

Gaming Insight

Volume 5

MERGERS AND ACQUISITIONS, PUBLIC & PRIVATE FINANCINGS
AND FINANCIAL ADVISORY SERVICES IN THE DIGITAL CONSUMER MARKET

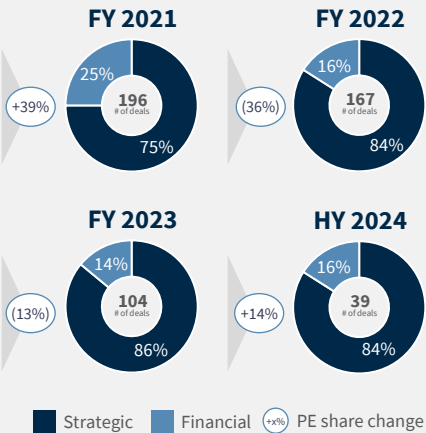
July 2024

High-value deal activity has picked up in 2024 while overall volumes are still lacking behind previous years

High-value M&A activity on the rise

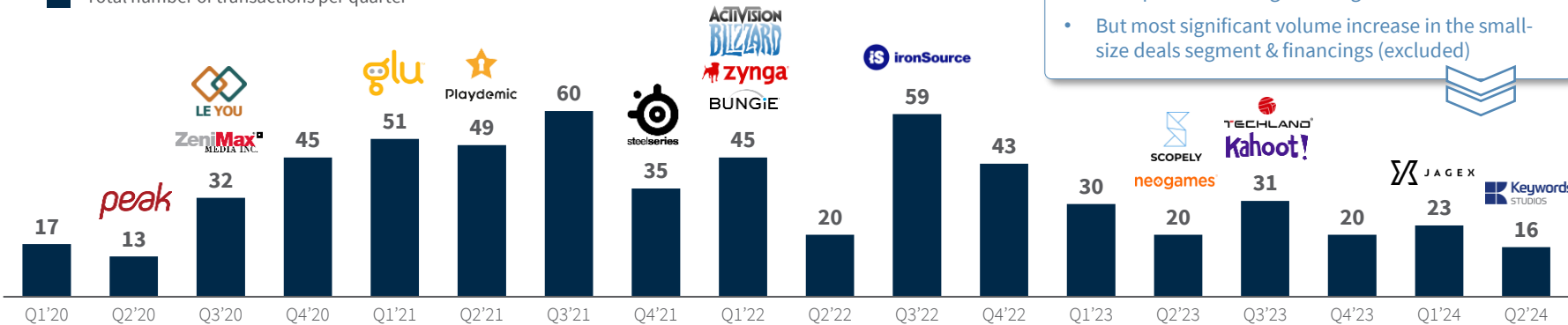
- 1. Activity is picking up with strong momentum and multiple high-value deals as Embracer continues to divest major businesses
 - I. Tencent is the most active acquirer with ~9 acquisitions via its subsidiaries LTM
 - II. PE locking in the two largest deals LTM: Keywords Studios / EQT valued at ~€2.5B, Jagex / CVC at ~€1.1B
- 2. Financial investors increase their sector focus as opportunities arise

PE appetite re-gained its momentum with massive traction in the background and thoughts on aggregator funding and take private deals to enter the market



Logos show selected landmark M&A moves with deal size >€1B

■ Total number of transactions per quarter



- Activity of large deals is picking up in 2024 with multiple PE & strategic-led high-value deals
- But most significant volume increase in the small-size deals segment & financings (excluded)

LANDMARK GAMING DEALS FOLLOW CLEAR STRATEGIC PATTERNS

CONSOLIDATION

- Consolidation play by expanding existing competences
- Acquisitions enable consolidators to strengthen profitability and create platforms for further organic growth and IP expansion

REPRESENTATIVE TRANSACTIONS

Date	Target	Value	Acquirer
May-23	neogames	~€1.1B	ARISTOCRAT
Jul-23	TECHLAND	~€2.0B	Tencent

PLATFORM EXPANSION

- Strategic add-ons with shift away from existing platform capabilities
- Transactions allow acquirors to accelerate business growth and expand platform as well as audience

REPRESENTATIVE TRANSACTIONS

Date	Target	Value	Acquirer
Jun-21	Playdemic	~€1.2B	EA
Apr-23	SCOPELY	~€4.5B	SAVVY GAMES GROUP

STRATEGIC CALIBRATION

- Large-scale strategically focused acquisitions
- Acquisitions accelerate growth in core business units and play a key role in long-term strategy execution

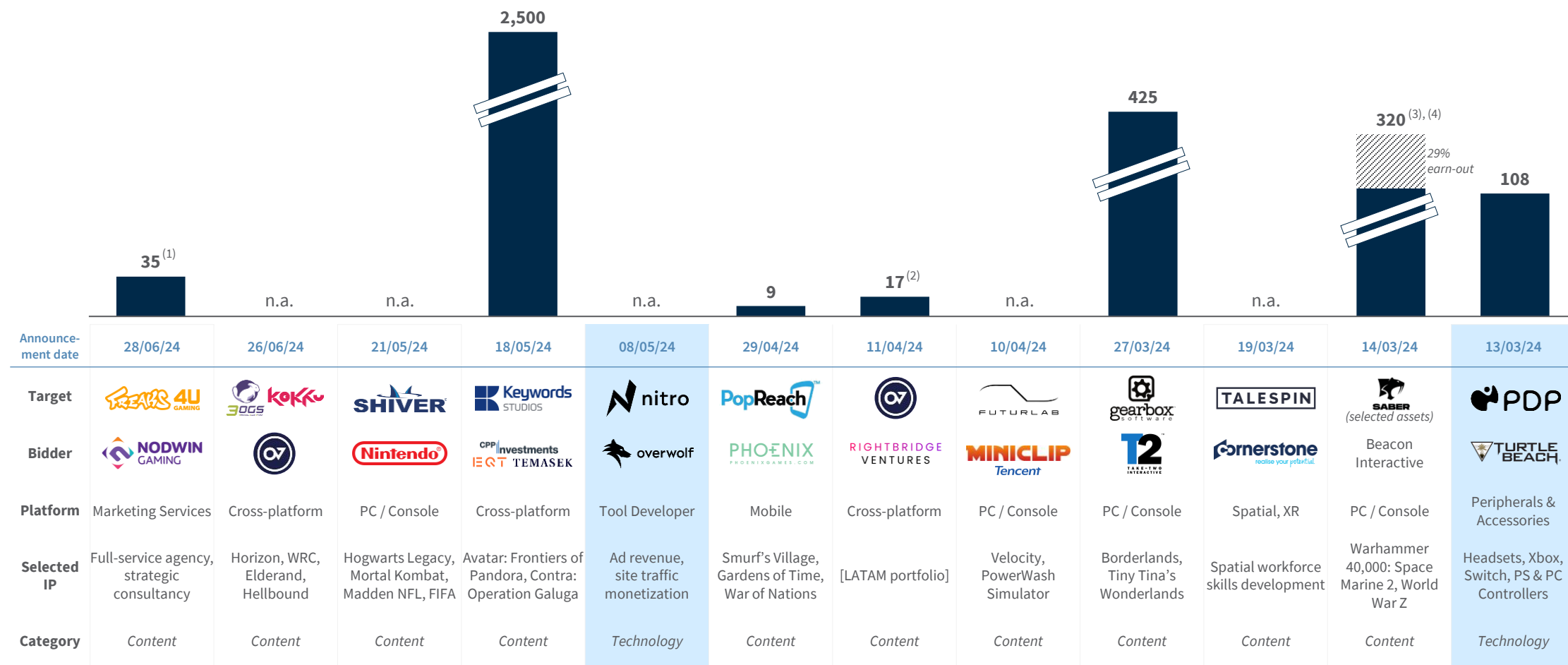
REPRESENTATIVE TRANSACTIONS

Date	Target	Value	Acquirer
Jan-22	zynga	~€9.3B	T2
Jul-22	ironSource	~€2.5B	unity

Major EU & US industry moves since July 2023 (I/III)

Transaction EVs, if not stated otherwise in €M

Category definition: ■ Content ■ Technology ■ Esports

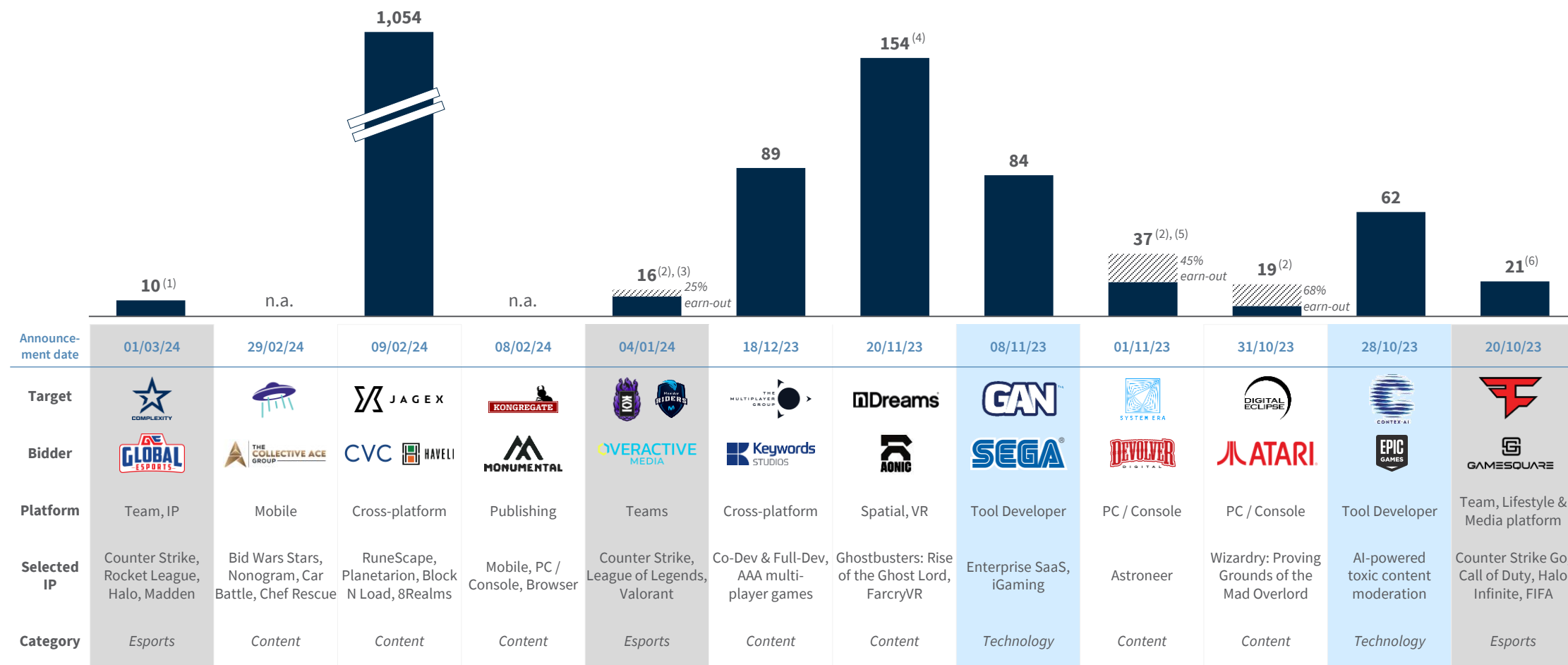


Source(s): Mergermarket, Raymond James Consumer Digital Lifestyle research, press, investor relations | Note(s): This selected overview includes most recent & prominent M&A moves, (1) ~86% shares acquired with total EV displayed, (2) ~51% shares acquired with total EV on current terms displayed, the Buyer has the option to acquire the remaining ~49% based on agreed EBITDA 2024E projections, (3) Maximum EV incl. full earn-out potential, (4) Initial consideration includes absorbed earn-out debt obligations, earn-out is an additional consideration to Embracer if the Buyer resells the assets for a higher consideration subject to certain conditions and time periods

Major EU & US industry moves since July 2023 (II/III)

Transaction EVs, if not stated otherwise in €M

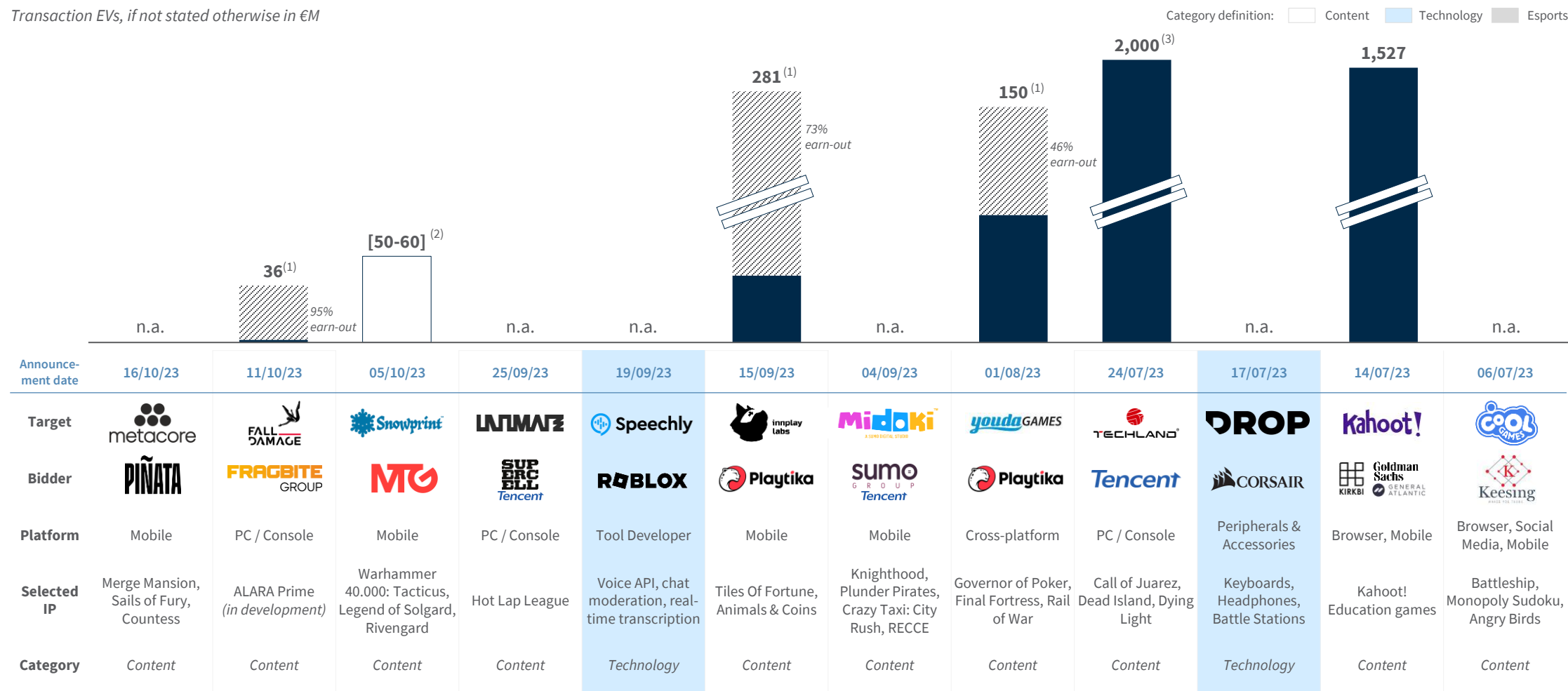
Category definition: ■ Content ■ Technology ■ Esports



Source(s): Mergermarket, Raymond James Consumer Digital Lifestyle research, press, investor relations | Note(s): This selected overview includes most recent & prominent M&A moves, (1) Full purchase price to be paid through a three-year seller finance note, paying ~€700K upfront with the remaining ~€9M to be paid through a series of debt payments including proceeds from any equity raised, (2) Maximum EV incl. full earn-out potential, (3) Aggregated value for both teams based on Feb 29, 2024 share price of CAD 0.39 and total consideration of 30M common shares, (4) ~67% shares acquired with total EV displayed, (5) Initial consideration includes cash at closing, shares issued after 12 months, earn-out includes deferred consideration and a potential additional earn-out component, (6) Equity value

Major EU & US industry moves since July 2023 (III/III)

Transaction EVs, if not stated otherwise in €M



Source(s): Mergermarket, Raymond James Consumer Digital Lifestyle research, press, investor relations | Note(s): This selected overview includes most recent & prominent M&A moves, (1) Maximum enterprise value incl. full earn-out potential, (2) Specific deal value not disclosed, assumption based on expected FY2023 revenue range and 1.8x revenue multiple (valuation of 70% stake in flagship title), (3) ~67% shares acquired with total EV displayed

Conference calendar

Planning to attend the following conferences?

Please reach out to schedule a meeting!



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 Conference Name	 Date	 Location	 Description
	Aug 18 – 25, 2024	Cologne, Germany	Leading video game trade fair with exhibitions of upcoming games from developers and game-related hardware
	Oct 25 – 27, 2024	London, UK	Video game trade fair, with tournaments, developer presentations and panels, parties, games, B2B and career space
	Nov 20 – 21, 2024	Helsinki, Finland	One of the world's leading startup and tech events, facilitating meetings between founders and investors
	Nov 22 – 24, 2024	Stockholm, Sweden	One of the world's largest digital festivals including esports tournaments, cosplay, live music, and expo area
	Dec 9 – 11, 2024	New York, USA	Three-day forum on factors that influence technology investing for 2023 and beyond
	Jan 20 – 21, 2025	London, UK	The leading mobile gaming conference with 2,000+ game industry attendees to network, discover, pitch and learn from industry giants
	Mar 17 – 21, 2025	San Francisco, USA	Leading game developer conference, the event includes an expo, networking events and award shows
	May 18 – 20, 2025	Krakow, Poland	One of Europe's largest business events, addressed to the representatives of the digital entertainment sector

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