

# Esports Sector Update

February 2022



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CLARITY

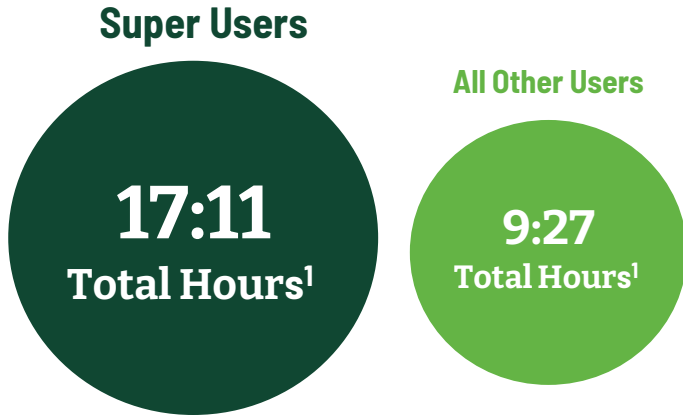
# » Executive summary and key themes

|  |   |  |
|--|---|--|
| <h2>Attractive Youth Audience</h2>       | <ul style="list-style-type: none"> <li>• Gamers belong to an attractive demographic: young, affluent, educated, and technologically savvy</li> <li>• Highly aware and proficient in using cutting edge technologies such as NFTs and crypto – the space is an excellent incubator for new tech</li> </ul> |  |
| <h2>Strong Secular Growth Potential</h2> | <ul style="list-style-type: none"> <li>• Gaming industry has double digit growth historically and very strong growth prospects going forward</li> <li>• Overall strong growth attributable to increases in both: spend (p) and audience (q)</li> </ul>  |  |
| <h2>Outperformance through Covid</h2>    | <ul style="list-style-type: none"> <li>• Gaming revenue grew +20.0% (+11.2% outperformance vs expectations) in 2020</li> <li>• 80% of business in esports and gaming see covid as a positive impact on their business, creating a new watermark</li> </ul>  |  |
| <h2>More Than Games</h2>                 | <ul style="list-style-type: none"> <li>• 60% of gamers have participated in a non-gaming activity or event inside a video game engine within the last 12 months</li> <li>• Event types include watch parties, concerts, graduations, visiting virtual recreations of real-world locations</li> </ul>      |  |
| <h2>What to Look For</h2>                | <ul style="list-style-type: none"> <li>• Game publishers own the IP – creates a power dynamic in the space – investments typically focus on “game IP agnostic/diverse assets”</li> <li>• Investment focus on the “picks and shovels” assets</li> </ul>  |  |

# » Gamers and other Super Users are an attractive audience

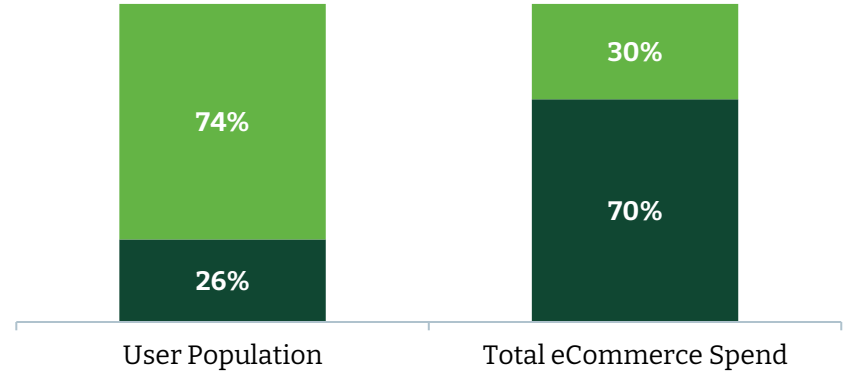
## Super Users Spend More Time with All Major Technology and Media Activities – Video, Gaming, Music, Podcasts, and Messaging

(average daily time in hours)



## Super Users' Technology and Media Behavior Extends to eCommerce, in which they Account for a Bulk of Total Spend

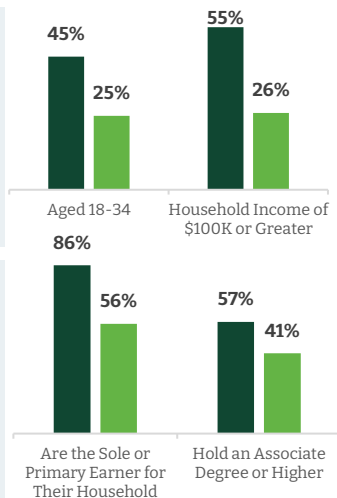
■ Super Users ■ All Other Users



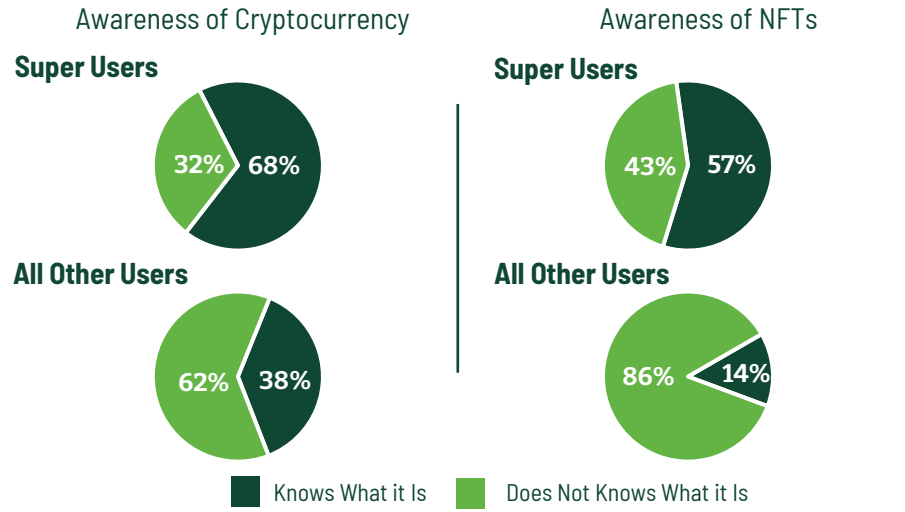
## Super Users are Younger and More Affluent, with a Higher Level of Education than All Other Users

**Young and Affluent**  
Super Users tend to be younger and more affluent than their counterparts, making them more valuable to technology and media companies

**Educated**  
Super Users are highly educated, with most holding a college degree and many still enrolled as full-time students in a higher education institution



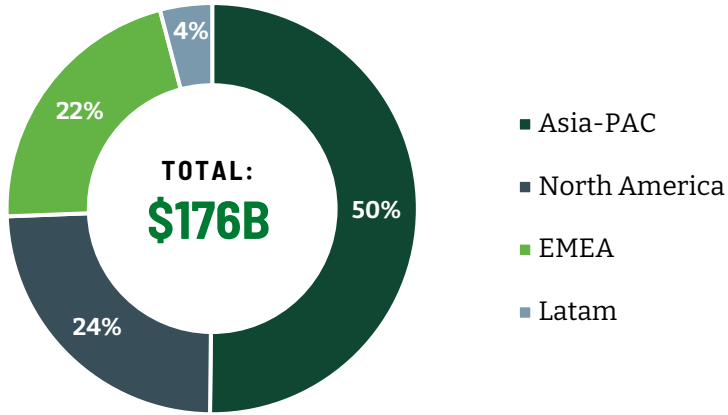
## There is a Paradigm Shift in the Conventional Idea of a Gamer, as Gaming has Expanded into New Segments Beyond Younger Men



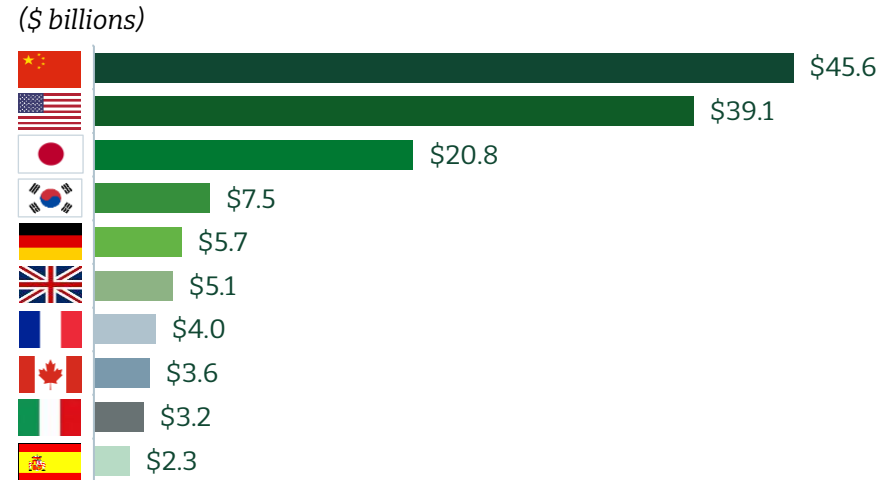
Source: Active Consulting 1. "Total hours" do not account for multitasking. Figures do not sum due to rounding. Activate 2021 Consumer Technology & Media Research Study (n = 4,018), AudienceNet, Edison Research, eMarketer, GWI, Music Business Association, Nielsen, Pew Research Center, PricewaterhouseCoopers, U.S. Bureau of Labor Statistics

# » Strong and growing \$176bn gaming market

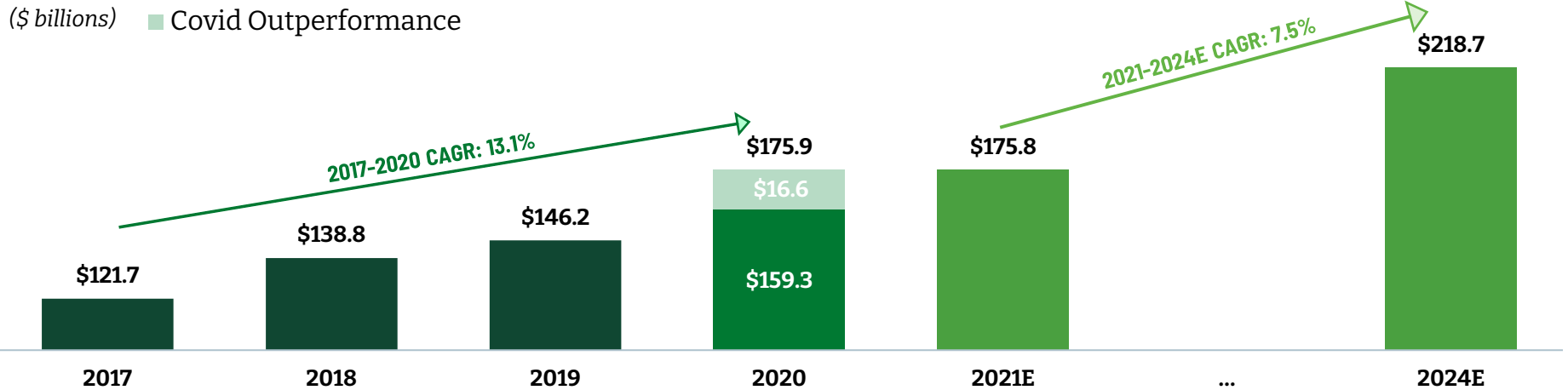
Revenue by Region



Revenue by Country

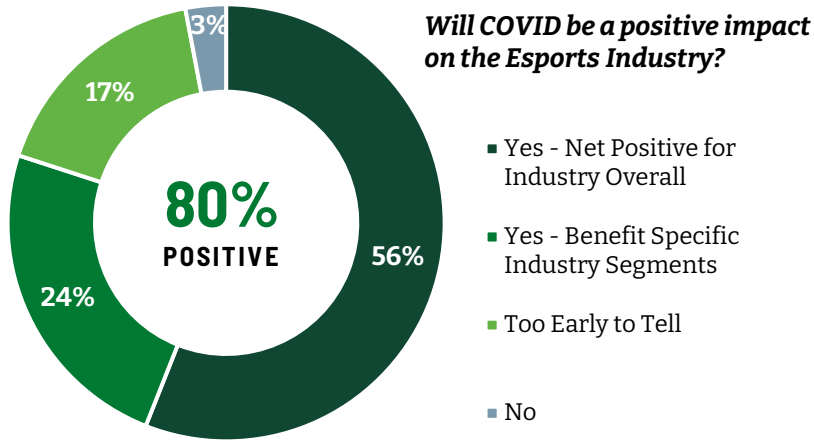


Global Gaming Industry Forecast

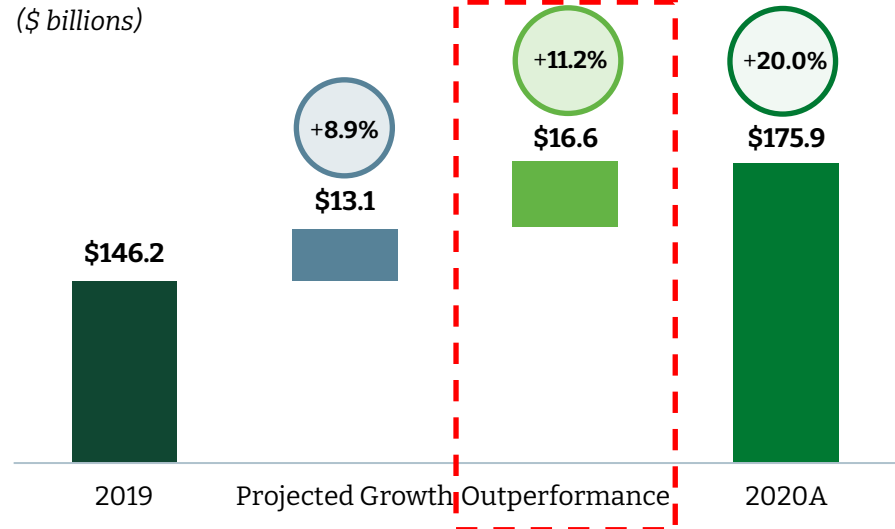


# » Esports has benefited from COVID and secular tailwinds

## Esports Execs' Outlook on COVID-19 Impact



## 2020 Gaming Revenue Exceed Projections by Over 10%



## Strategic Shifts

- Adjusting for loss of live events
- Continued focus on growth in online and streaming
- Responding to online audience increases
- Increased non-endemic brand interest in esports
- Upgrading platform and technology
- New content creativity to leverage influencers

## Projected Trends

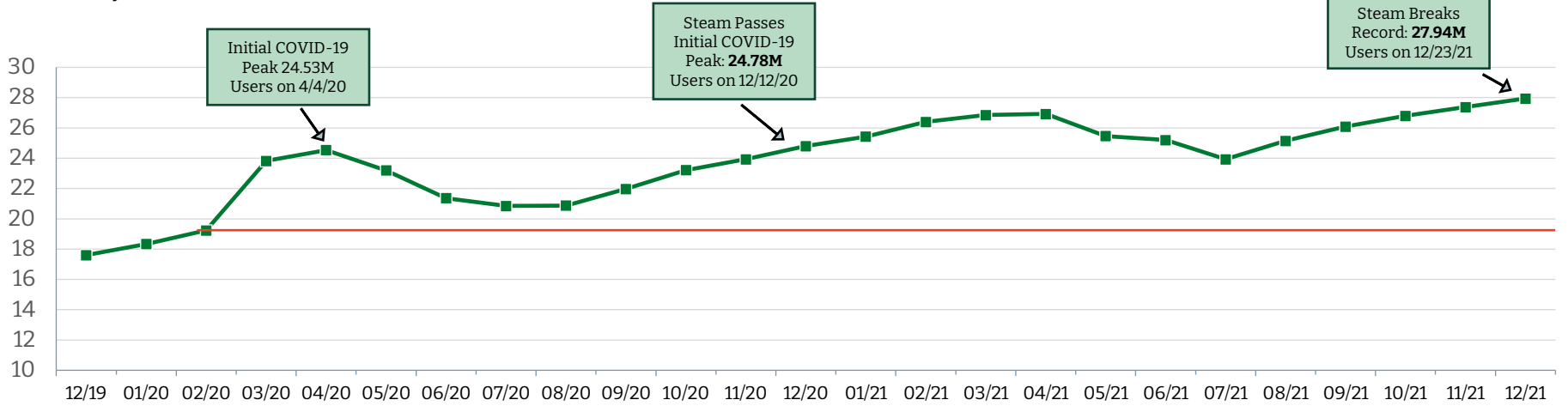
- Public and brand awareness of esports will rise
- Massive streaming audience increases are hard to ignore
- Explosion in content, participants and channels will increase complexity of the ecosystem
- Technology standards and practices will be further fleshed out
- Esports business models will adjust to provide greater clarity and focus as a result of these trends

**COVID has accelerated the capture of prevailing esports audience growth trends furthering the paradigm shift towards interactive digital media consumption**

# » COVID has boosted the gaming industry and set a new watermark

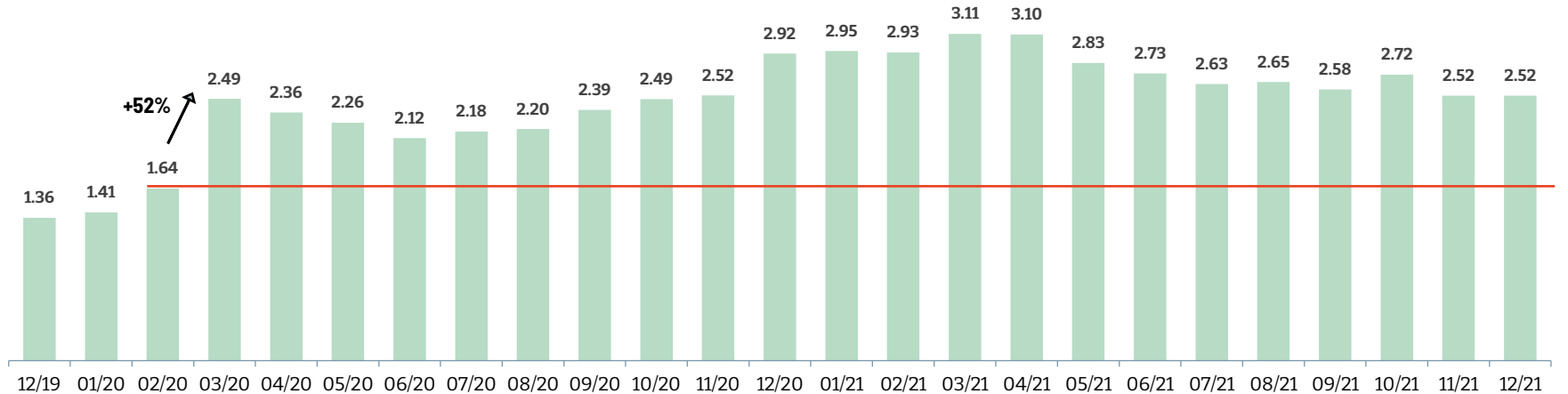
## Steam Sees Hike in Daily Concurrent Users

(millions of users)



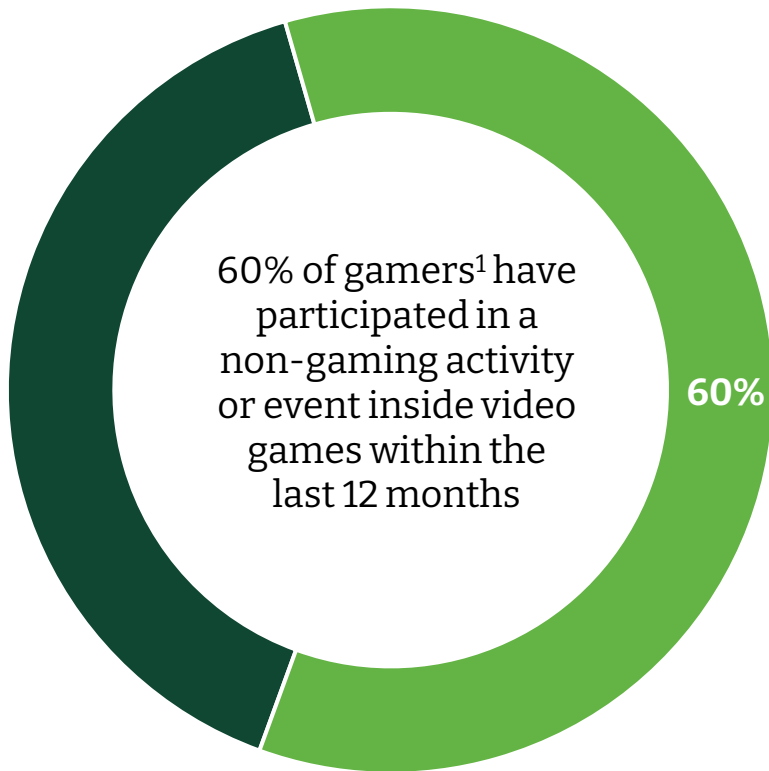
## Twitch Sees Jump in Average Viewers

(average viewers in millions)



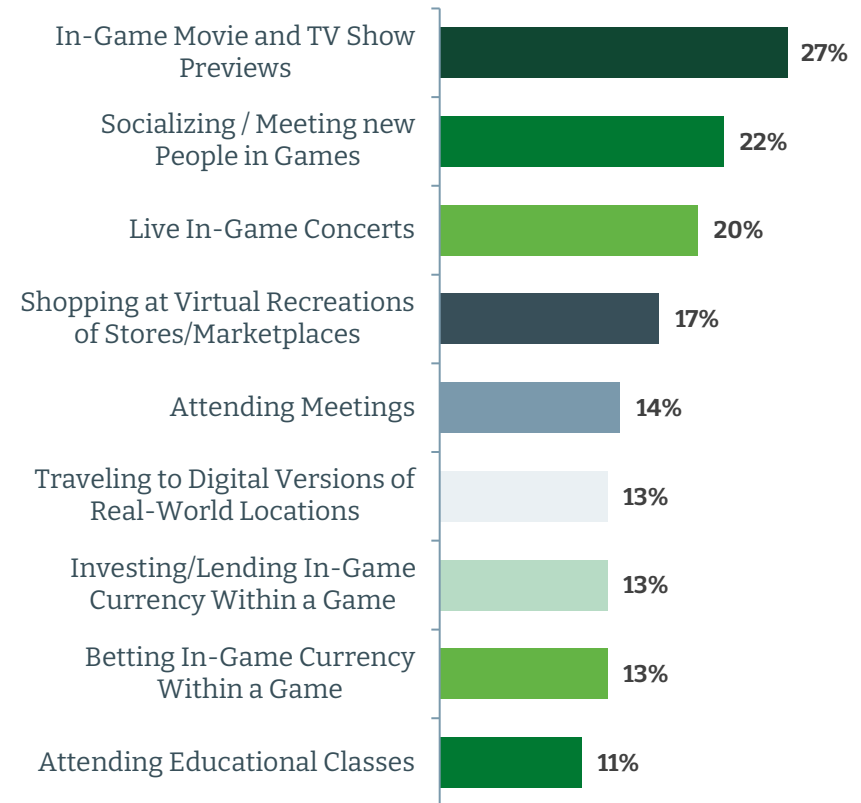
# » More than games... Immersive interactive media

Participation in Non-Gaming Activities or Events in Video Games Within the Last 12 Months



Participation in Non-Gaming Activities or Events in Video Games Within the Last 12 Months by Type

- Among gamers<sup>1</sup> who have participated in a non-gaming activity or event in the last year, the top activity was attending live in-game concerts



# » How brands reach fans - the ecosystem



## Gaming and Esports Infrastructure (see next page)

\*This ecosystem is not exclusive and should not be taken as limited to the above listed companies and segments, particularly as the market is rapidly evolving and expanding



# » Highly attractive business models ripe for investment

- Gaming and esports businesses have high growth potential and scalable operations
- High-quality assets are at the critical inflection point of achieving profitability and generating cash flows
- All stakeholders are looking for partnerships to scale the business to the next level – find the business within the science project

## Gaming and Esports Infrastructure

### MARKETING SERVICES AND AGENCIES



### DATA PROVIDERS AND ANALYTICS



### INFRASTRUCTURE SOFTWARE

