

Here comes the 2nd wave of Esports IPOs

While most of the country braces for what could perhaps be an even stronger 2nd wave of COVID-19 cases in Canada, the esports industry in Canada has seen a second wave of new companies this year and a growing pipeline of companies poised to list in 2021.

The overall gaming industry has seen a huge spike in revenues with the industry expected to grow 20% in 2020 to reach \$175 billion and soar to \$218 billion by 2023. Game console sales and media rights are both soaring as more and more people are staying home to game.

Esports and the broader video game industry have been very well represented in 2019 and 2020 saw a new class of entrants vying for market share from the high growth industry. Let's take a look at 3 new esports companies that came to the markets and several more that are planning their public listing.

1: TGS Esports Inc. (TSXV: TGS) – Market Cap \$10.85M

Based in Vancouver, formerly known as The Gaming Stadium, TGS has been one of the most active esports companies so far this year. With a flagship esports arena in Vancouver, they have built a steady community of casual and competitive fans who compete in person or online. The recent acquisition of Pepper Esports, a tournament management platform, helps them bridge the gap between in-person (LAN events) and online. Another acquisition of Volcanic Media sets them up to make major inroads in the high school gaming scene.



2: YDX Innovation Corp. (TSXV: YDX) – Market Cap \$3.039M

Another Vancouver based company with offices in Brazil and the UK, YDX Innovation is not new to the public markets, but turned the page in 2020 with a sprint into the esports industry. Their core business is creating immersive digital experiences for global brands and has rolled-out a very successful free-roam VR entertainment product which has been sold all over the world. Recent acquisitions include Render.GG, Purple Mage Advisors, Amuka Esports and Shattered Dreams. This will give YDX the ability to monetize on content creation, data/analytics, venues/tournaments and competitive esports teams.



3: ESE Entertainment Inc. (TSXV: ESE) – Market Cap \$0.92M

ESE Entertainment, is also based in Vancouver but it's best assets are in Europe, a much more mature esports industry. It fields teams in popular games like League of Legends, APEX Legends, FIFA and Rocket League. It also runs the Rocketmania tournament series across several European countries and is starting to build up its influencer roster.

Coming soon...

The pipeline for new listings is also really strong with companies such as Luckbox, Tiidal Gaming, Monkey Knife Fight and Reciprocity potentially joining the markets in 2021.

Themes to watch for 2021 are going to be VR gaming, mobile gaming, and online tournaments which are verticals that should see TGS, YDX and ESE thrive and succeed. As more and more regions get shut down or face increased restrictions, gaming is going to get it's time to shine, again.