



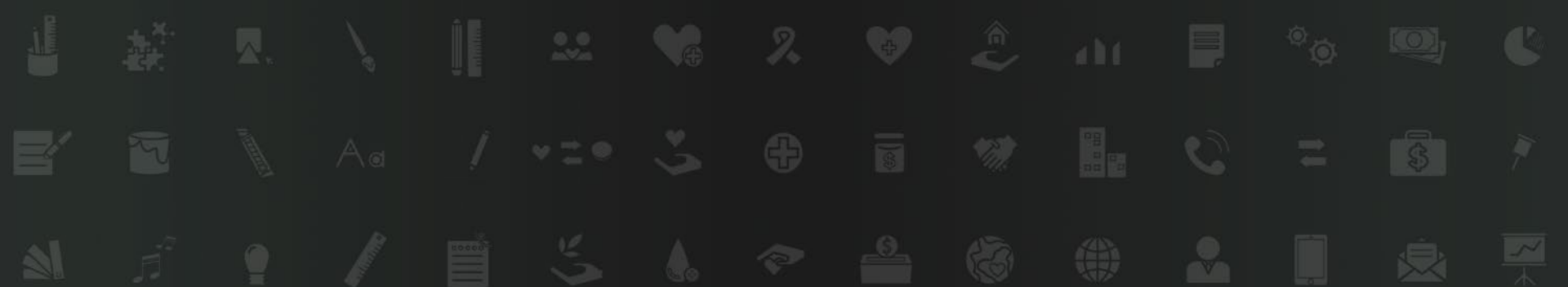
STARTING SOON

GAMING

WFS EDUCATING
TECHNOLOGY
LEADERS

TECH MARKET SPOTLIGHTS

Esports

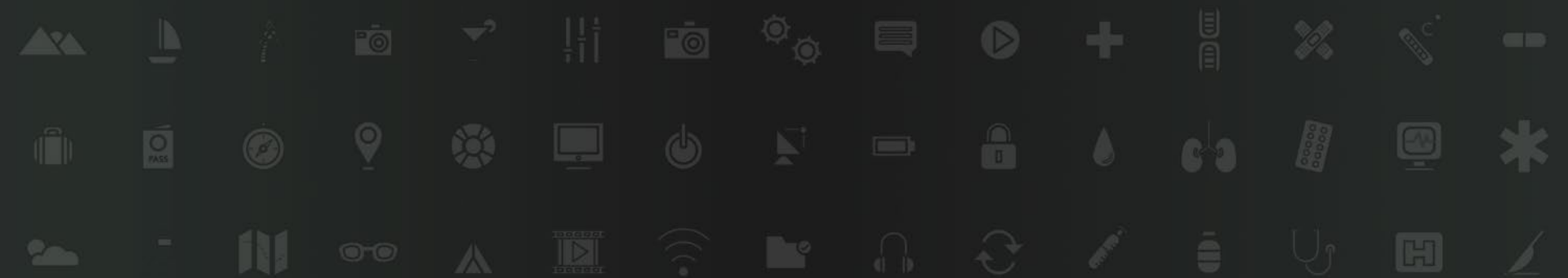


HEALTH TECH ED TECH E COMMERCE AG TECH DIGITAL CURRENCY CYBER SECURITY I.O.T. GAMING



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Growth and Exit Strategies for Software and IT Companies



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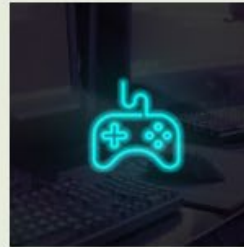
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Market Spotlight
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GAMING

Esports

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TECH MARKET SPOTLIGHTS



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Host

Elon Gasper

EVP of Technology & Research, Corum Group

Elon Gasper founded pioneering animation and speech software company Bright Star Technology in the 1980s. With Corum's assistance he closed venture funding, expanded into entertainment applications including games, then sold Bright Star to a public company, computer gaming leader Sierra On-Line, in the early 90s.

After Bright Star, Elon went on to serve in a variety of companies and roles, including at entertainment giant Vivendi Universal. He holds 15 patents for his software innovations and was a finalist for the Fleugelman, the only personal achievement award given by the Software Publishers Association. He has also won a Traditional Game of the Year from Computer Games Strategy Plus for his Power Chess program, a Best Practices for Product Innovation, a COMDEX Envision, and a Codie, the retail software 'Oscar'. Wired article, "Better Science through Gaming," profiled the surprising relevance of his video game programming background in his work on DNA analysis SaaS, GeneSifter.

Elon earned his MS in Computer Science, and his BS in Biochemistry, at Michigan State University.

Esports – Agenda

1 Introduction

Elon Gasper – EVP of Technology & Research, Corum Group

2 M&A Research Report

Matt Haberlach - Research Analyst, Corum Group

3 Panel Discussion

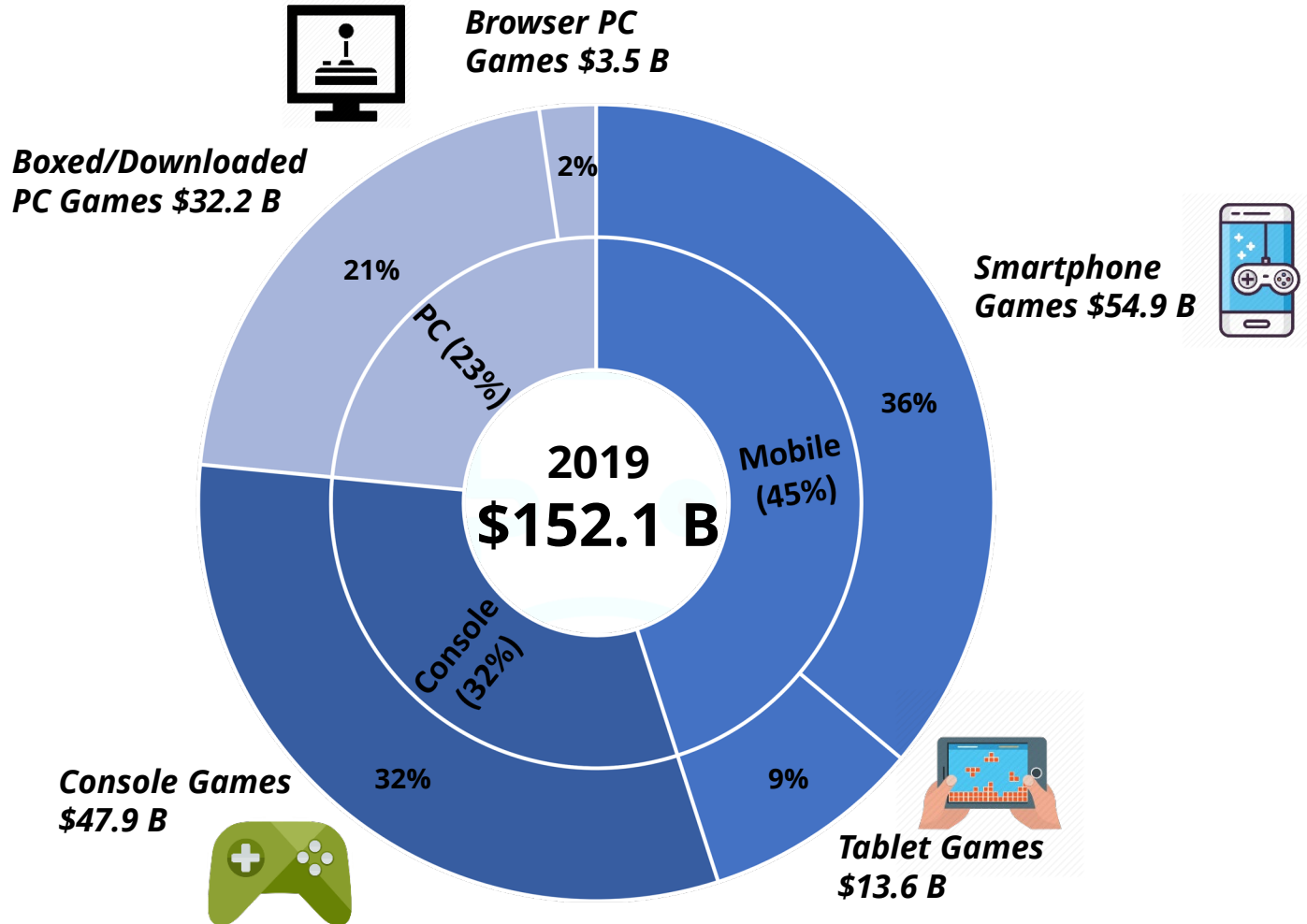
Chris Park - Chief Executive Officer, Gen.G

Dan Fiden - President, Cloud9

4 Key Take-Aways

5 Close

Global Games Market 2019



How are Esports played?

Present

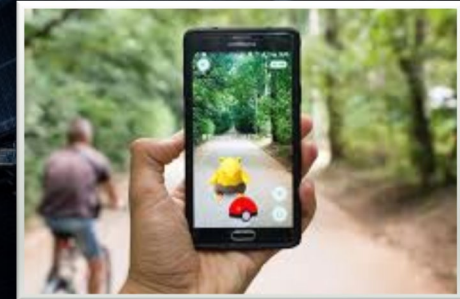


PC



Console

Future



Mobile Augmented Reality



Mobile/Tablet



Virtual Reality

Esports Genres



**First Person
Shooter**



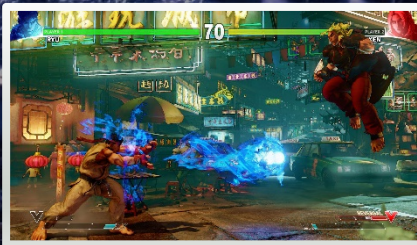
**Multiplayer Online
Battle Arena**



**Collectible Card
Games**



Real-Time Strategy



Fighting



Sports



Racing

NetEase Plans \$710M Esports Park in Shanghai

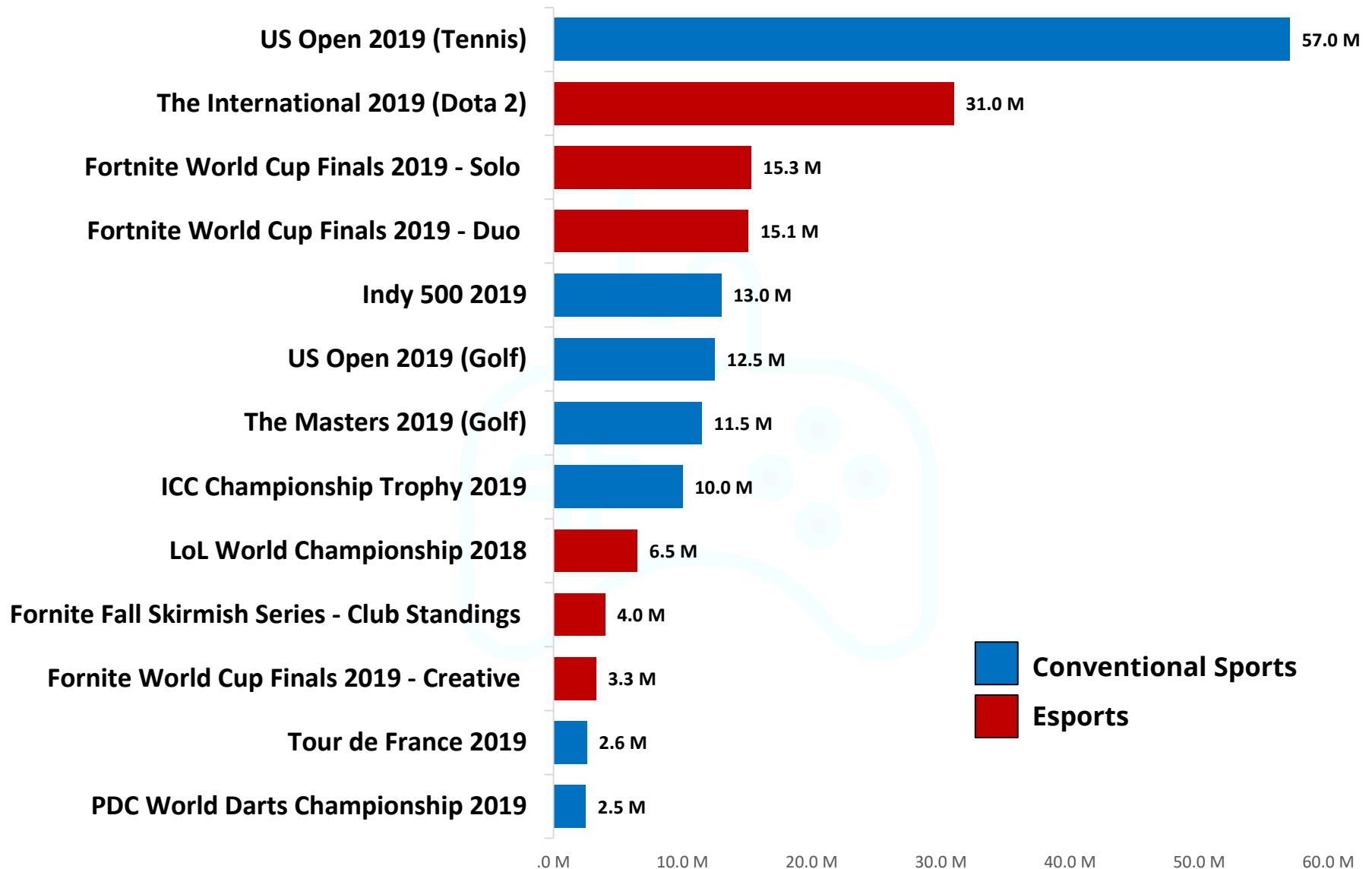


Chinese development will feature 5,000-seat competitive gaming stadium.

16-year-old Kyle "Bugha" Giersdorf wins \$3 million at the Fortnite World Cup

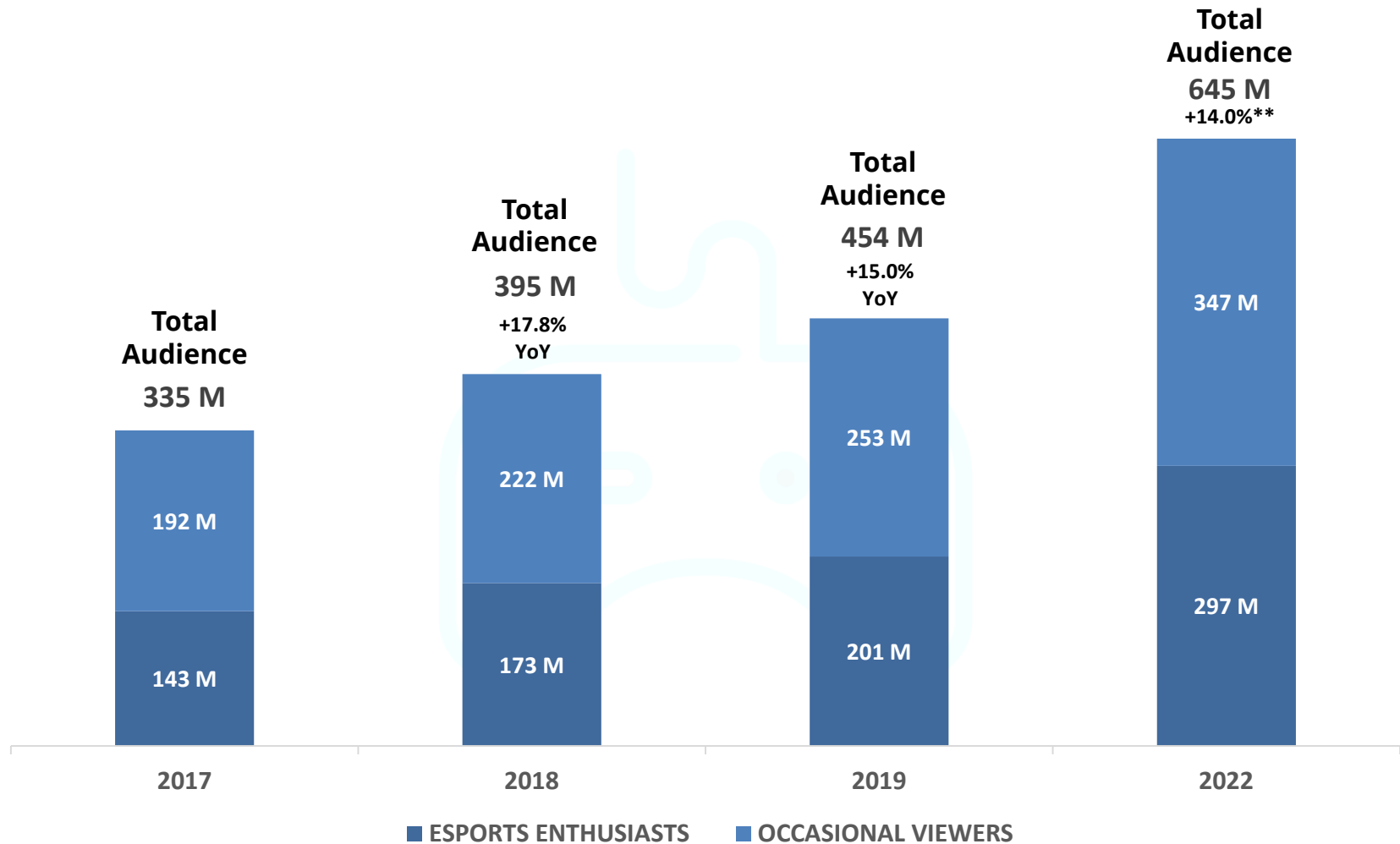


Competitive Esports Prize Pool



Source: Corum Group

Growing Esports Audience (2017-2022*)



Source: NewZoo

- Forecasted
- **CAGR 2017-2022
- ***Due to rounding, Occasional Viewers (347M) and Esports Enthusiasts (297M) add up to 645M

THE Esports ECOSYSTEM

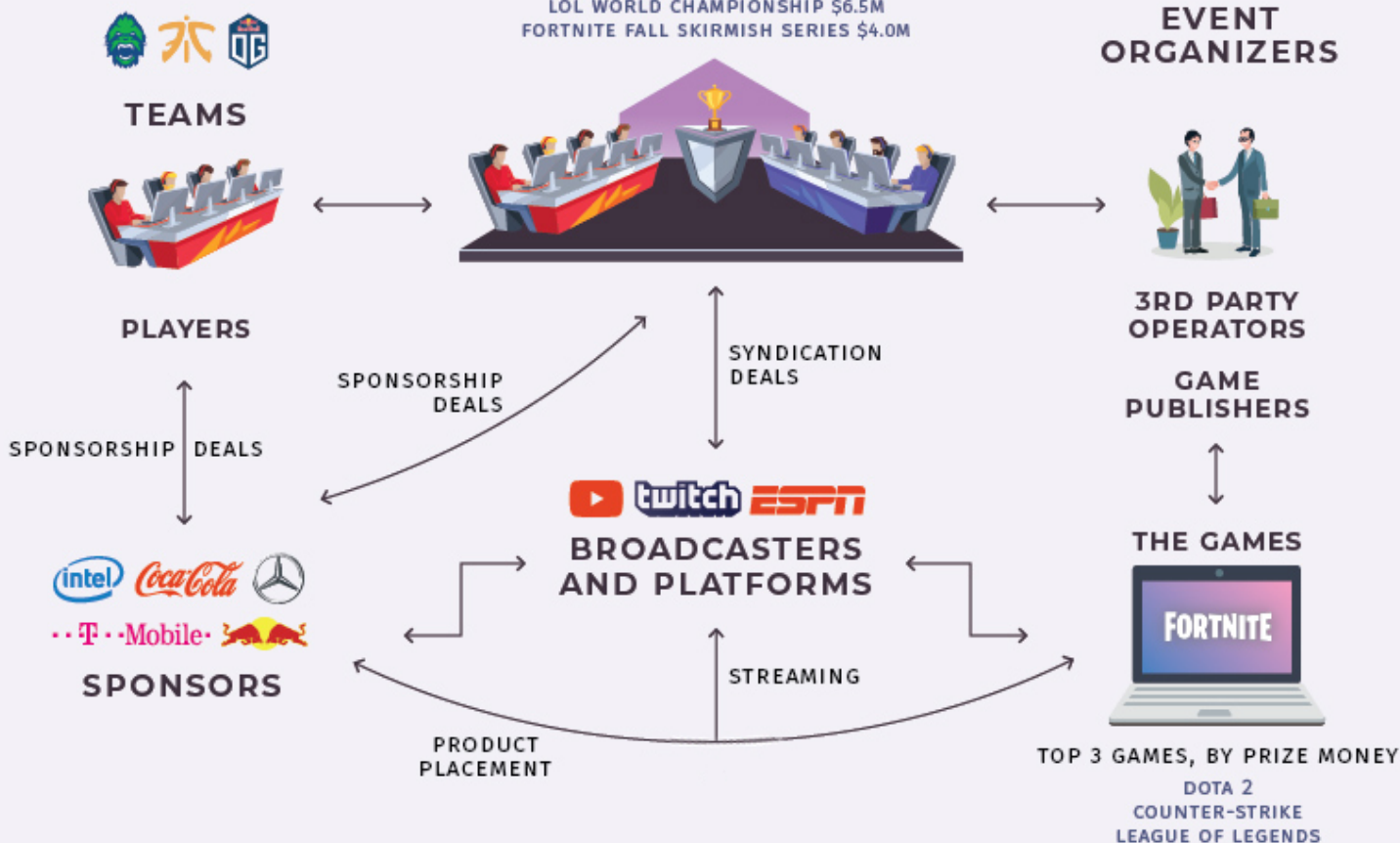
Esports teams increasingly have big name sponsors such as telecomms, major brands, and conventional sports teams.

PROFESSIONAL ESPORTS COMPETITIONS

TOP 3 TOURNAMENTS, BY PRIZE MONEY

THE INTERNATIONAL \$25.5M
LOL WORLD CHAMPIONSHIP \$6.5M
FORTNITE FALL SKIRMISH SERIES \$4.0M

Though tournaments have massive online audiences, events are taking place in sold out arenas.



THE MOST VALUABLE ESPORTS COMPANIES

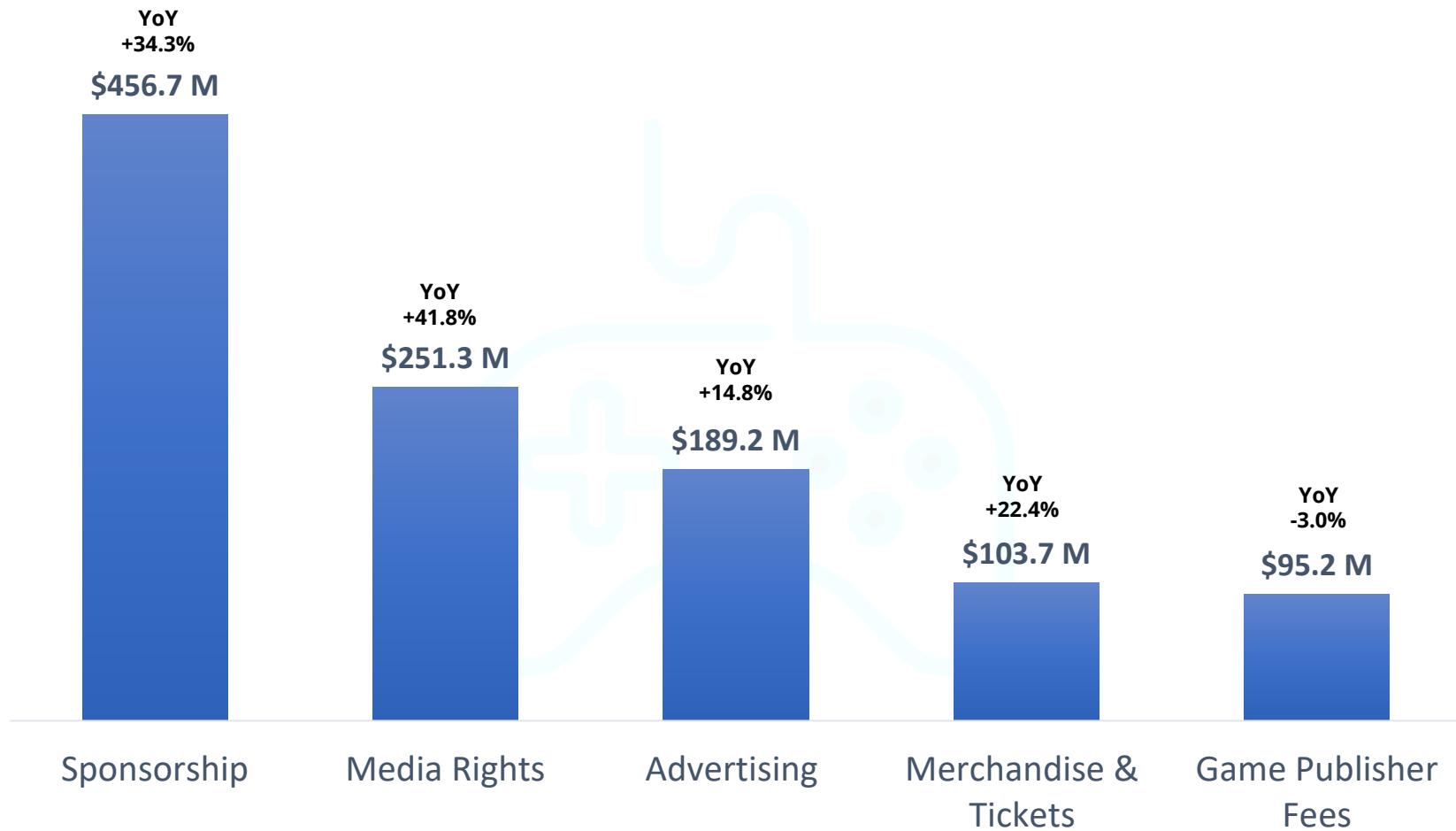
According to Forbes, October 2018



COMPETITIVE EDGE

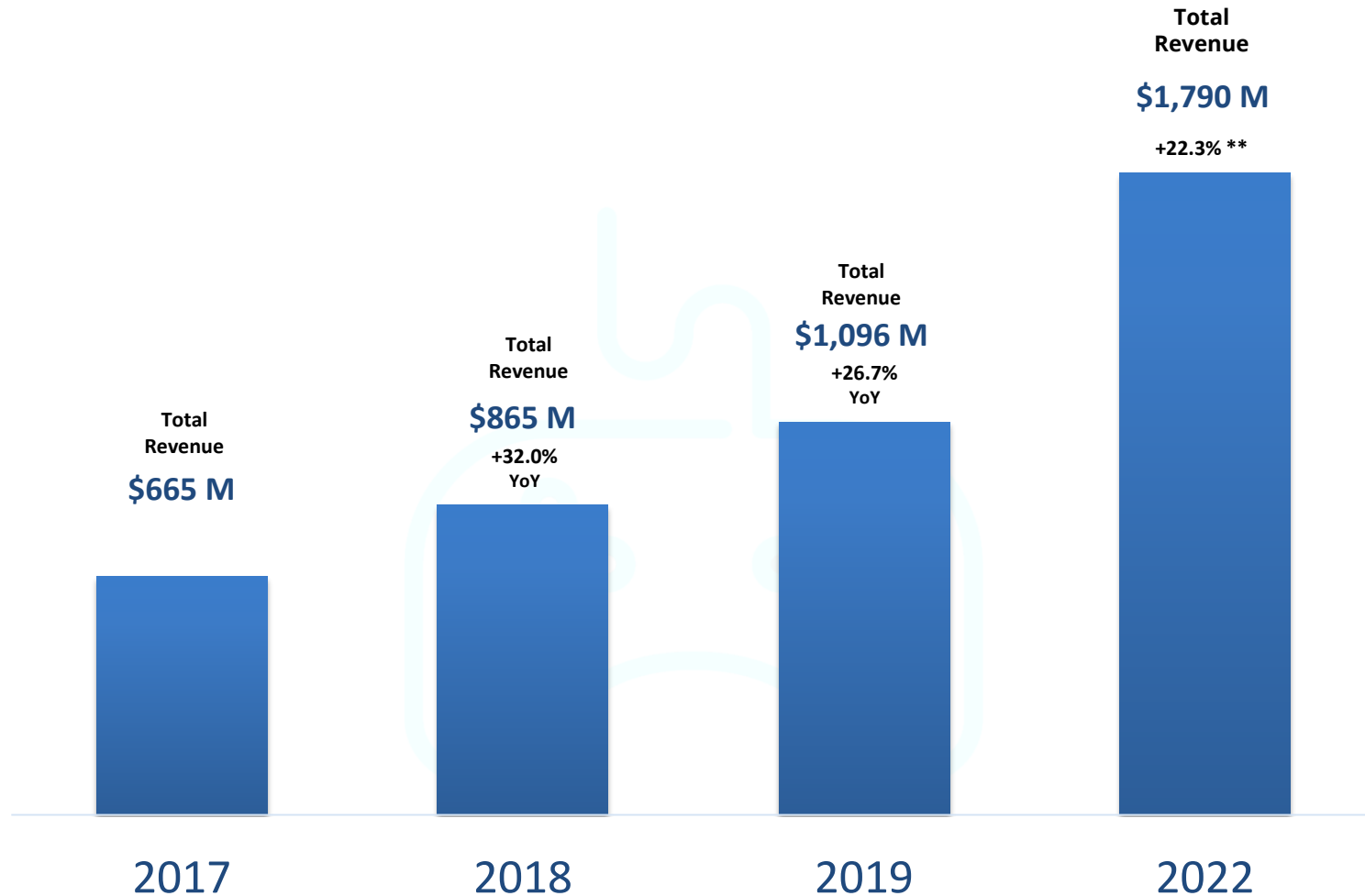
Cloud9 recently announced the creation of a sizeable training facility and home base in Los Angeles. The company's teams will train at the facility, which will also house sports psychologists, physical therapists, and a chef.

Esports Revenue Streams (2019)



Source: NewZoo

Esports Revenue (2017-2022*)



Source: NewZoo

- *Forecasted
- **CAGR 2017-2022

Esports Market Segmentation



Device

- PCs
- Tablets and Laptops
- Gaming Headsets
- Gaming Consoles
- Others



End User

- Professional Players
- Occasional Viewers



Age Group

- 0-15
- 16-25
- 26-35
- Older than 35



Revenue Stream

- Sponsorships
- Advertising
- Media Rights
- Game Publisher Fees
- Merchandise and Tickets
- Software
- Analytics
- Infrastructure



Region

- North America
- Latin America
- Western Europe
- Eastern Europe
- SEA and other APAC
- China
- Japan
- MEA



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Research

Matt Haberlach

Corum Research Analyst

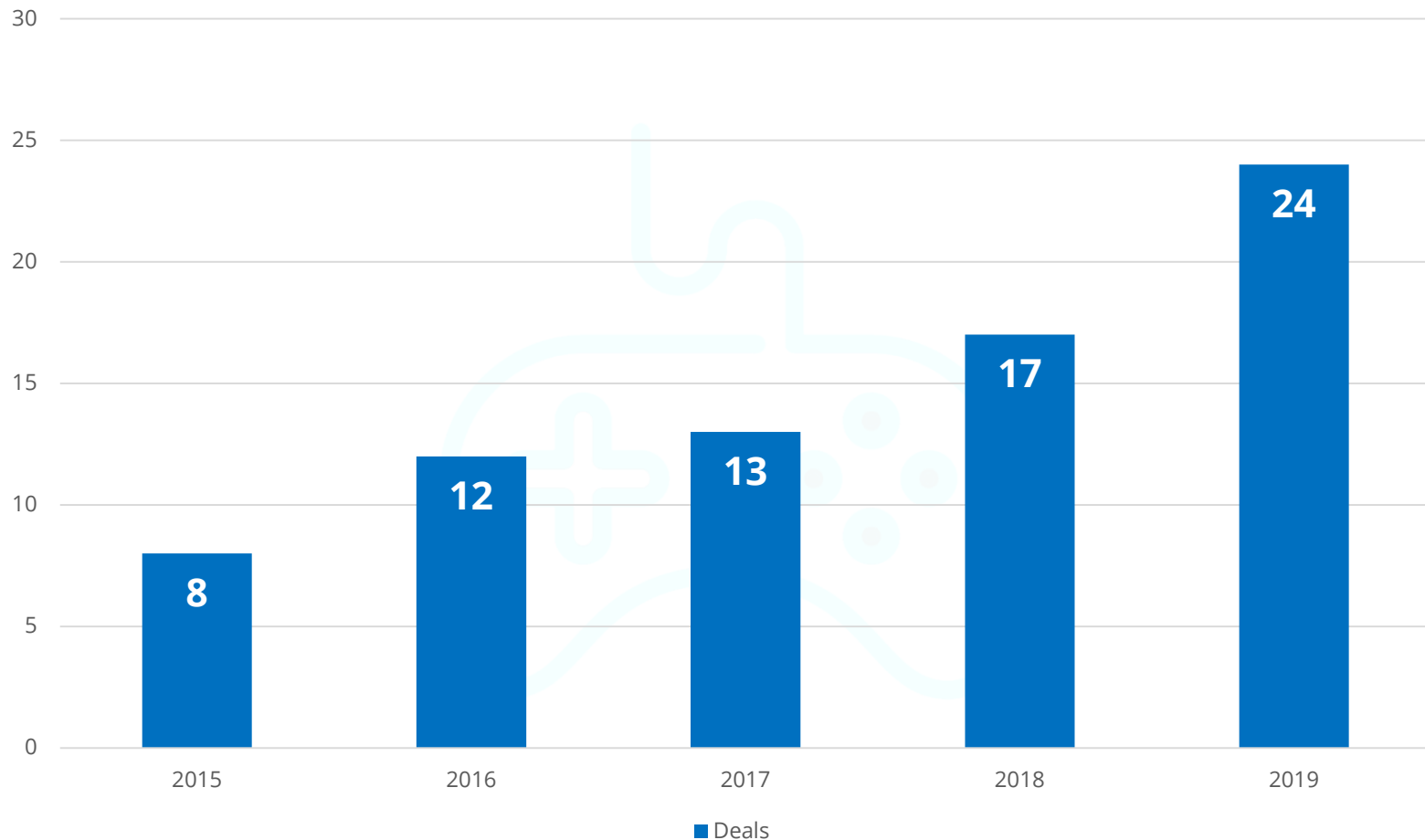
WFS Research Correspondent

Matt joined Corum Group in 2019 as an Analyst. His duties include conducting market research on various technology sectors, developing buy-side lists for clients, putting together client engagement materials and more.

Prior to joining Corum, he worked as a Private Equity Analyst and served four years in the Marine Corps where he deployed to several countries in East Asia.

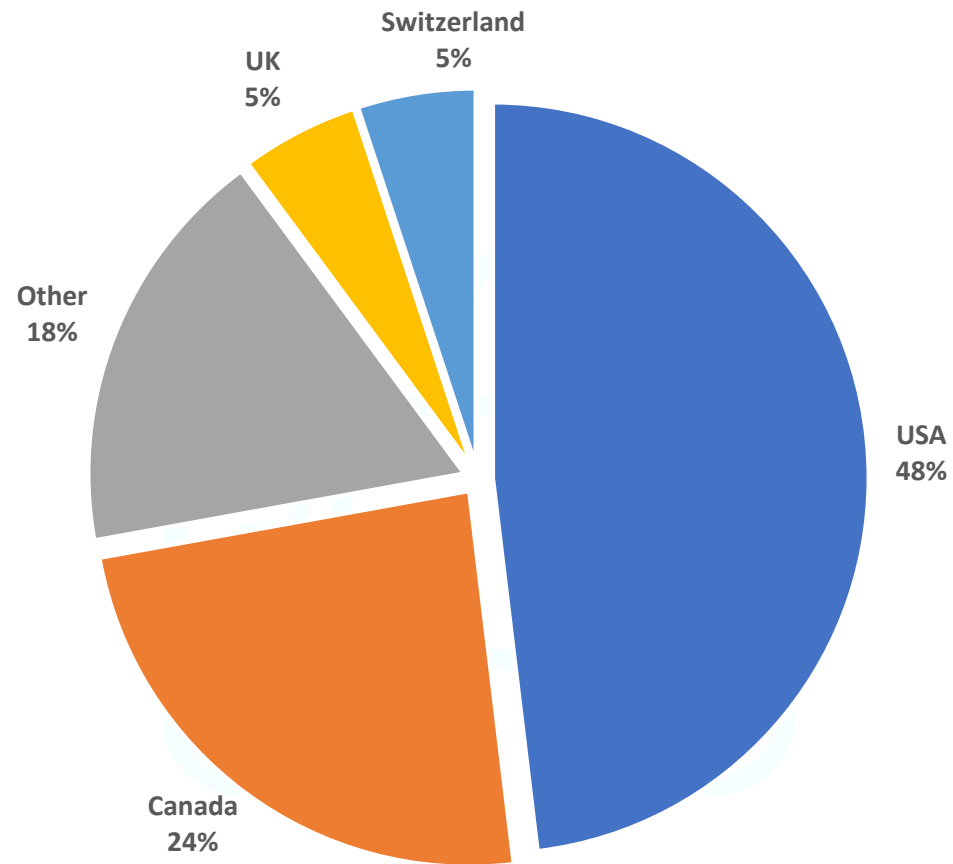
Matt graduated from the Foster School of Business at the University of Washington with a concentration in Finance.

Global M&A Activity in Esports (2015-2019)



Source: 451 Research, PitchBook, Corum Group

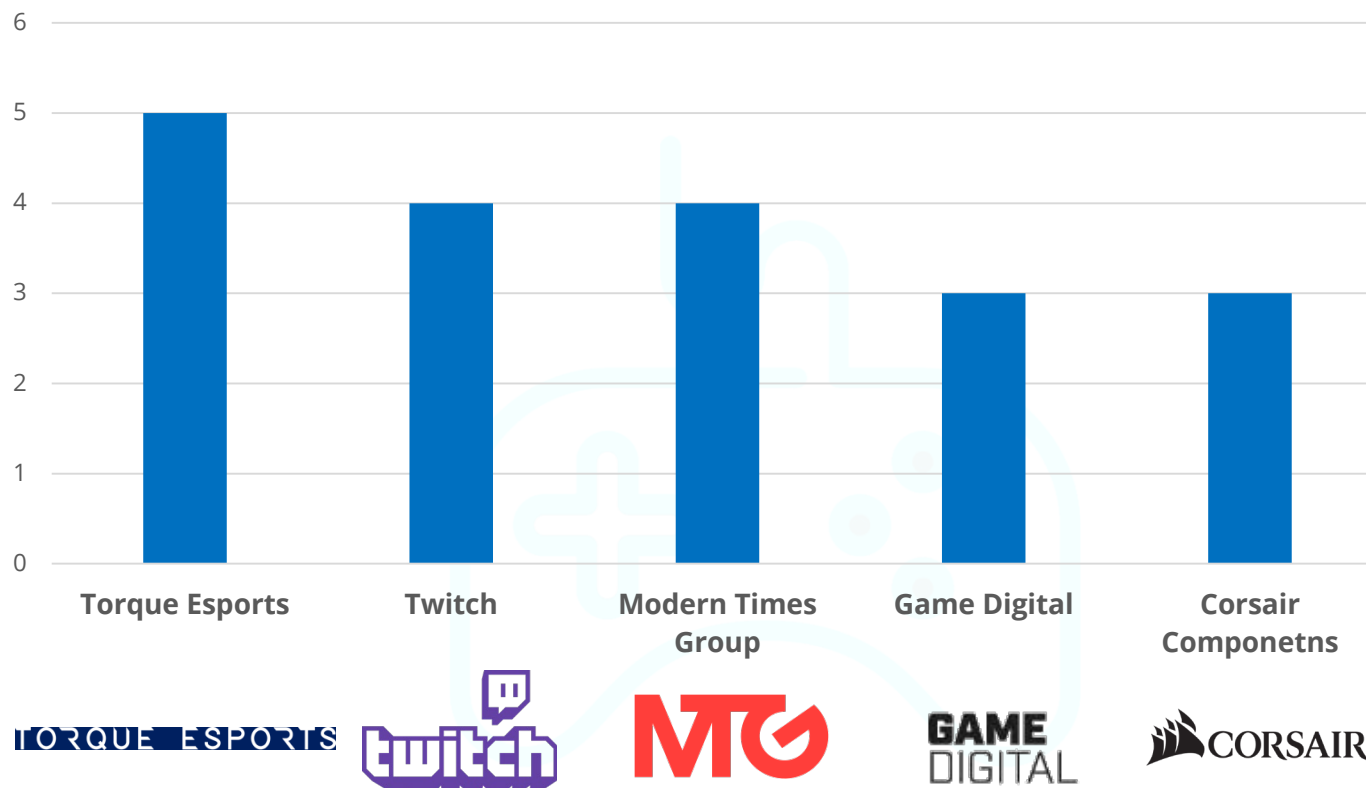
M&A Activity by Country (2015-2019)



Source: 451 Research, PitchBook, Corum Group Database

*Others include Spain, UK, Russia, France, China, Austria, Netherlands, Ireland, Brazil and Hong Kong

Leaders in Esports M&A (2015-2019)



Source: 451 Research, Corum Group Database

Key Transactions

The SteelSeries logo, featuring a stylized 'S' icon followed by the word 'steelseries' in a bold, lowercase sans-serif font.

Seller: SteelSeries

The Axcel logo, featuring a stylized 'A' icon followed by the word 'AXCEL' in a bold, uppercase sans-serif font.

Buyer: Axcel

Announced Date:

July 2019

Seller Description:

SteelSeries manufactures integrated hardware and software gaming systems for competitive and casual gamers globally. Products include gaming peripherals and accessories, such as headsets, keyboards, mice, and gaming surfaces.

Rationale:

"In L Catterton, we found a partner who recognized the enormous potential of our brand at a time when video gaming had not yet hit the mainstream. Our partnership has enabled us to relentlessly innovate and expand....We look forward to building on this momentum...." Source: Target press release, 7/1/19.

Key Transactions



Seller: Framerate

Buyer: Super League Gaming

Announced Date:

June 2019

Transaction Value:

\$2.5 M

Seller Description:

Framerate is a developer of a social video network focused on esports and gaming. The company's platform delivers news, highlights and entertainment.

Rationale:

"Framerate will be a major part of Super League's drive to bring value to gamers through multiple forms of engagement. The company will be fully integrated into Super League, instantly expanding our audience reach, creating more awareness for our live and digital experiences and becoming a foundational component of Super League's content distribution network." Source: Acquirer press release, 06/10/19.

Key Transactions



Seller: Greenlit Content



Buyer: ReKTGlobal

Announced Date:

June 2019

Seller Description:

Greenlit Content is an operator of videogame and esports-centric websites headquartered in Waldwick, New Jersey. The company's services include on-location shooting, web development, written editorial, social content, content strategy and execution, video production, streaming and amplification solutions.

Rationale:

"We are always looking to add companies to our portfolio that align with our long-term vision. The merger between ReKTGlobal and Greenlit Content was a strategic decision that will give ReKTGlobal the ability to penetrate the market due to our newly combined portfolio and ability to reach over 100 million enthusiastic gamers and esports fans." Source: Acquirer press release, 06/12/19.

Key Transactions



Seller: Psyonix Inc.



Buyer: Epic Games Inc.

Announced Date:

May 2019

Seller Description:

Psyonix develops soccer and driving hybrid game Rocket League, a popular esports title. The Psyonix studio has been a driving force behind some of the most successful games in the industry, including Gears of War, Mass Effect 3, XCOM: Enemy Unknown, Bulletstorm, Unreal Tournament III and Unreal Tournament 2004.

Rationale:

"In the long-term, we expect to bring Rocket League to the Epic Games store and to leverage our new relationship to grow the game in ways we couldn't do on our own before. We believe that bringing Rocket League to new audiences with more support is a win for everybody." Source: Target blog, 5/1/19.

Chris Park **Chief Executive Officer, Gen.G**



Chris Park is CEO of Gen.G, a global esports organization with offices in Los Angeles, Seoul, and Shanghai. Gen.G owns and operates top esports teams in the U.S., South Korea, and China, including Seoul Dynasty in the Overwatch League.

Before joining Gen.G, Chris served most recently as Executive Vice President, Product & Marketing for Major League Baseball. There he managed digital product development, marketing, and international business operations for MLB.

Chris has worked for Facebook and McKinsey & Co., and clerked for Judge Stephen F. Williams on the U.S. Court of Appeals for the D.C. Circuit. He is a graduate of Harvard College and Harvard Law School, both magna cum laude.

Chris serves on the Board of Directors for the Family Caregiver Alliance. He lives in New York with his wife Michelle Jang and their dog Russell.

About Gen.G



- Owns and operates teams and franchises in the top esports leagues
- In U.S., South Korea, and China.
- Connect gamers in the East and West
- Help young fans and athletes “get ahead in their lives”

Dan Fiden President, Cloud9



Dan Fiden is president of prominent North American esports organization, Cloud9 Esports, Inc. Dan previously served as a member of Cloud9's Board of Directors, having led Cloud9's seed investment round through FunPlus Ventures — an investment vehicle affiliated with mobile game publisher FunPlus, which was sold to Century Games / Shanda for over \$1BN.

Before becoming a member of Cloud9's executive team, Dan served as Chief Strategy Officer for FunPlus, which he joined after having invested in that company's first funding round. Dan cofounded Signia Venture Partners, where he focused on early stage game ecosystem investing. Prior to Signia, he held a number of roles in the game industry, including CEO of Wild Needle (sold to Zynga), US General Manager at social game company Playfish (sold to EA), served as a member of the advisory board at the Game Developers Conference, and as Creative Director on the You Don't Know Jack series of games at independent developer Jellyvision (now Jackbox Games.)

Dan began his career as a roast beef sandwich and frozen custard server at Anderson's in Buffalo, New York.

About Cloud9



- Esports team ownership organization
- Owns and operates 14 different esports teams in different games and leagues
- Provides coaching, performance psychology, nutrition, physical therapy
- Internal marketing team including social media, performance marketing and full-service media production agency

Esports Differences



- Gaming is fastest-growing and most transformative form of entertainment in the world
- Not bounded by analog restrictions
- First sport in human history going to scale fully-integrated through the rest of media, technology and entertainment

Customer Demands



- First and foremost fans
- Want high quality live and broadcast experiences
- Esports fans have direct and intimate connection with favorite players
- Esports pros livestream after matches and interact directly with fans
- Fans expect to maintain that intimacy

Emerging Trends



- Esports is an intersection of different industries
- Core video game and publishing business will develop with spectators and interaction in mind
- Fans and streamers enable distribution of games
- More functionality on game livestreaming platforms
- Data capture and analysis to improve athletic performance is on the rise

Emerging Trends



- Mobile will become a dominant esports platform
- Mobile esports already gaining traction in Southeast Asia
- Esports will outgrow label of being a “sport”, instead will become broader influence on entertainment

Consolidation



- Most effective operators identify ways to fully leverage their communities and resources in new partnership opportunities
- Reduction in the number of competitors in certain segments
- Growing interest from organizations in other verticals of entertainment or separate industries

Consolidation



- Franchise leagues help teams aggregate because of exclusive revenue streams
- Capital required to enter franchise leagues
- Largest esports organizations are taking larger share of the team ecosystem
- Consolidating forces come from team organizations and publishers



Future of Esports



- Macro metrics are bright and sustainable
- Reimagining of traditional sports & entertainment archetypes
- Leagues will be much more multidisciplinary than today
- Most successful will draw best practices from music and other important subcultures of entertainment

Future of Esports



- Depends on future of multiple different industries
- Video game industry will evolve to the point where distribution is driven by curators and content creators, including teams
- Media industry is evolving to include new forms of live, interactive media
- Traditional sports industry
- Companies investing in businesses that leverage brand reach through lifestyle clothing brands, web media properties, and youth esports

Advice for Sellers



- Be aware of the pace of change and where it is likely to go
- Big knowledge and experience gap between decision makers from traditional institutions and esports insiders
- This can be a liability or opportunity

Advice for Buyers



- Investment decisions are happening at an inflection point in esports history
- Any investment decision has to look several layers below the term to differentiate themselves
- Core business is much more than winning championships
- Imperative to critically examine opportunities to understand an organization's unique value

Advice for Buyers



- Interesting revenue growth, being run responsibly, and credible management?
- You need to fundamentally believe in the growth opportunity
- Esports represents a different mode of interaction and monetization
- More traditional sport and media businesses need this insight

Esports Panel

Elon Gasper



Host

CORUM
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Chris Park



CEO



Dan Fiden



President



Key Take-Aways

- ❑ Like video gaming in the 80s, esports is in that same phase today



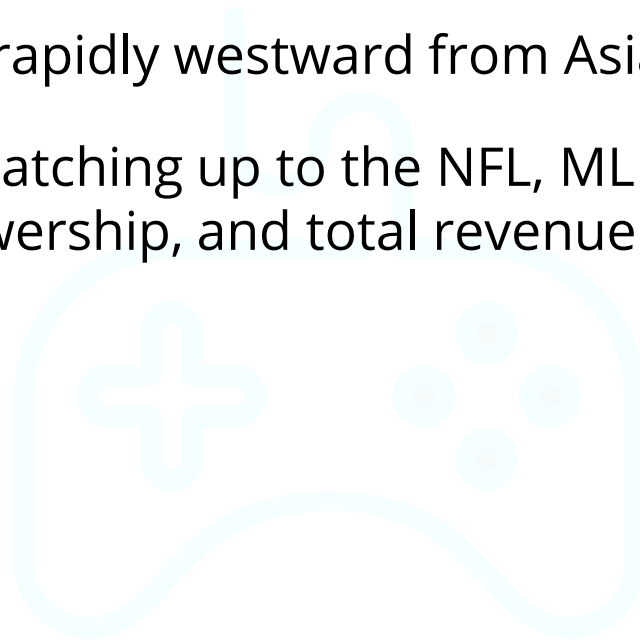
Key Take-Aways

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- ❑ Esports is moving rapidly westward from Asia
- ❑ Esports is rapidly catching up to the NFL, MLB, NBA, and NHL in terms of prize pools, viewership, and total revenue



Key Take-Aways

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- ❑ Total revenue estimated at nearly \$2Billion in 2022 is wildly underestimated



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- ❑ Like video gaming in the 80s, esports is in that same phase today
- ❑ Esports is moving rapidly westward from Asia
- ❑ Esports is rapidly catching up to the NFL, MLB, NBA, and NHL in terms of prize pools, viewership, and total revenue
- ❑ Total revenue estimated at nearly \$2Billion in 2022 is wildly underestimated
- ❑ Huge opportunities for M&A, team investment, infrastructure, analytics, marketing, and everything else involved in running comprehensive esports events online and in-person

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