

M&A Quarterly Market Report: Q1'21 Review

Global Sports Technology

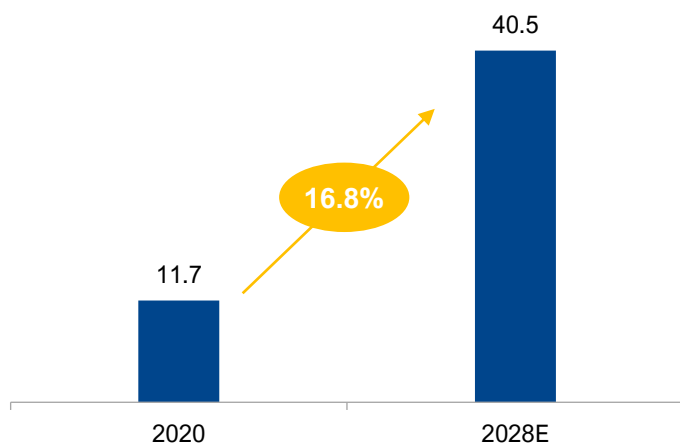


Industry Overview – Sports Technology (1/2)

Global sports technology market forecast to expand at 17% CAGR to US \$40.5 billion by 2028

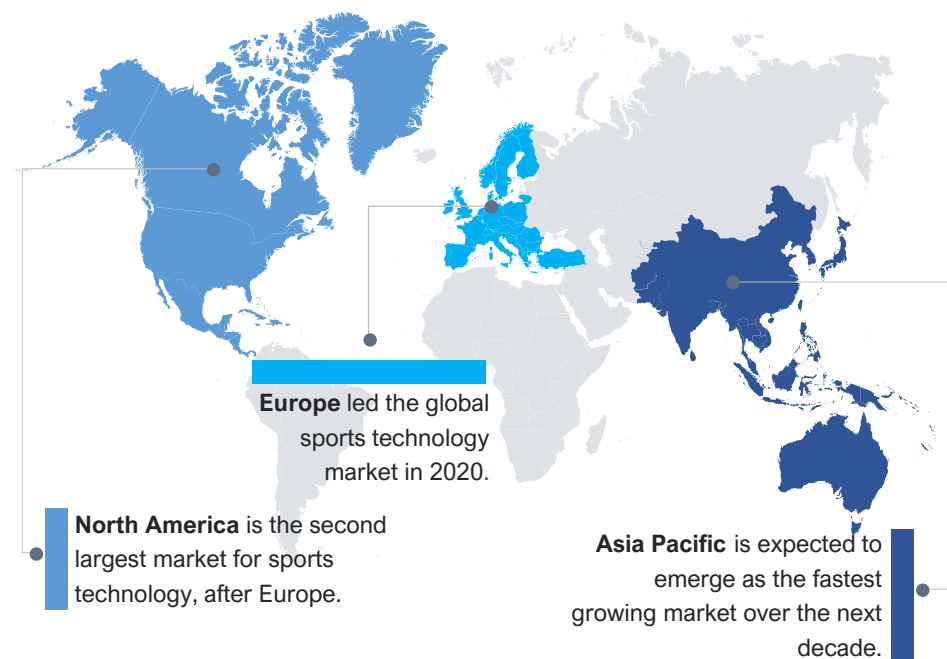
Global Sports Technology Market Size

US \$ billion

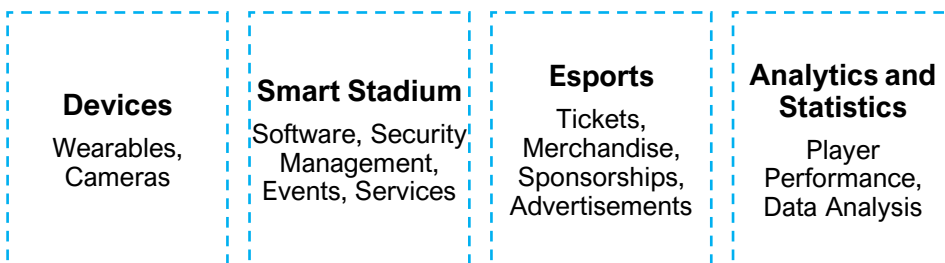


- The overall sports technology market is anticipated to expand at a CAGR of 17% to US \$40.5 billion between 2020 and 2028.
- The increasing adoption of newer technology, social media integration, and growth in digital transformation across sports are expected to drive the market.
- Professional sports associations and franchise leagues are increasingly adopting innovative technologies such as smart stadium, data analytics, wearables, and digital signage, thus adding value to the market.

Regional Insights



Sub-sectors

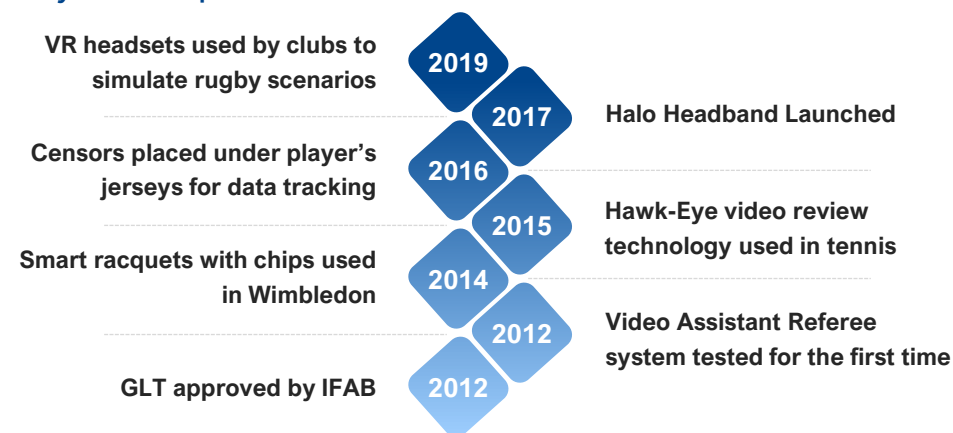


Source: Grandviewresearch, Marketsandmarkets, Aranca Research

Industry Overview – Sports Technology (2/2)

Global sports technology industry highly fragmented with large number of players

Key Developments



Market Concentration

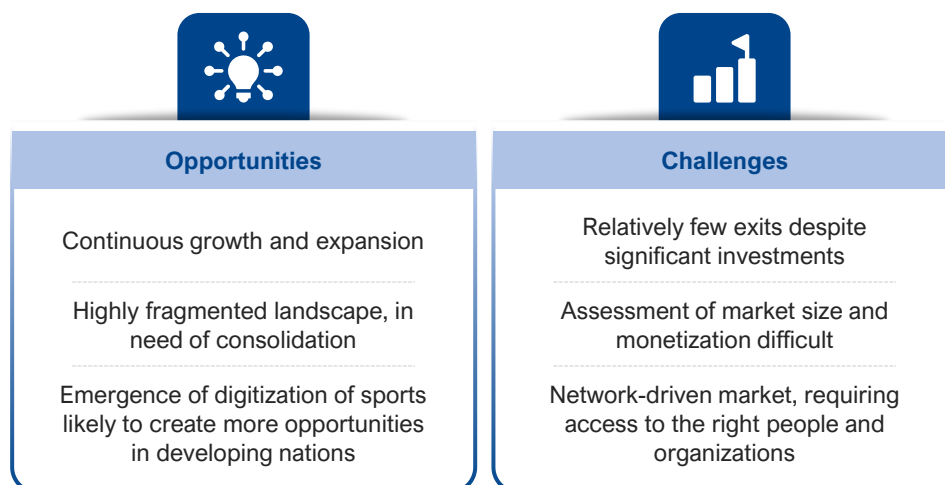
Consolidated
(Market dominated by 1–5 major players)

Fragmented
(Highly competitive market without dominant players)



↑
Sports Tech Market

Investment: Opportunities and Challenges



Intersection with Key Industries

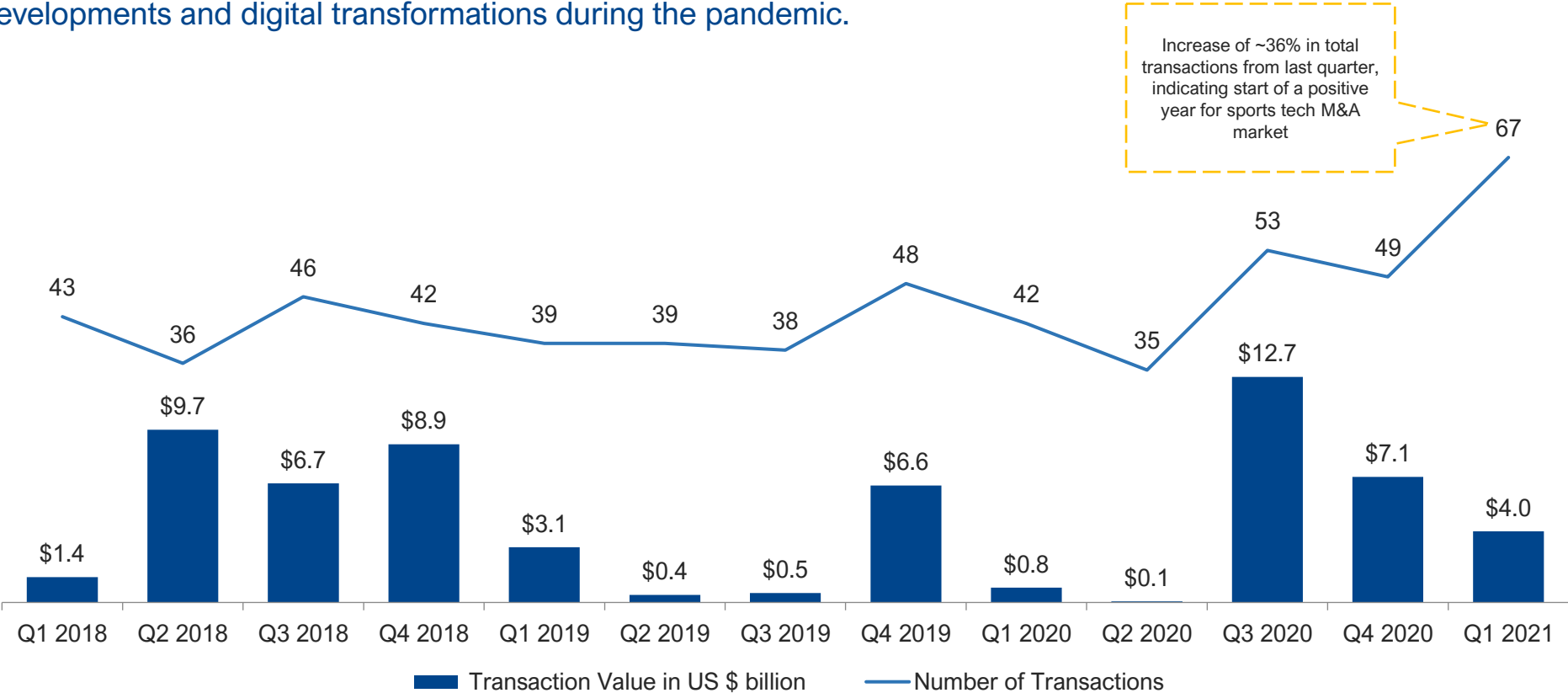


Source: Grandviewresearch, Marketsandmarkets, Aranca Research

M&A Transactions Trend – Total Transaction Value and Number of Transactions

Strong M&A activity witnessed in market in 2020, with trend likely to continue in Q1'21

M&A transaction volume has been growing rapidly in the last year, driven by exponential growth in technological developments and digital transformations during the pandemic.



Note: Volume and total transaction value might differ due to lack of availability of undisclosed transactions.

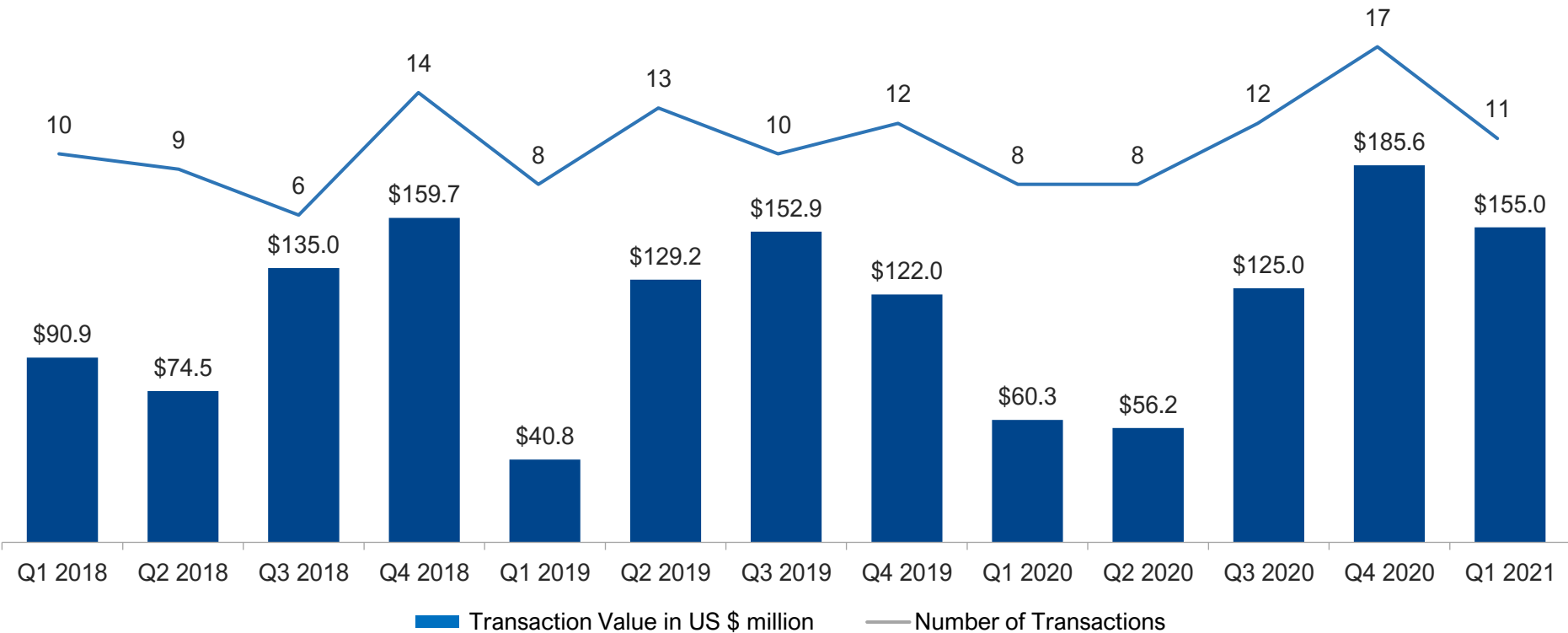
Average Valuation Multiples: EV/Revenue – 8.9x and EV/EBITDA – 21.0x

Source: S&P Capital IQ, Aranca Research

M&A Transactions Trend – Under US \$50 Million

Historically 25–30% of total transactions (with disclosed values) were under US \$50 million

The sports technology market is highly fragmented, and consolidation among players can be seen in deals valued under US \$50 million.



Note: Volume of transactions under US \$50 million might differ from the actual number due to lack of availability of undisclosed transactions.

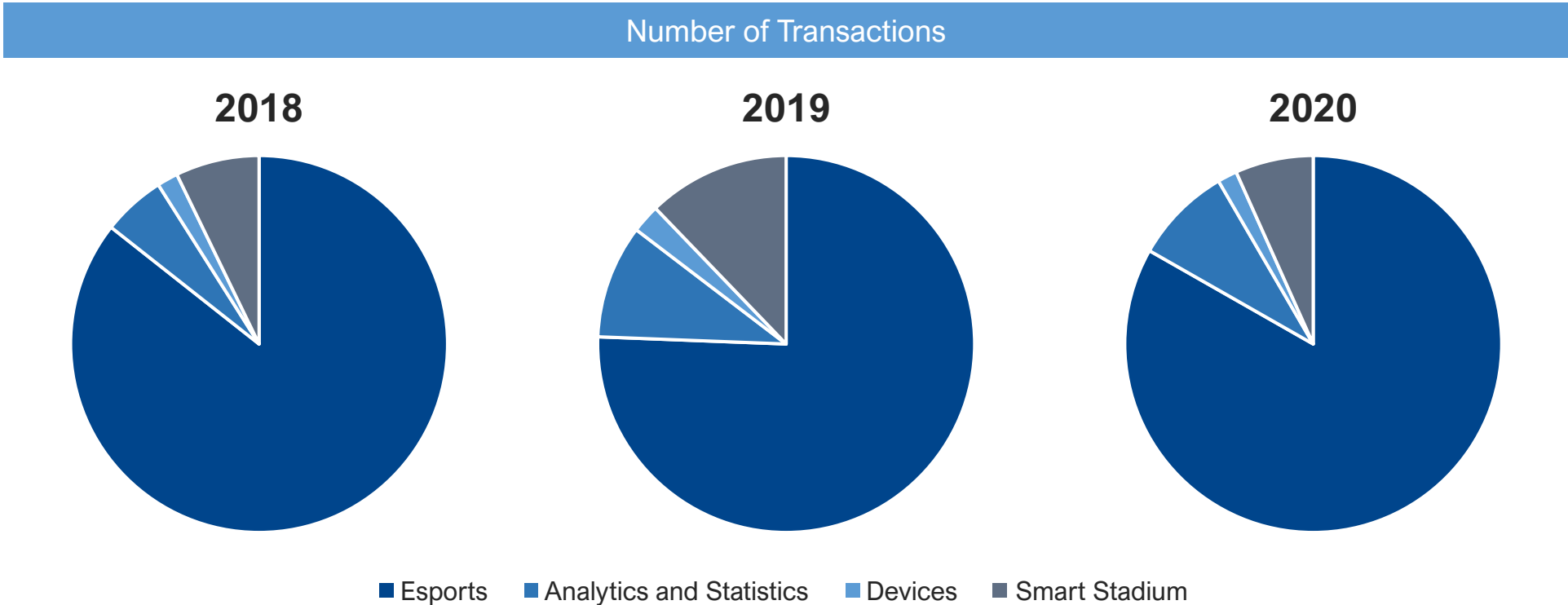
Average Valuation Multiples: EV/Revenue – 9.1x and EV/EBITDA – 26.0x

Source: S&P Capital IQ, Aranca Research

M&A Transactions Trend – By Sub-sector

Esports leading sub-sector, recording more than 75% of total transactions in last three years

The emergence of esports has transformed the outlook for the sports industry, offering a direct means to reach the target audience during online and offline events. Many companies are entering the esports market by getting involved in sponsorships, advertisements, and by selling merchandise, tickets, or media rights.





















The same trend can be seen in the transactions in Q1 2021, with more than about 76% of the total transactions occurring in the esports sub-sector.

Source: S&P Capital IQ, Aranca Research

Select SPAC Activity in Sports Technology Space

SPAC market observes surge in sports technology-focused SPACs in recent times

<p>2021</p>   <p>VIVIDSEATS.</p> <p>HORIZON ACQUISITION CORPORATION</p> <p>Vivid Seats and Horizon entered into a definitive agreement that would result in Vivid Seats becoming a publicly listed company.</p>	<p>2021</p>   <p>sportradar</p> <p>HORIZON ACQUISITION CORPORATION</p> <p>Sportradar and Horizon II inked a definitive agreement that would result in Sportradar becoming a publicly listed company.</p>	<p>2020</p>   <p>GOLDEN NUGGET</p> <p>LANDCADIA HOLDINGS</p> <p>Golden Nugget Gaming and Landcadia II inked a definitive agreement that would result in Golden Nugget becoming a publicly listed company.</p>	<p>2020</p>   <p>skillz</p> <p></p> <p>Skillz and Flying Eagle Acquisition entered into a definitive agreement that would result in Skillz becoming a publicly listed company</p>
<p>2020</p>   <p>genius sports GROUP</p> <p>dMY Technology Group</p> <p>Genius Sports and dMY Technology Group entered into a definitive agreement that would result in Genius Sports becoming a publicly listed company.</p>	<p>2020</p>   <p></p> <p>ACIES ACQUISITION CORP</p> <p>Playstudios and Acies Acquisition Corp inked a definitive agreement that would result in Playstudios becoming a publicly listed company.</p>	<p>2020</p>   <p>RUSH STREET INTERACTIVE</p> <p>dMY Technology Group</p> <p>Rush Street Interactive and dmy Technology entered into a definitive agreement that would result in Rush Street Interactive becoming a publicly listed company</p>	<p>2019</p>   <p>ALLIED ESPORTS</p> <p>BLACK RIDGE ACQUISITION CORPORATION</p> <p>Allied eSports and Black Ridge inked a definitive agreement that would result in Allied eSports becoming a publicly listed company.</p>

Source: S&P Capital IQ, PitchBook, SPAC Tracker, Aranca Research

Select SPAC Activity in Sports Technology Space

SPACs Searching for Targets

SPAC	Potential Focus	IPO Size (US \$ million)
890 5th Avenue Partners	Sports media, betting, esports, fitness technology	\$250
Ace Global	Asia esports	\$40
Arctos NorthStar	Sports teams, leagues, sports technologies	\$275
Athlon Acquisition	Fitness technology	\$240
Atlas Crest II	Media, sports betting	\$300
Bull Horn	Sports, entertainment	\$75
Goal Acquisitions	Sports teams, sports technology	\$225
Monument Circle	Sports media	\$218
Newbury Street	Sports, entertainment media	\$120
PTK	Gaming, esports	\$100
RedBall	Sports team, media, sports analytics	\$575
Slam Corp.	Sports, media, entertainment	\$500
SportsTek	Sports teams, media	\$150
Tekcorp Digital	Digital media, sports	\$250

Source: S&P Capital IQ, PitchBook, SPAC Tracker, Aranca Research

Top 10 M&A Transactions – Last Three Years

Total transaction value of over US \$33 billion, with mix of strategic and financial buyers

Date	Target	Buyer	Transaction Value (US \$ million)	Strategic/ Financial Buyer
Sept – 2018	Amer Sports Corporation	Tencent Holdings, ANTA Sports Products, FountainVest Partners	6,468.8	<ul style="list-style-type: none"> ▪ Tencent Holding (Strategic) ▪ ANTA Sports (Strategic) ▪ FountainVent (Financial)
Sept – 2020	William Hill	Caesars Entertainment	4,985.8	Strategic
Apr – 2021	Sky Betting and Gaming	The Stars Group	4,700.0	Strategic
Dec – 2020	FanDuel	Flutter Entertainment	4,198.4	Strategic
Nov – 2019	StubHub	Viagogo	4,050.0	Strategic
Apr – 2018	Cirsa Gaming Corporation	The Blackstone Group	3,373.7	Financial
Mar – 2019	Dorna Sports	Bridgepoint Advisers Limited, Canada Pension Plan Investment Board	2,535.1	Financial
Oct – 2019	TEG	Silver Lake Management	1,300.0	Financial
Apr – 2018	Snaitech	Pluto (Italia)	1,062.7	Strategic
Sept – 2020	Scientific Games Corporation	Caledonia (Private) Investments	925.4	Financial

Source: S&P Capital IQ, Aranca Research

Active M&A Players in Sports Technology Market

Industry Map: Esports, Device, Smart Stadium, Analytics, and Software



Source: S&P Capital IQ, Aranca Research

Outlook

Sports technology market projected to witness significant deals and consolidation in 2021



Market Trends

- Esports is the leading sub-sector, with over 75% of the total transactions recorded in the sports technology industry.
- Esports is expected to retain its position with more opportunities likely to materialize in the form of fan engagements, online marketing, media, advertisement, and aid to reach the target audience at online events.
- Many non-endemic brands have started to endorse themselves as key sponsors for various esports events.



M&A Market

- The 2019–20 pandemic aided the emergence and growth of the sports technology sector.
- The industry seems to be supportive and the 2021–22 period is expected to be beneficial for M&A activities.
- There is a high probability that the sports technology industry would be witnessing many deals with frothy valuations, presence of new buyers, and substantial investments.

Source: Aranca Research

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