

Quarterly Industry Update

As of September 30, 2013

Industry: Entertainment Software



Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Entertainment Software industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Since September 30, 2012, the median 52-week share price return of the Entertainment Software industry has increased by 36.4%. In the last quarter, the median price-to-earnings multiple increased from 13.4x to 25.3x.

Comparable Public Company Key Statistics

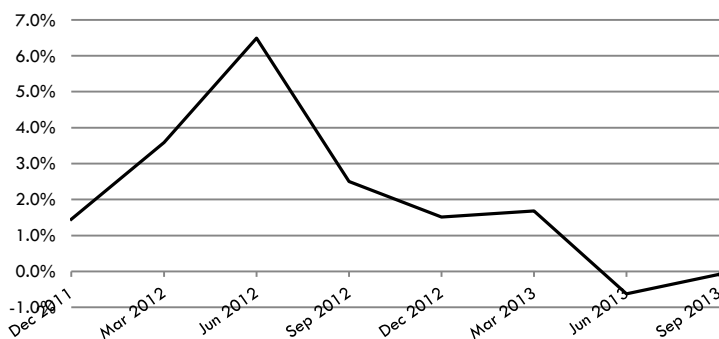
Median 52-Week Return	29.5%	Median EV/Revenue Multiple	1.9x	Median Price/Earnings Multiple	25.3x
Median 3-Year CAGR Return	15.5%	Median EV/EBITDA Multiple	13.5x	Median EV/Gross CF Multiple	22.7x

Comparable Public Company Market Price Returns (As of September 30, 2013)

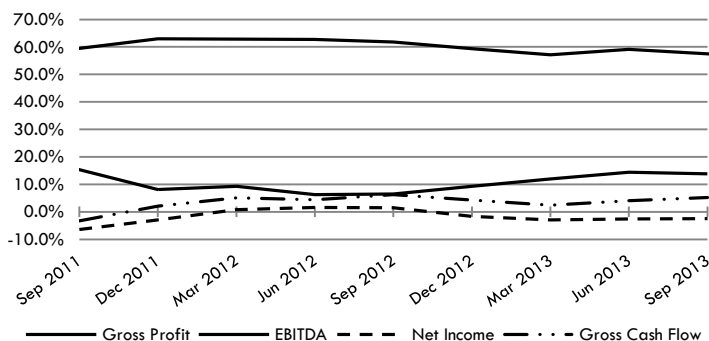
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2012	2011	2010	2009	2008
Scientific Games Corporation	86.5%	43.7%	95.4%	50.7%	18.6%	-6.8%	-10.6%	-2.6%	-31.5%	-17.0%	-47.2%
Kongzhong Corp.	139.0%	101.5%	94.9%	80.3%	28.7%	28.6%	32.4%	-41.6%	-42.8%	269.9%	-45.0%
Electronic Arts Inc.	76.0%	11.1%	101.3%	11.8%	15.8%	-7.1%	-29.5%	25.8%	-7.7%	10.7%	-72.5%
Sohu.com Inc.	66.5%	27.9%	87.3%	27.9%	11.0%	7.2%	-5.3%	-21.2%	10.8%	21.0%	-13.2%
YY Inc.	228.1%	74.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Renren Inc.	-2.3%	12.7%	-16.4%	-18.7%	N/A	N/A	-2.8%	N/A	N/A	N/A	N/A
FAB Universal Corporation	128.9%	100.8%	43.4%	90.1%	36.8%	-11.8%	107.5%	-48.3%	-26.5%	-60.5%	-66.3%
Glu Mobile, Inc.	22.0%	25.8%	-40.1%	14.8%	25.4%	7.4%	-27.4%	51.7%	80.0%	130.0%	-90.4%
Gravity Co., Ltd	-15.5%	-4.0%	-14.9%	-6.3%	-9.2%	0.6%	-8.3%	-15.2%	4.9%	226.0%	-83.9%
Majesco Entertainment Co.	-48.1%	-3.5%	-56.3%	-47.6%	-5.9%	-8.6%	-56.6%	216.9%	-33.1%	88.6%	-54.8%
Zynga, Inc.	55.6%	32.1%	29.5%	N/A	N/A	N/A	-74.9%	N/A	N/A	N/A	N/A
Activision Blizzard, Inc.	57.1%	17.0%	47.9%	18.4%	15.5%	1.6%	-13.8%	-1.0%	12.0%	28.6%	N/A
Shanda Games Limited	28.6%	-1.0%	3.7%	-0.8%	-10.0%	N/A	-22.3%	-39.2%	-36.9%	N/A	N/A
Median of Industry Public Companies	57.1%	25.8%	36.4%	14.8%	15.7%	0.6%	-12.2%	-8.9%	-17.1%	28.6%	-60.6%

(Multiple year periods are calculated as the average annual return.)

Median Quarterly Revenue Growth of All Entertainment Software Companies



Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



Median Public Company Multiples of the Entertainment Software Industry

Date:	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013
EV/Revenues Multiple	1.5x	2.2x	2.4x	2.3x	1.1x	1.2x	1.2x	1.4x	1.9x
EV/EBITDA Multiple	5.6x	6.1x	4.6x	9.3x	8.0x	8.7x	8.6x	6.1x	13.5x
Price/Earnings Multiple	8.4x	12.3x	14.8x	12.9x	12.2x	10.3x	19.4x	13.4x	25.3x
EV/Gross Cash Flows Multiple	5.0x	8.0x	10.4x	15.0x	7.1x	6.0x	15.0x	7.9x	22.7x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Richard Reynolds or Steven Kam at 415-392-0888 for additional information or questions in connection with this research report.

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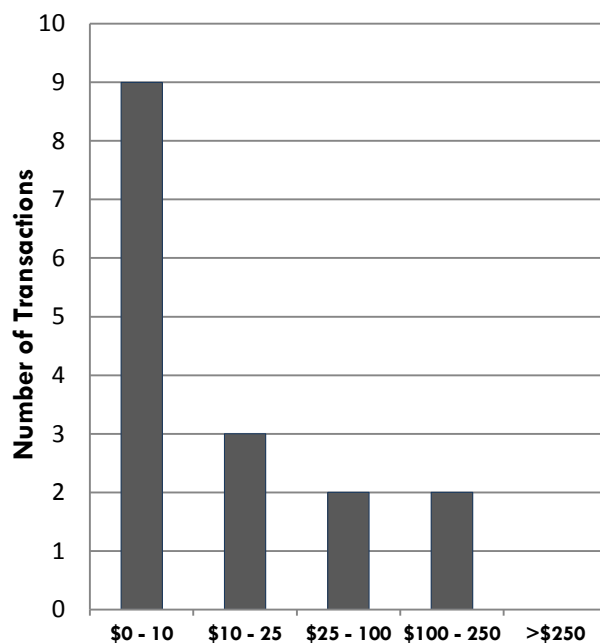
Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
11/20/2012	YY Inc.	\$10.50	7.8	\$81.9	\$163.6	\$0.0	\$105.9	\$14.0	\$9.5	N/A
12/15/2011	Zynga, Inc.	\$10.00	100.0	\$1,000.0	\$1,511.7	\$0.0	\$1,024.6	\$190.4	\$0.0	\$239.7
5/4/2011	Renren Inc.	\$14.00	53.1	\$743.4	\$444.0	\$0.0	\$83.1	\$11.1	(\$36.9)	\$11.1
9/24/2009	Shanda Games Limited	\$12.50	83.5	\$1,043.8	\$418.1	\$0.0	\$590.7	\$244.2	\$0.0	\$251.2
3/21/2007	Glu Mobile, Inc.	\$11.50	7.3	\$84.0	\$81.8	\$11.6	\$46.2	(\$6.3)	(\$12.3)	(\$5.3)
2/7/2005	Gravity Co., Ltd	\$13.50	8.0	\$108.0	\$66.3	\$1.1	\$62.2	\$40.4	\$16.1	N/A
7/8/2004	Kongzhong Corp.	\$10.00	10.0	\$100.0	\$6.6	\$0.0	\$7.8	\$2.7	\$8.3	N/A
3/3/2004	MNC Media Investment Ltd	\$14.00	6.1	\$86.0	\$9.7	\$0.0	\$15.5	\$3.7	\$0.0	\$3.8
7/12/2000	Sohu.com Inc.	\$13.00	4.6	\$59.8	\$32.6	\$0.0	\$3.1	(\$9.5)	\$175.0	(\$8.8)
(Invalid Identifier)	(Invalid Identifier)	nvalid Identifie	N/A	N/A	nvalid Identifi	nvalid Identifi	nvalid Identifi	nvalid Identifie	(Invalid Identifier)	N/A
Median of All IPOs		nm	nm	\$100.0	\$81.8	\$0.0	\$62.2	\$11.1	\$0.0	\$7.4

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought
9/30/2013	Expert Global Investments	Sansheng (China) Limited	\$17.8	100%
5/2/2013	Digital Angel Corporation,	MGT Capital Investments, Inc.	\$0.3	100%
2/6/2013	ProTec Games, Inc.	SHFL entertainment, Inc.	\$0.3	100%
12/13/2012	Comviva Technologies Limited	Tech Mahindra Limited	\$48.2	51%
10/30/2012	Pokelabo, Inc.	Gree, Inc.	\$173.8	100%
10/2/2012	Viewdle, Inc.	Motorola Mobility Holdings, Inc.	\$45.0	100%
9/30/2012	TheMobileGamer Pte Ltd.	SoftBank Corp.; SingTel Idea	\$2.9	71%
7/20/2012	Playyoo SA	Probability Plc	\$4.8	100%
6/4/2012	actsmartware GmbH	Bitzio, Inc.	\$2.1	100%
5/30/2012	Funzio, Inc.	GREE International, Inc.	\$210.0	100%
5/22/2012	NINJ GmbH	Tranzistor Systems Inc.	\$3.0	100%
5/3/2012	Nordic Betting Ltd.	Unibet Group plc	\$18.0	100%
2/24/2012	Zergo Americas Inc.	SoundBite Communications, Inc.	\$3.8	100%
2/22/2012	BringIt, Inc.	International Game Technology	\$10.1	100%
11/11/2011	ReachFurther Communications	GLOBO Mobile S.A.	\$0.9	65%
Median of All Transaction Targets			\$4.8	100%

Size of Merger and Acquisition Transactions (dollars in millions)



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