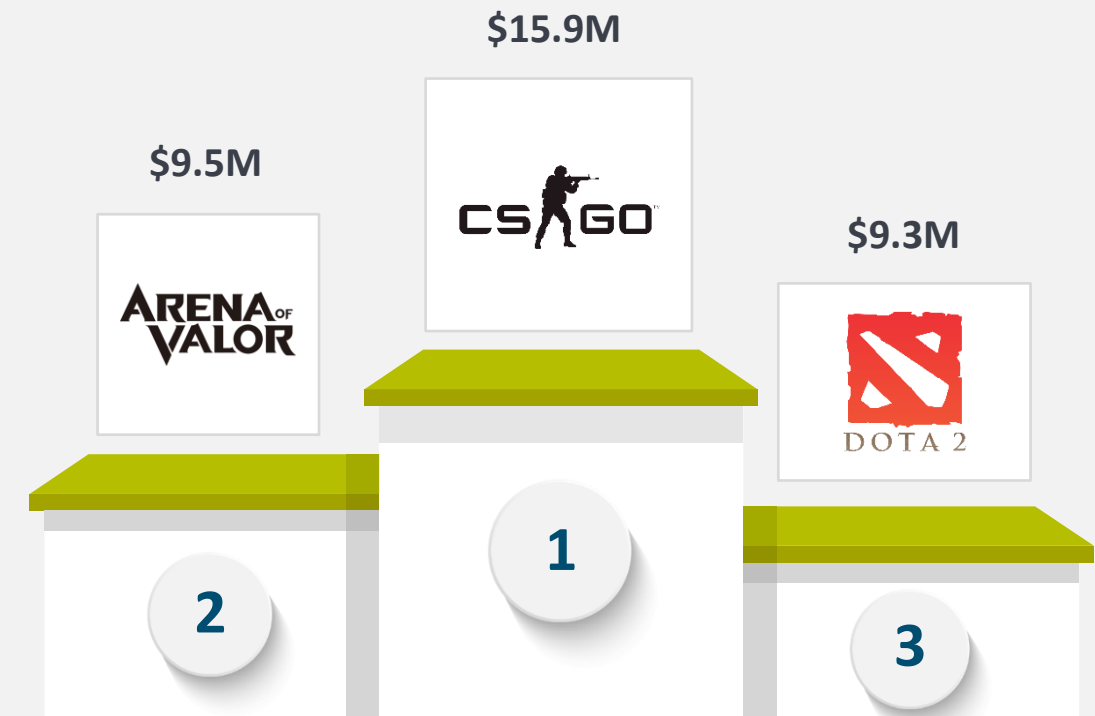
Representative Companies

		Value	EV/Revenue
Professional esports organization.	 TEAM SOLOMID	\$410M	9.1x
Game developer and content provider	 ENGINE MEDIA	\$156M	8.8x

esports Revenue Growth



Top Prize Pools Awarded Declined by 73.8% in 2020



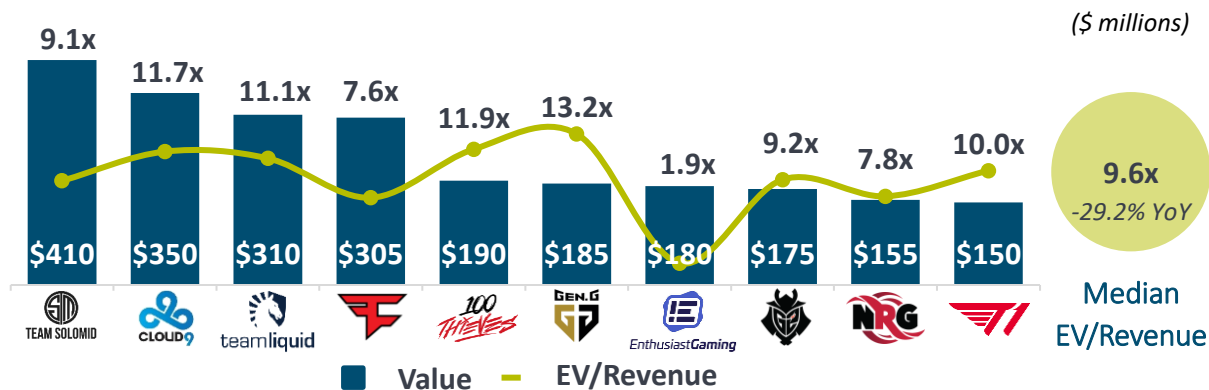
Source(s): The Esports Observer, Newzoo, esports Earnings, and Capital IQ as of 4/16/2021



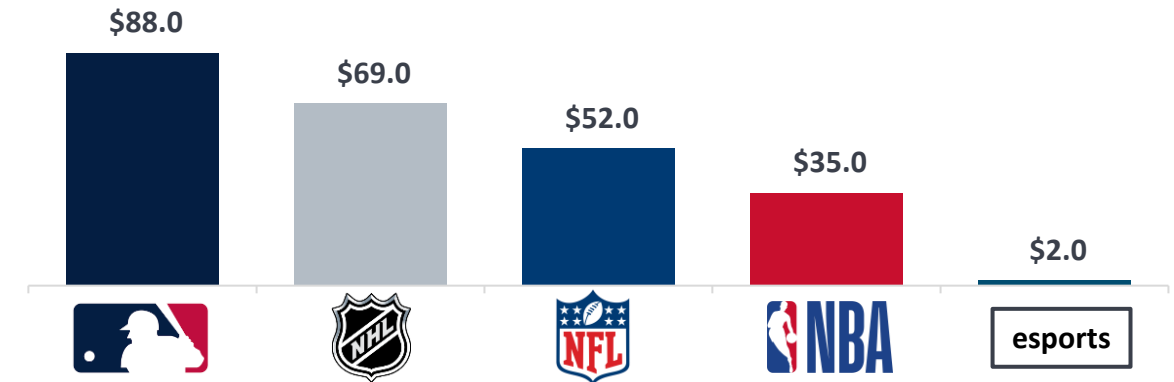
DIGITAL GAMING OVERVIEW

...But the Current esports Model Bubble May Have Begun to Burst

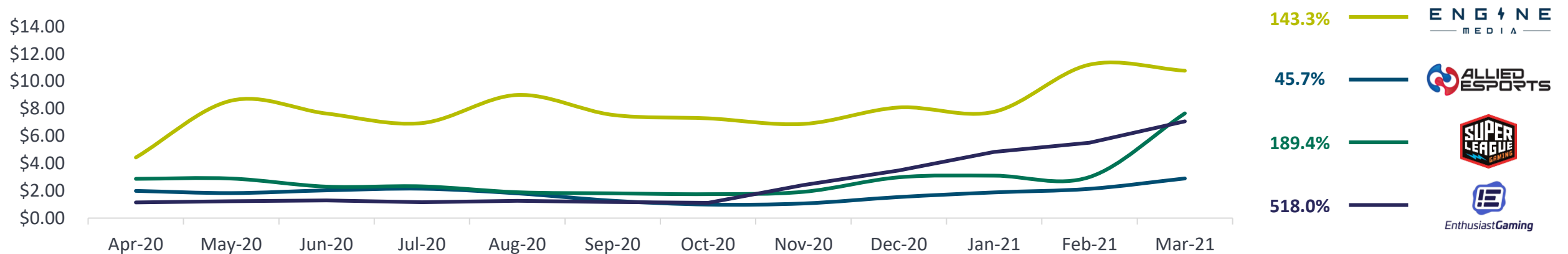
esports Teams See Values and Multiples Decline...



...As a Result of Failing to Generate Revenue...



...And the Publicly Traded esports Companies Have Seen Significant Growth as They've Started to Recover from Their Steep Decline in March 2020⁽¹⁾



Note(s): (1) TTM period is 4/30/2020 – 3/31/2021

Source(s): Twitch Tracker, Forbes, Capital IQ, and Company Websites



DIGITAL GAMING OVERVIEW

The Console Market is Exploding with the Launch of the Next-Gen Xbox and PlayStation...

Record Setting 9th Generation Console Launch

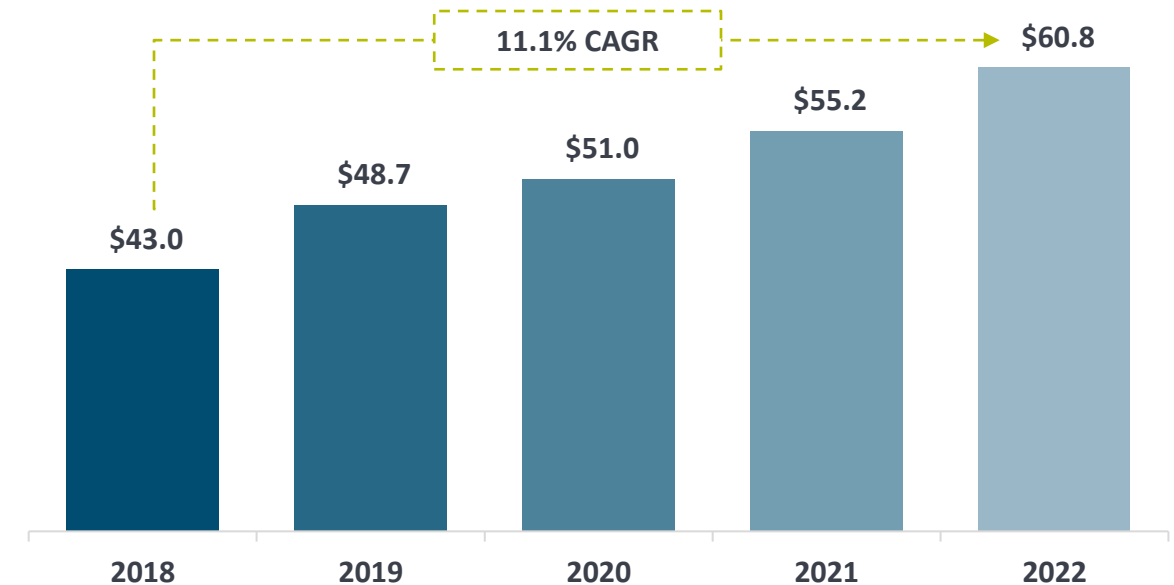


Console	Xbox Series X	PS5
Release Date	November 10, 2020	November 12, 2020
MSRP	\$499	\$499
Estimated Unit Sales ⁽¹⁾	3.9 million	6.0 million
Readily Available Date	June 2021	July 2021
Projected Sales ⁽²⁾	42 million	64 million
Manufacturer	 Microsoft	SONY

Note: (1) 11/12/2020 – 12/31/2020 (2) Projected unit sales through 2024
Source(s): Company Websites, Forbes, Omdia Analysis, Bezinga, Techradar

Console Revenue Forecast

(\$ billions)



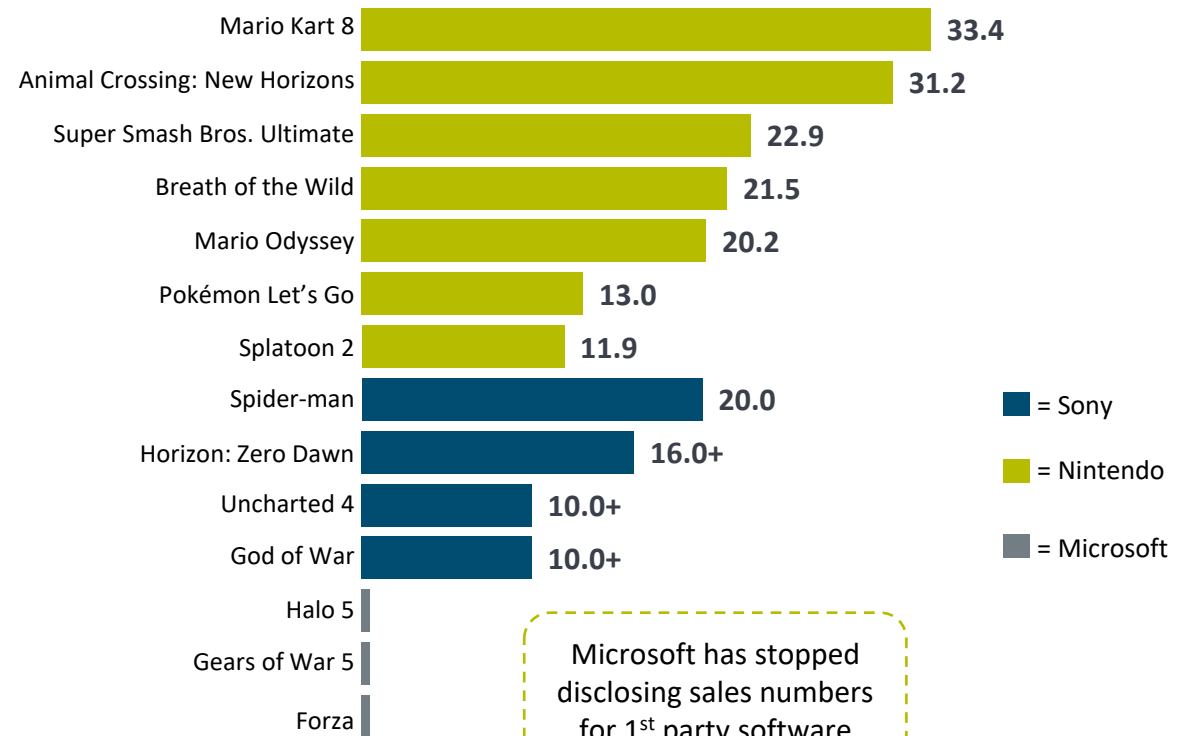


DIGITAL GAMING OVERVIEW

...While Software Still Pulls Users Between Platforms

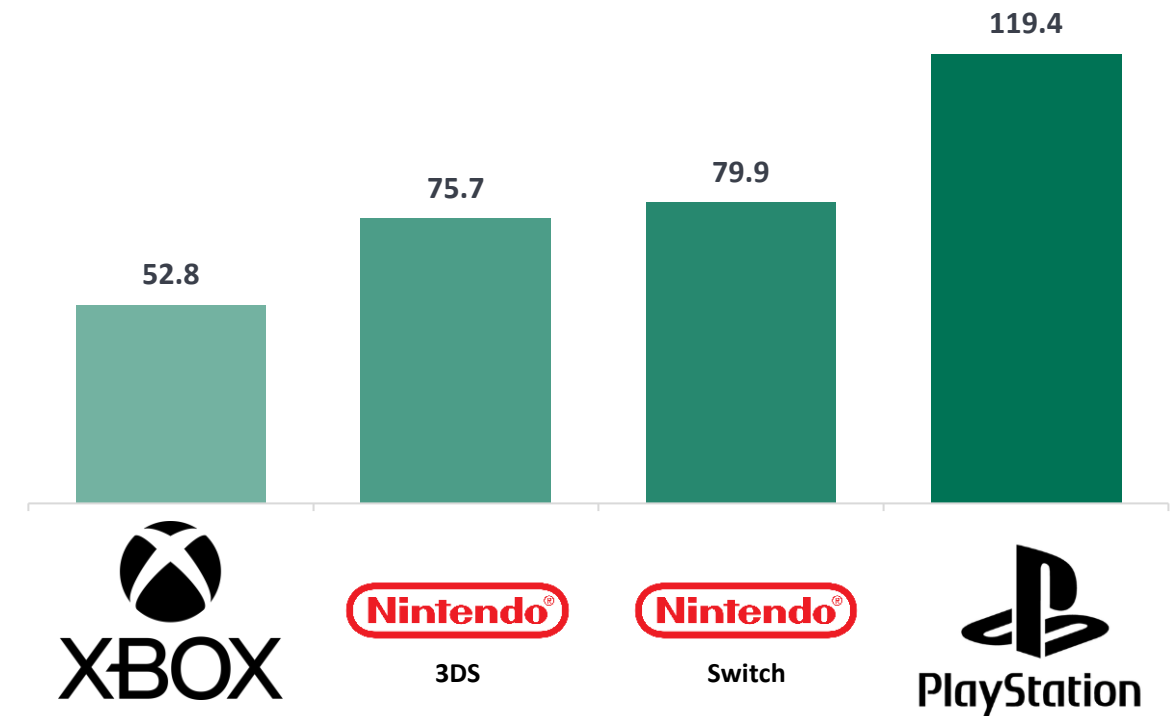
Game Sales Are At Record Highs

(Units sold in millions)



Nintendo Switch Was the Best-Selling Console in 2020 Due to Exclusives⁽¹⁾

(Units sold in millions)



Source(s): Newzoo, Company Websites, Konvoy Ventures. Note(s): (1) Xbox includes Xbox One and Xbox Series X. PlayStation includes PS4 and PS5.

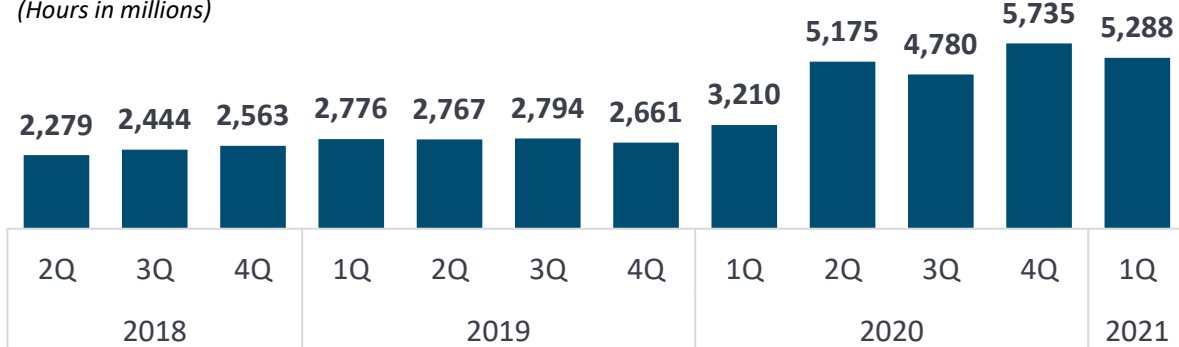


DIGITAL GAMING OVERVIEW

Streaming Viewership Continues to Grow

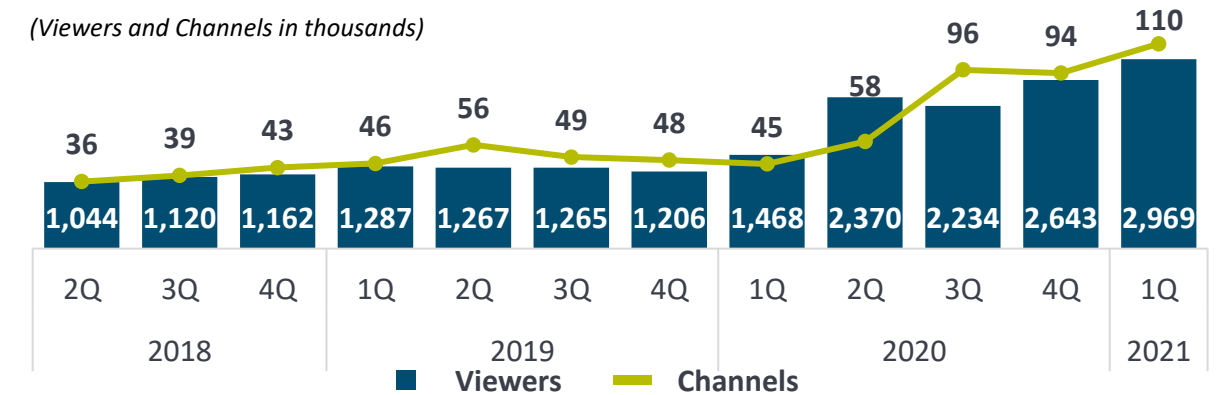
4Q Continues Strong Trend in Hours Watched and Sets a New High...

(Hours in millions)



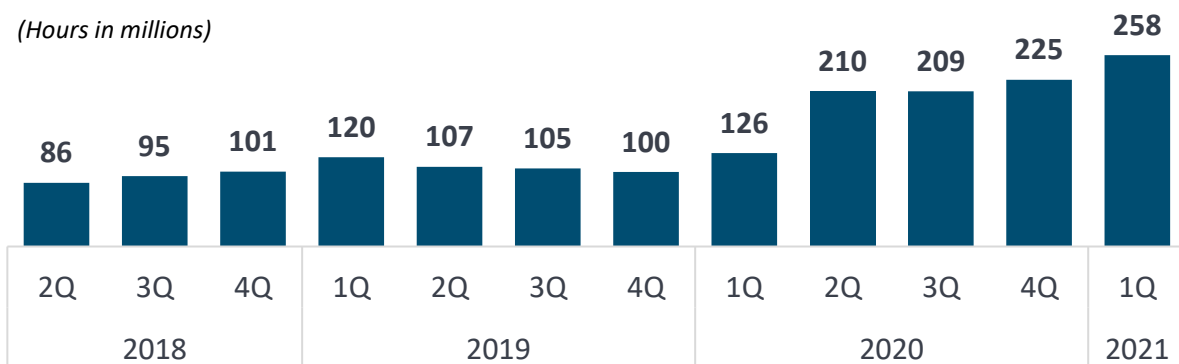
...And Twitch Average Viewers and Channels Follows Suit

(Viewers and Channels in thousands)



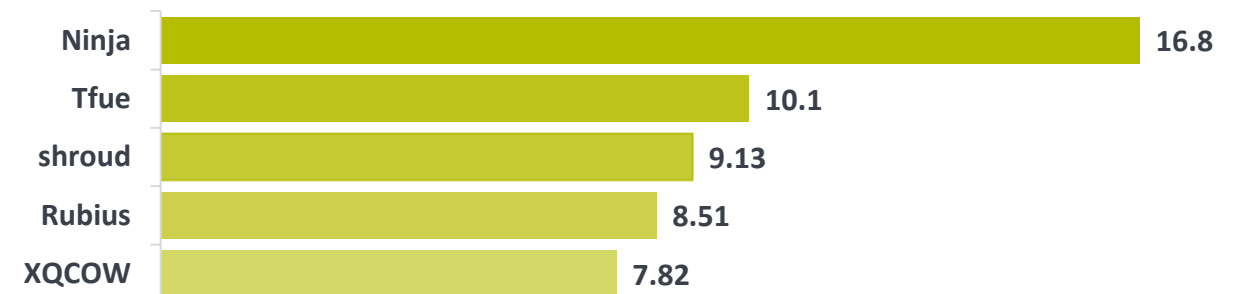
Hours of Content Produced Stays Elevated, Up 105% YoY

(Hours in millions)



Top Streamers Continue to See an Increase in Followers

(Followers in millions)



Source(s): Twitch Tracker as of 3/31/20

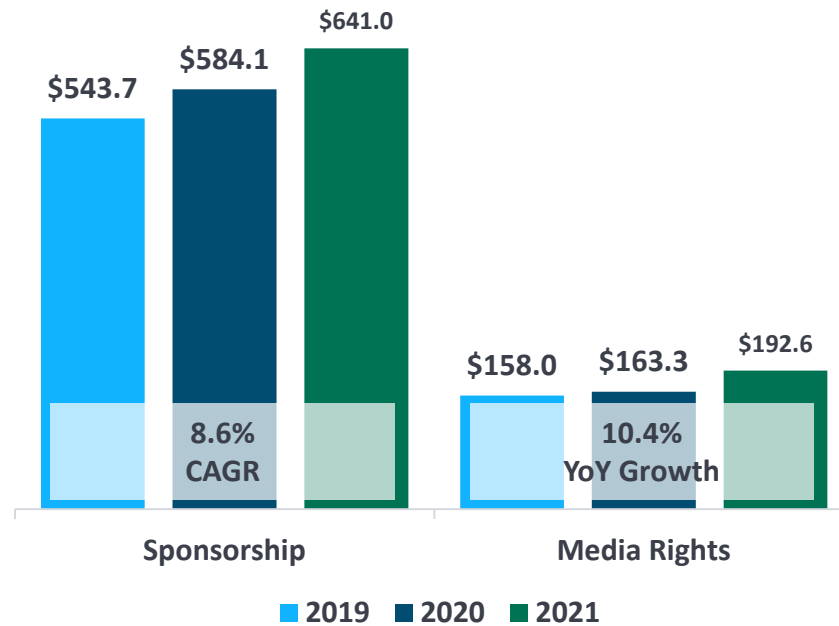


DIGITAL GAMING OVERVIEW

Mainstream Brands Continue to Invest in Video Games

Sponsorship and Media Revenues Are Adjusted Down

(\$ millions)



Select Endemic Sponsors



Select Non-Endemic Sponsors



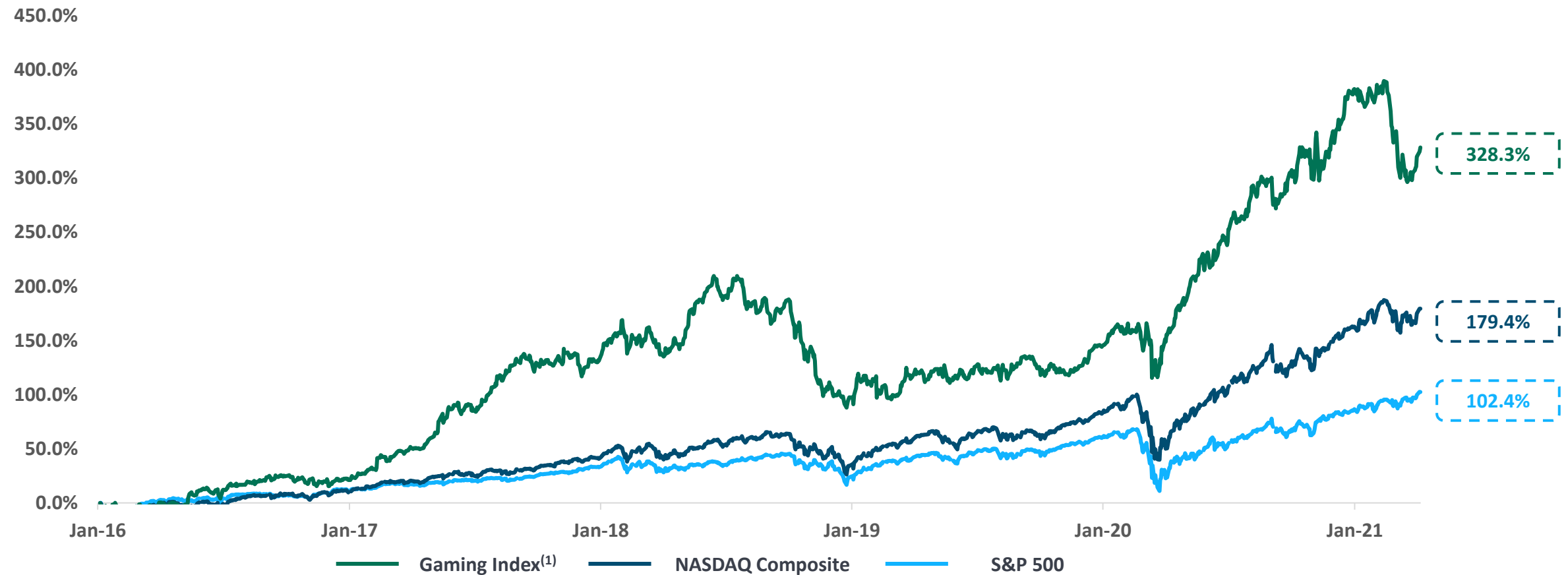
Source(s): The Esports Observer, Newzoo



DIGITAL GAMING OVERVIEW

Gaming Further Separates Itself From the Broader Market

Index Value Growth



Source(s): CapitalIQ as of 4/6/21; Note: (1) Activision Blizzard, Electronic Arts, Take Two Interactive, Ubisoft, Zynga, CD Projekt, Embracer Group, Stillfront Group, Paradox Interactive, Glu Mobile, Kahoot!, Ten Square Games, Frontier Developments, Team17 Group, Codemasters Group, Rovio Entertainment, Sumo Group, and G5 Entertainment, Roblox, Unity

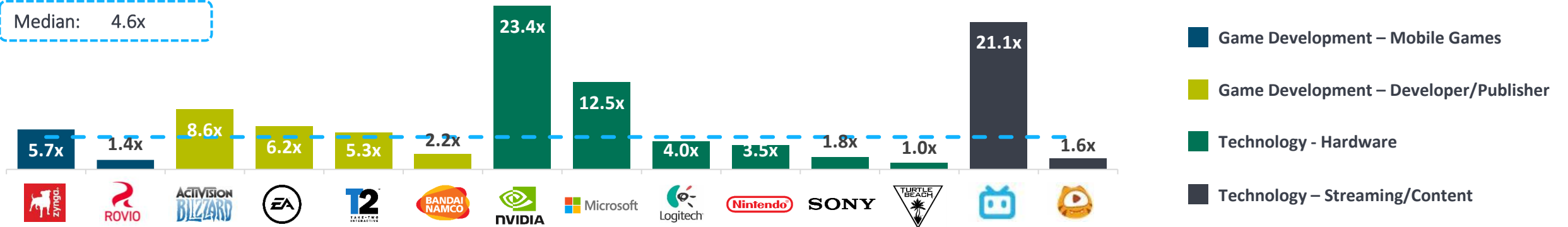


DIGITAL GAMING OVERVIEW

Select Public Companies

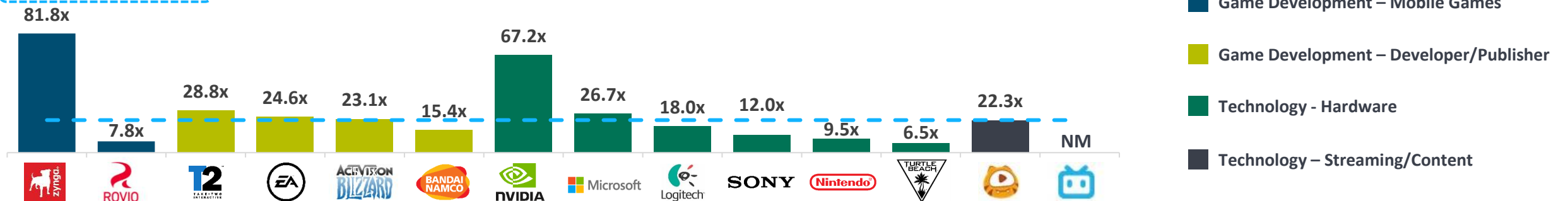
Median EV/Revenue

Median: 4.6x



Median EV/EBITDA

Median: 22.3x

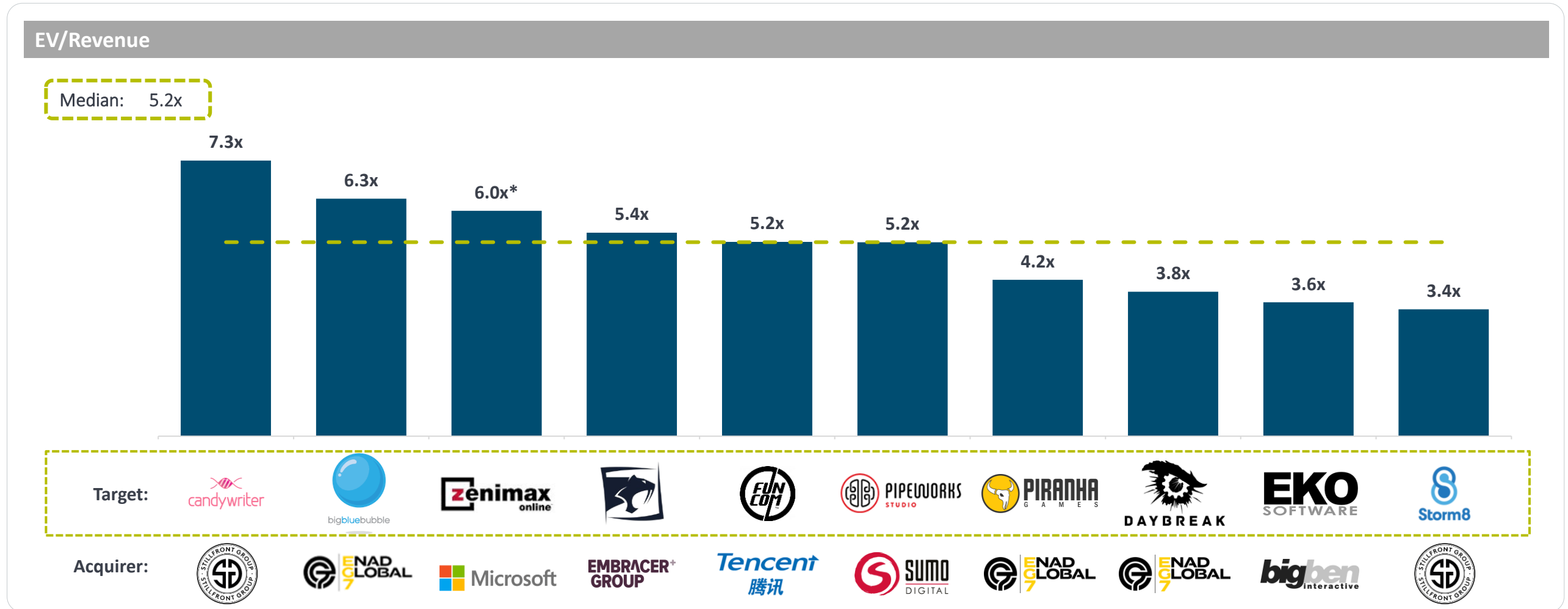


Source(s): CapitalIQ as of 4/16/20; Note: "NM" only applies to multiples less than zero.



DIGITAL GAMING OVERVIEW

Select Precedent Transactions



Source(s): CapitalIQ as of 4/6/20, Company Websites ; "*" Deutsche Bank estimate



II. The Forbes M+A Overview

THE FORBES M+A OVERVIEW

The Forbes M+A Group

Rocky Mountain West boutique investment banking advisory firm focused on closely held companies with strong growth stories and market dominant products or services.

- ✓ Founded in 2004 with offices located in Denver, Colorado, Salt Lake City, Utah, and Nashville, Tennessee
- ✓ Transaction sizes ranging from \$10M — \$500M
- ✓ Nationwide clientele with global market reach
- ✓ Nationwide clientele with global market reach
- ✓ Swarm transactions with senior advisors, with more than \$85B and 250 years of combined experience

Focused on Excellence in Execution...



Senior-level
attention and
transaction
leadership



Focused,
dedicated
transaction
teams



Vertical and
industry
focused
expertise



Unbiased,
trusted
advisory
services



Quality of
service and
execution over
quantity



Track record
of successful
outcomes



Middle
Market
Leader

THE FORBES M+A OVERVIEW

The Forbes M+A Transaction Team

Industry leading veterans that possess a depth and breadth of experience across both M&A and private industry as founders, operators, advisors, and executives.



JJ Lane

**Head of Digital
Gaming Group**



303.872.6445



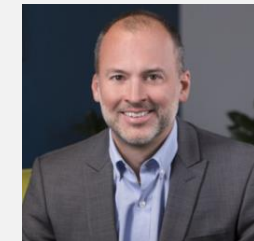
JJ.Lane@ForbesMA.com



Bob Forbes
President



Bill Nack
Partner / Managing
Director



Dan Pellegrino
Partner / Managing
Director



Jon Wiley
Partner / Managing
Director



Garit Lawson
Managing Director



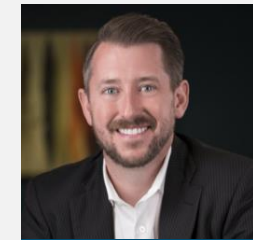
Steve Quisenberry
Managing Director



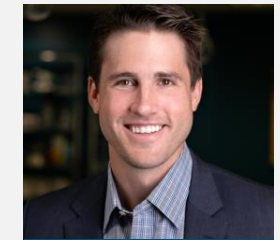
James Morgan
Managing Director



Doug Freyschlag
Director



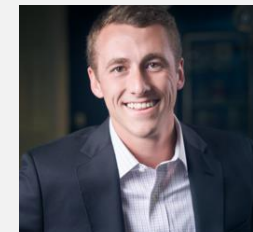
Blake Shear
Director



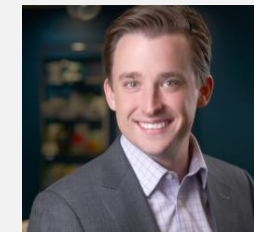
JJ Lane
Vice President



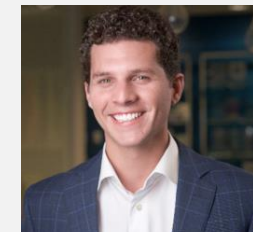
Cassie Dobos
Associate



Bryce Dietz
Analyst



Jarred Olson
Analyst



Liam Naroanick
Analyst



John Kiernan
Analyst

THE FORBES M+A OVERVIEW

The Forbes M+A Group Advantage

EVERY **DETAIL** COUNTS.™

In managing the ownership transition of a closely-held company, the old adage that “the devil is in the details” is widely underestimated.

At **THE FORBES M+A GROUP**, we are hyper vigilant about details – not only based on the merits of the phrase above but because, as our tagline reveals, we recognize the “deals” are also in those details. The best deals. The ones that offer the most strategic and financial value to all of the key stakeholders involved in the transaction.



We fully grasp and internalize clients' goals.



We understand clients' businesses exhaustively and tell their stories meticulously.



We design a comprehensive blueprint of each client's best future.



We find ideal targets, not just the easy ones, and compel them to compete.



We advocate fiercely for our clients, creating extraordinary outcomes.

THE FORBES M+A OVERVIEW

What Clients and Advisors Say

“

“Their guidance was invaluable as we reviewed offers and negotiated a deal structure that was exactly what we needed.”

~ Doug Larson, President at Eldorado Artesian Springs

“

*“Their industry knowledge, relationships with buyers, extensive transaction experience, and adaptive and **creative deal making** were essential in achieving an outcome that met our goals.”*

~ Tres Coors, CEO of Novelty Lights

“

*“Forbes is **like a bulldog** with a rag in its mouth. If there is a deal that serves the interests of their client, those guys don’t let go until it crosses the finish line.”*

~ Bob Roth, Partner at Kutak Rock

“

*“They **exceeded every expectation** by taking the time to understand our objectives, delivering the best possible partner and terms.”*

~ Christine Crane, CEO of BoldLeads

“

*“We wanted to entrust the business to an advisor with similar core values and **high-quality standards**.”*

~ Tom Tolkacz, CEO of Swingle

“

*“PASCO selected The Forbes M+A Group amongst competing advisory firms because of their **reputation for identifying excellent strategic partners**.”*

~ Ryan Zeiger, CEO of PASCO

“

*“From identifying the perfect buyer, to maximizing our value, and ultimately continuing our legacy, the Forbes M+A team was **there from start to finish**.”*

~ Stephanie White, CEO of Top Gun

“

*“The Forbes M+A Group was recommended to us as a company that would **truly partner with us to achieve our goals**.”*

~ Mike Franklin, President of TouchSource

THE FORBES M+A OVERVIEW

Trusted by the World's Top Financial Institutions



Forbes has developed strategic partnerships with some of the largest financial institutions in the world with its strong reputation for servicing the middle market.

Goldman
Sachs

usbank

BAIRD

PNC

HW
Harris Williams

Bank of America
Merrill Lynch



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WINNER 2020
M&A FIRM OF THE YEAR COLORADO



CorporateINTL
GLOBAL AWARDS
WINNER 2019
COLORADO M&A
FIRM OF THE YEAR



CorporateINTL
GLOBAL AWARDS
WINNER 2018
COLORADO M&A
FIRM OF THE YEAR



wealth&finance2017
business excellence awards
mid-market m&a transactions

CorporateINTL
GLOBAL AWARDS
WINNER 2017
M&A FIRM OF THE YEAR



wealth&finance2016
corporatedistinction awards
best m&a advisory firm



VISTAGE
TRUSTED ADVISOR

CorporateINTL
GLOBAL AWARDS
WINNER 2014





III. Appendix



VALUATION SUPPORT

Select Digital Gaming M&A Transactions (1/3)

Date	Target	Buyer / Investor(s)	Target Description	Target Category	Transaction Type	Implied EV (\$ in millions)	EV / Revenue	EV / EBITDA
Sep-20	Pipeworks	Sumo Group	Pipeworks Inc develops IP games.	Game Development	Merger/Acquisition	\$100.1	5.2x	23.8x
Sep-20	NEON Media	The 4D Factory	NEON Media operates as a production company that develops and design games.	Game Development	Merger/Acquisition	na	na	na
Sep-20	ZeniMax Media	Microsoft Corporation	ZeniMax Media operates as a video game publisher.	Game Development	Merger/Acquisition	\$7,500.0	6.0x*	na
Sep-20	WorldGaming Network	Playfully	WorldGaming Network owns and operates an electronic sports and competitive online video gaming platform.	Community	Merger/Acquisition	na	na	na
Sep-20	Reflector Entertainment	BANDAI NAMCO Entertainment Europe	Reflector Entertainment designs and develops videogames, movies, comics, and other media for cross-platform storytelling.	Game Development	Merger/Acquisition	\$15.0	na	na
Aug-20	Big Blue Bubble	Enad Global 7	Big Blue Bubble develops and publishes video games.	Mobile Games	Merger/Acquisition	\$75.9	6.3x	21.7x
Aug-20	One Up Group	Engine Media Holdings	One Up Group operates as a mobile game company which allows gamers to organize and play one-on-one matches with other	Mobile Games	Merger/Acquisition	\$14.6	na	na
Aug-20	Playdots	Take-Two Interactive Software	Playdots develops mobile games.	Mobile Games	Merger/Acquisition	\$192.0	na	na
Aug-20	Cold Iron Studios	Daybreak Game Company	Cold Iron Studios develops mobile, console, and personal computer games.	Mobile Games	Merger/Acquisition	na	na	na
Jul-20	Wordie	Three Gates	Wordie develops an mobile game application.	Mobile Games	Merger/Acquisition	\$0.2	na	na
Jun-20	Ready At Dawn Studios	Facebook Technologies	Ready At Dawn Studios develops video games.	Game Development	Merger/Acquisition	na	na	na
Jun-20	Peak Games	Zynga	Peak Games develops multiplayer mobile games in Turkey and the Middle East and North Africa (MENA) region.	Mobile Games	Merger/Acquisition	\$1,934.0	na	na
Jun-20	Gaming licenses of Majesco Entertainment Company	Ziggurat Interactive	Gaming licenses of Majesco Entertainment Company including BloodRayne.	Game Development	Merger/Acquisition	na	na	na
Jun-20	LetsGoRacing	Torque Esports	LetsGoRacing comprises a YouTube channel that broadcasts motorsport and esports racing content.	Community	Merger/Acquisition	\$1.6	na	na

Source(s):CapitalIQ as of 4/6/20



VALUATION SUPPORT

Select Digital Gaming M&A Transactions (2/3)

Date	Target	Buyer / Investor(s)	Target Description	Target Category	Transaction Type	Implied EV (\$ in millions)	EV / Revenue	EV / EBITDA
Jul-20	Wordie	Three Gates	Wordie develops an mobile game application.	Mobile Games	Merger/Acquisition	\$0.2	na	na
Jun-20	Ready At Dawn Studios	Facebook Technologies	Ready At Dawn Studios develops video games.	Game Development	Merger/Acquisition	na	na	na
Jun-20	Peak Games	Zynga	Peak Games develops multiplayer mobile games in Turkey and the Middle East and North Africa (MENA) region.	Mobile Games	Merger/Acquisition	\$1,934.0	na	na
Jun-20	Gaming licenses of Majesco Entertainment Company	Ziggurat Interactive	Gaming licenses of Majesco Entertainment Company including BloodRayne.	Game Development	Merger/Acquisition	na	na	na
Jun-20	LetsGoRacing	Torque Esports	LetsGoRacing comprises a YouTube channel that broadcasts motorsport and esports racing content.	Community	Merger/Acquisition	\$1.6	na	na
Apr-20	PierPlay	Scopely	PierPlay engaged in development of mobile video games.	Game Development	Merger/Acquisition	na	na	na
Apr-20	3DO games catalog of Prism Entertainment	Ziggurat Interactive	3DO games catalog of Prism Entertainment comprises game licenses.	Game Development	Merger/Acquisition	na	na	na
Apr-20	Candywriter	Stillfront Group	Candywriter develops and publishes mobile games.	Game Development	Merger/Acquisition	\$204.0	7.3x	12.7x
Feb-20	DriverDB	Torque Esports	DriverDB AB provides data to racing drivers and general motorsport industry.	Community	Merger/Acquisition	\$0.8	na	na
Apr-20	Hypixel Studios	Riot Games	Hypixel Studios designs and develops computer games.	Game Development	Merger/Acquisition	na	na	na
Apr-20	Moneyweek	Torque Esports	Moneyweek operates an online motor sports community for motorsport enthusiasts, industry influencers, and Formula 1 teams,	Community	Merger/Acquisition	\$0.5	na	na
Mar-20	MTD Gaming	Ainsworth Game Technology	MTD Gaming develops and supplies computer games.	Game Development	Merger/Acquisition	\$26.0	na	na
Feb-20	Saber Interactive	Embracer Group	Saber Interactive develops online interactive games in the United States.	Game Development	Merger/Acquisition	\$596.2	5.4x	9.2x
Feb-20	Kolibri Games	Ubisoft Entertainment	Kolibri Games operates as a mobile games company.	Mobile Games	Merger/Acquisition	na	na	na

Source(s):CapitalIQ as of 4/6/21; “*” Deutsche Bank estimate



VALUATION SUPPORT

Select Digital Gaming M&A Transactions (3/3)

Date	Target	Buyer / Investor(s)	Target Description	Target Category	Transaction Type	Implied EV (\$ in millions)	EV / Revenue	EV / EBITDA
Apr-20	PierPlay	Scopely	PierPlay engaged in development of mobile video games.	Game Development	Merger/Acquisition	na	na	na
Apr-20	3DO games catalog of Prism Entertainment	Ziggurat Interactive	3DO games catalog of Prism Entertainment comprises game licenses.	Game Development	Merger/Acquisition	na	na	na
Apr-20	Candywriter	Stillfront Group	Candywriter develops and publishes mobile games.	Game Development	Merger/Acquisition	\$204.0	7.3x	12.7x
Feb-20	DriverDB	Torque Esports	DriverDB AB provides data to racing drivers and general motorsport industry.	Community	Merger/Acquisition	\$0.8	na	na
Apr-20	Hypixel Studios	Riot Games	Hypixel Studios designs and develops computer games.	Game Development	Merger/Acquisition	na	na	na
Apr-20	Moneyweek	Torque Esports	Moneyweek operates an online motor sports community for motorsport enthusiasts, industry influencers, and Formula 1 teams,	Community	Merger/Acquisition	\$0.5	na	na
Mar-20	MTD Gaming	Ainsworth Game Technology	MTD Gaming develops and supplies computer games.	Game Development	Merger/Acquisition	\$26.0	na	na
Feb-20	Saber Interactive	Embracer Group	Saber Interactive develops online interactive games in the United States.	Game Development	Merger/Acquisition	\$596.2	5.4x	9.2x
Feb-20	Kolibri Games	Ubisoft Entertainment	Kolibri Games operates as a mobile games company.	Mobile Games	Merger/Acquisition	na	na	na
Jan-20	Phoenix Labs	Garena Online Private	Phoenix Labs develops games for personal computers.	Game Development	Merger/Acquisition	na	na	na
Jan-20	Streamlabs	Logitech International	Streamlabs develops Streamlabs application that provides in-stream popup alerts.	Community	Merger/Acquisition	\$130.3	na	na
Jan-20	Funcom	Tencent Cloud Europe	Funcom develops and publishes massively multiplayer online games for PCs and consoles worldwide.	Game Development	Merger/Acquisition	\$1,223.5	5.2x	11.3x
Jan-20	FoxNext Games	Scopely	FoxNext develops virtual and augmented reality, mobile, console/personal computer games, and location-based	Game Development	Merger/Acquisition	na	na	na
Jan-20	Storm8	Stillfront Group	Storm8 develops social mobile games for the iPhone, iPod Touch, and Android devices.	Mobile Games	Merger/Acquisition	\$403.9	3.4x	6.6x

Source(s):CapitalIQ as of 4/6/21



VALUATION SUPPORT

Publicly Traded Companies (1/3)

\$ millions, except per share data

Company	Stock Price 4/16/2021	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue LTM	EV / EBITDA LTM
Game Development						
Microsoft Corporation (NasdaqGS:MSFT)	\$259.47	99%	\$1,966,557	\$1,917,350	12.5x	26.7x
Tencent Holdings Limited (SEHK:700)	\$79.79	10%	\$774,648	\$791,377	10.7x	30.2x
Sony Group Corporation (TSE:6758)	\$112.10	1%	\$137,554	\$149,150	1.8x	12.0x
Activision Blizzard, Inc. (NasdaqGS:ATVI)	\$98.10	94%	\$74,748	\$69,832	8.6x	23.1x
Nintendo Co., Ltd. (TSE:7974)	\$598.74	1%	\$71,203	\$57,154	3.5x	9.5x
Roblox Corporation (NYSE:RBLX)	\$78.00	94%	\$41,758	\$41,229	NM	NM
Electronic Arts Inc. (NasdaqGS:EA)	\$142.11	95%	\$40,570	\$35,152	6.2x	24.6x
Unity Software Inc. (NYSE:U)	\$101.00	58%	\$27,996	\$26,368	NM	NM
Take-Two Interactive Software, Inc. (Nasdaq:TTWO)	\$182.75	85%	\$19,600	\$17,365	5.3x	28.8x
BANDAI NAMCO Holdings Inc. (TSE:7832)	\$78.09	1%	\$17,014	\$15,735	2.2x	15.4x
Ubisoft Entertainment SA (ENXTPA:UBI)	\$78.65	89%	\$9,541	\$10,072	5.2x	NM
Capcom Co., Ltd. (TSE:9697)	\$33.03	1%	\$7,023	\$6,490	7.2x	21.2x
Square Enix Holdings Co., Ltd. (TSE:9684)	\$62.12	1%	\$7,568	\$6,248	2.0x	12.0x
Mean		48%	\$245,829	\$241,809	5.9x	20.3x
Median		58%	\$40,570	\$35,152	5.3x	22.1x
Game Development - Mobile Games						
Zynga Inc. (NasdaqGS:ZNGA)	\$10.69	87%	\$11,458	\$11,315	5.7x	81.8x
Glu Mobile Inc. (NasdaqGS:GLUU)	\$12.46	96%	\$2,199	\$1,873	3.5x	65.7x
Rovio Entertainment Oyj (HLSE:ROVIO)	\$8.33	105%	\$610	\$455	1.4x	7.8x
Mean		96.0%	\$4,756	\$4,548	3.5x	51.8x
Median		96.2%	\$2,199	\$1,873	3.5x	65.7x

Source(s):CapitalIQ as of 4/16/21; Note: "NM" only applies to multiples less than zero.



VALUATION SUPPORT

Publicly Traded Companies (2/3)

\$ millions, except per share data

Company	Stock Price 4/16/2021	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue LTM	EV / EBITDA LTM
Professional Scene						
Enthusiast Gaming Holdings Inc. (TSX:EGLX)	\$7.81	73%	\$914	\$941	16.4x	NM
Engine Media Holdings, Inc. (TSXV:GAME)	\$9.56	54%	\$134	\$156	8.8x	NM
Super League Gaming, Inc. (NasdaqCM:SLGG)	\$5.74	51%	\$129	\$122	NM	NM
Allied Esports Entertainment Inc. (NasdaqCM:AESE)	\$2.56	43%	\$90	\$95	29.5x	NM
Gfinity plc (AIM:GFIN)	\$0.07	106%	\$59	\$56	10.4x	NM
Guild Esports Plc (LSE:GILD)	\$0.08	83%	\$42	\$41	NA	NA
	Mean	68%	\$228	\$235	16.3x	NM
	Median	64%	\$110	\$108	13.4x	NM

Company	Stock Price 4/16/2021	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue LTM	EV / EBITDA LTM
Technology - Hardware						
Microsoft Corporation (NasdaqGS:MSFT)	\$259.47	99%	\$1,966,557	\$1,917,350	12.5x	26.7x
Alphabet Inc. (NasdaqGS:GOOG.L)	\$2,289.24	100%	\$1,543,802	\$1,434,551	7.9x	26.1x
NVIDIA Corporation (NasdaqGS:NVDA)	\$642.12	99%	\$394,630	\$390,787	23.4x	67.2x
Sony Group Corporation (TSE:6758)	\$112.10	1%	\$137,554	\$149,150	1.8x	12.0x
Advanced Micro Devices, Inc. (Nasdaq:AMD)	\$83.30	84%	\$99,780	\$98,062	10.0x	58.3x
Nintendo Co., Ltd. (TSE:7974)	\$598.74	1%	\$71,203	\$57,154	3.5x	9.5x
Seagate Technology plc (NasdaqGS:STX)	\$81.62	99%	\$19,424	\$22,858	2.2x	13.4x
Logitech International S.A. (SWX:LOGN)	\$111.01	103%	\$19,091	\$17,789	4.0x	18.0x
Corsair Gaming, Inc. (NasdaqGS:CRSR)	\$34.06	66%	\$3,001	\$3,219	1.9x	15.7x
Plantronics, Inc. (NYSE:PLT)	\$38.27	75%	\$1,540	\$2,872	1.7x	17.8x
Razer Inc. (SEHK:1337)	\$0.36	11%	\$3,223	\$2,638	2.2x	72.8x
Turtle Beach Corporation (NasdaqGM:HEAR)	\$26.41	74%	\$397	\$356	1.0x	6.5x
	Mean	68%	\$355,017	\$341,399	6.0x	28.7x
	Median	80%	\$45,314	\$40,006	2.9x	17.9x

Source(s):CapitalIQ as of 4/16/21; Note: "NM" only applies to multiples less than zero.



VALUATION SUPPORT

Publicly Traded Companies (3/3)

\$ millions, except per share data

Company	Stock Price 4/16/2021	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue LTM	EV / EBITDA LTM
Technology - Streaming & Content						
Sea Limited (NYSE:SE)	\$254.18	89%	\$129,222	\$125,059	28.6x	NM
Bilibili Inc. (NasdaqGS:BILI)	\$103.65	66%	\$39,386	\$38,814	21.1x	NM
HUYA Inc. (NYSE:HUYA)	\$17.85	49%	\$4,285	\$2,694	1.6x	22.3x
	Mean	68%	\$57,631	\$55,522	17.1x	22.3x
	Median	66%	\$39,386	\$38,814	21.1x	22.3x
Aggregate Metrics						
	Mean	63%	\$206,608	\$200,593	8.0x	27.9x
	Median	75%	\$19,091	\$17,365	5.3x	21.8x

Source(s):CapitalIQ as of 4/16/21; Note: "NM" only applies to multiples less than zero.