

# eSports Industry Snapshot

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## eSports Game On! At the Forefront of a New Emerging Sector

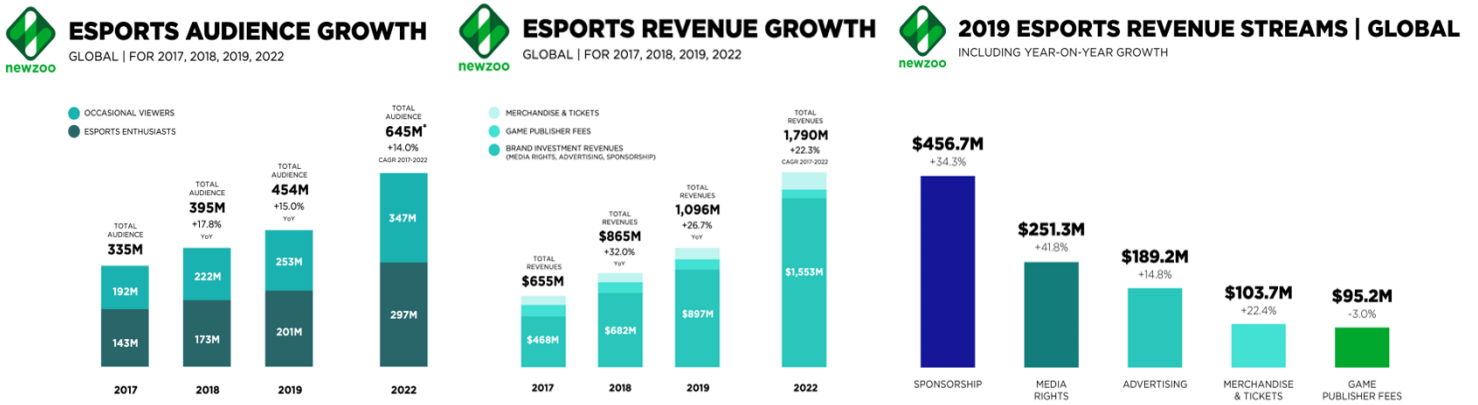


Source: www.tsn.ca



Source: www.trustedreviews.com

**eSports is defined as competitive, multiplayer gaming at a professional level between players and teams.** eSports is available to all, including the amateur competitive gaming participants; and individuals who compete in gaming leagues at a pro or amateur level. According to Newzoo’s 2019 Global eSports Market Report, the number of eSports enthusiasts worldwide is expected to reach 297M in 2022, with an implied 5-year CAGR of 14.0%. Consolidated industry revenue is expected to reach \$1.79B by 2022, with an implied 5-year CAGR of 22.3%.



Source: Newzoo 2019 Global eSports Market Report

**Major players are entering the space.** Tech giants such as Amazon (NASDAQ:AMZN) and Alphabet (NASDAQ:GOOG) have seized opportunities in this burgeoning industry by acquiring and creating their own live eSports streaming sites. In August 2014, Amazon acquired Twitch, a game-streaming service valued at \$970 million. This purchase was an investment to bolster Amazon Web Services (AWS), the Company’s \$7B on-demand cloud computing platform. Twitch features major eSports tournaments, with the majority of users streaming video game content from home. Similarly, Google created a YouTube channel called YouTube Gaming to attract eSports enthusiasts and occasional viewers. As the industry starts to mature, established global brands are tapping into the space. Nike (NYSE:NKE) announced that Jian “Uzi” Zihao, a League of Legends star, will appear in an upcoming campaign alongside LeBron James. With a significant increase in popularity in the last couple of years, celebrities and athletes alike are beginning to join the movement by launching their own companies or investing in the space.

## Select Small Cap Names in the eSports Space

**Enthusiast Gaming Holdings (TSXV:EGLX, \$1.01 | N/R)** is a digital media company that engages in the developing and operating of online video gaming communities for users worldwide. With a platform of over 80 gaming content websites, and over 75 million monthly active users, the Company also owns the largest gaming exposition in Canada with an attendance exceeding 30,000 visitors. The Company has experienced significant acquisitive growth resulting in a tremendous increase in monthly visitors from 2 million in 2015 to 75 million currently. The Company reported revenue of \$2.8 million, a significant increase from \$0.66 million in 2017. On January 7, the Company announced its definitive agreement with The Sims Resource (TSR), acquiring 100% of the assets. Valued at US\$20 million, the acquisition is set to be completed on February 15, 2019.

**FANDOM SPORTS Media (CSE:FDM, \$0.08 | N/R)** is a sports entertainment and gaming company focused on finding and creating the best interactive sports content. The Company allows sports fans to unleash their primal sports passions by engaging with other fans, cheering for their favourite teams and jeering their opponents. On December 6, 2018, FANDOM SPORTS became a member of the Consumer Technology Association (CTA), an association that acts as an advocate for entrepreneurs looking to shape the future of the consumer technology industry. On January 10, 2019, the Company launched its platform at the Consumer Electronics Show (CES 2019), inviting a select few industry professionals in sports, esports, technology, and media.

**ePlay Digital Inc. (CSE:EPY, \$0.06 | N/R)** is a mobile game developer and publisher, which specializes in sports, eSports, and Augmented Reality (AR) titles, including their new AR title, Big Shot Basketball. Big Shot is the first AR sports mobile game on the market and the Company announced at the 2019 Consumer Electronics Show (CES) that the game will add a new AR version. Operated by an award-winning team, ePlay utilizes the Company's Mobovio eSports Live Streaming and Game Engine to bring several game titles to the market for leading companies, such as ESPN (NYSE:DIS), Sony Corp. (NYSE:SNE), and more.

*\*Share prices are as at close January 25, 2018, data obtained from S&P Capital IQ*



Source: [www.musically.com](http://www.musically.com)

**For a more comprehensive analysis, please visit: [www.ubikaresearch.com](http://www.ubikaresearch.com)**

**Equity Research: Technology - eSports**
**FANDOM SPORTS MEDIA CORP. CSE:FDM**
*(Currency is C\$, unless noted otherwise)*

Last Price (January 25, 2018)	\$0.08
52 Week High	\$0.27
Current Share Price % 52-week high	31%
52 Week Low	\$0.07
Current Share Price % 52-week low	131%
30-Day Average Daily Volume	578.8K
30-Day VWAP	\$0.09
Company Headquarters	Vancouver, BC, Canada
Company Website	www.fandomsports.net

**CAPITALIZATION**

Shares Outstanding, Basic	136.7M
Shares Outstanding, Fully diluted	210.0M
Market Capitalization (C\$M)	\$10.9
Enterprise Value (\$M)	\$9.3
Cash Balance (\$M)	\$1.6
Total Debt (\$M)	\$0.0

**MANAGEMENT TEAM**

Henri Holm	President & CEO
Jonna Birgans	CCO
Christopher Hollinger	CFO
Nick Schober	Head Writer

**MAJOR SHAREHOLDERS**

Management and Insiders (19.4%) Institutional Investors, Lumina Global (1.8%)

Source: Capital IQ, Company Filings



Source: Capital IQ

**Company Description** FANDOM SPORTS is a sports entertainment and gaming company focused on finding and creating the best interactive sports content. The Company allows sports fans to unleash their primal sports passions by engaging with other fans, cheering for their favourite teams and jeering their opponents. Sports superfans worldwide consume ‘snackable’ sports content on their mobile phones, wanting to interact with it. FANDOM SPORTS has them covered.

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**Key Takeaways from the 2019 Consumer Electronics Show**

**The Company released its cloud-based, multi-tenancy enabled blockchain architecture.** On January 10, FANDOM SPORTS launched its IBM Blockchain powered Platform at the Consumer Electronics Show (CES) 2019 in Las Vegas. Immediately following the launch, the initial internal release of the global sports app was revealed to a select group of technology industry CES attendees as well as VIP sports fans to experiment new fan engagement concepts.

**Other Recent News**

- **Management kicked off its go-to-market (GTM) strategy for the global sports app.** FANDOM SPORTS executives held first conversations with top management members of a professional hockey team, with the vision of introducing the FANDOM app to the team’s established fan base in a bid to spearhead the global launch during Q2/2019. In our view, this development represents another key milestone in the Company’s execution roadmap, which we laid out in our earlier [note](#) published on October 31, 2018 .
- **The Company’s eSports initiative is gaining further momentum.** During CES 2019, the FANDOM SPORTS team met with key decision makers from several eSports sponsors and organizations, as the Company through its Helsinki-based subsidiary, FANDOM SPORTS Oy, is preparing to enter this nascent sector with the FANDOM eSPORTS app. According to NewZoo, the global eSports economy reached \$906 million in 2018, as brand investment ticked up by 48%. The consolidated market size is projected to approximate \$1.5 billion, as brand investment is expected to double in the comparable timeframe.

**Corporate Strategy**

- **FANDOM SPORTS continues to execute on its corporate strategy.** The Company’s 1-2-1 strategy is built on a secure Blockchain Platform. Two global apps with one FANCOIN economy cater to super fans who can play with, or against, each another within an entertaining mobile application and, while doing so, are rewarded for their action. Consequently, the end goal is to attract users to become invested as “players” to build their “Player Card,” while competing for rewards and prestige. On a forward-looking basis, we see this as a recurring revenue generator attached with high margins for the Company, as this captivated global fan base is kept in the FANDOM SPORTS ecosystem.

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