



2022 Annual Report



**ENTERTAINMENT
SOFTWARE**
ASSOCIATION OF CANADA

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Message From The President and CEO



The Entertainment Software Association of Canada's (ESAC) mandate is to promote and protect the interests of Canada's video game industry from coast to coast. By engaging with governments across the country and advocating for the best possible environment to make and publish video games, our efforts continue to result in policies that are increasing job creation and corporate investment in Canada's video game industry. In fiscal 2022 our elevated engagement with the media has resulted in dozens of articles and news pieces highlighting the many positive benefits of both video games on Canadians and of the video game industry on the Canadian economy.

Fiscal Year 2022 has been another unfortunate one, with COVID-19 pandemic measures, lock downs and closures impacting industries across Canada, including our own. It has been another year of not seeing industry peers and friends in person. Another year of missing our industry's biggest events; and another year advocating for our industry via digital means and media.

While most of us did not expect a second year of the pandemic I am pleased to report that our industry continues to thrive in the face of these challenges we all continue to face. With our continued partnership with Nordicity and the generous and incredibly valuable information that industry from across Canada shared, we completed and launched our latest economic study, Canada's Video Game Industry in 2021. The study would not have been possible without the overwhelming response from more than 150 game studios that provided their employment and financial data; allowing Nordicity to complete their economic impact analysis.

What the 2021 study found was an industry that was thriving in the most challenging of times. One that embraced its digital underpinnings and reached both its employees and consumers mostly without physical contact. With close to 1,000 studios from coast to coast, Canada's video game industry now employs more than 32,000 full-time talented individuals, while supporting an additional 23,000 indirect jobs. Now contributing \$5.5b to the country's GDP, Canada's video game industry is a national champion that is truly making a global impact.

Games made in Canada by Canadian talent continue to dominate global sales charts, raise brand awareness, be rooted in cultural significance, and involve innovative leaps forward. But most importantly games continue to play a role in keeping people connected, improving the mental health of those who enjoy our products and giving parents an outlet to spend more time with their children in their own environments.

If the past two years have done anything for video games, it is that they have allowed the industry to reach a level of mainstream significance we have always felt we deserved. Our industry joins music and cinema, as leading creative forms of entertainment where people can fully immerse themselves in worlds and stories unlike ever before. Each one of us should be proud of what we do each day and of the impact our contributions make on the lives of our players.

As we move to a more "normal" post-pandemic world I look forward to seeing everyone in-person again soon at industry events across the country and around the world. While we have all professionally risen to the challenge of the past two years, there is still no real substitute for in-person relationships.

Take care and see you soon.

Jayson Hilchie
President & CEO

Message From The Chair



Canada is home to one of the world's most vibrant video game industries. The Entertainment Software Association of Canada (ESAC) is the voice of Canada's video game industry and serves its member companies by engaging on relevant issues with government and public policy stakeholders nationally and internationally.

The role of the ESAC Board (Board) is to ensure good governance of ESAC with respect to activities carried out in support of our industry. The Board provides oversight of ESAC and supports its strategic direction to ensure that the organization's activities benefit all members.

As the board and staff of ESAC enter into the development of our next three-year strategic plan, I am proud of the work the organization has done this past fiscal. In another tough and challenging year of COVID lockdowns and restrictions, our ability to be out in the public realm was once again severely limited. And even still I am happy to report that ESAC made tremendous strides in promoting the positive impacts of the video game industry to both policy makers across the country and to the media. In fact, our economic study launch in November 2021 recorded the most media hits of any launch we have ever done. A fantastic achievement in the face of an incredibly competitive media landscape where multiple industries are competing to get their messages out.

Not only did the dissemination of the economic impact study exceed our goals as a board, the study itself exceeded everyone's expectations with respect to the continuing growth of Canada's video game industry. In a period of broad-based economic contraction, physical store closures, supply chain challenges and competition for entertainment dollar, video games continue to fill a void with consumers by helping them connect with their friends, improve their well-being and find enjoyable entertainment.

Perhaps this was most notable with respect to the impressive growth of our development industry during the pandemic. Canada's industry continued to add new studios, talented developers, and direct GDP impact to the economy. Now pushing \$5.5b in economic impact, our industry is one of the world's most important and vibrant. And it is our job as ESAC's board to ensure that the association continues to work hard to protect the business environment for making games in this country and to promote the positive impacts games have on our players.

While the next year will be difficult to predict, our focus as a board is to work with ESAC staff on their objectives to get out across the country, host industry events, engage with member and non-member companies, listen and learn, and enact smart policies and initiatives that will continue to drive our industry forward beyond COVID-19. It is with this conviction that I happily accepted a second term as board chair in 2021. I am proud to chair the board of this great organization, proud to work in this innovative industry and excited to watch first-hand as the Canadian video game industry continues to grow to new heights in the years to come.

Michelle Liem
Chair, Entertainment Software Association of Canada
Xbox Canada

PHAC

My Why



As the COVID-19 pandemic continued to hit Canada hard and with vaccines starting to flow in by spring 2021, ESAC was approached by the Public Health Agency to once again partner with them after the success of the #crushcovid campaign in 2020. The agency was focused on ensuring broad-based vaccine uptake and to do that they needed messages from influential people that would reach those who may be hesitant or uninterested in getting the vaccine; like the 18-34 demographic.

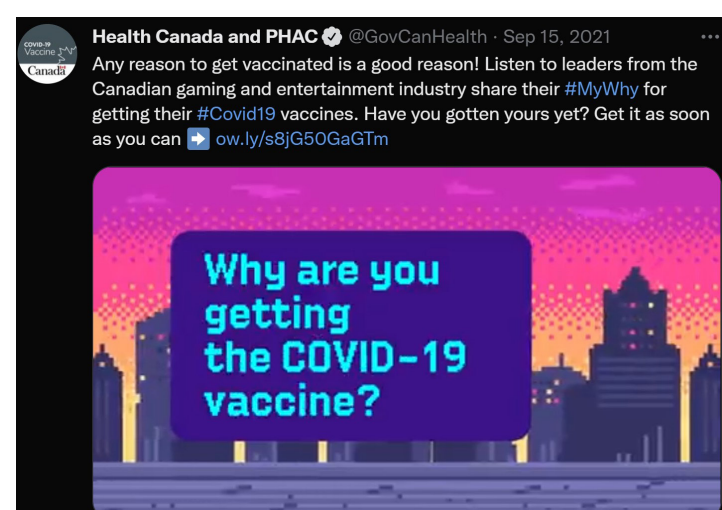
After multiple rounds of discussion with PHAC, the decision was made for ESAC to join PHAC's "My Why" Campaign. This campaign was a series of videos from well-known people candidly discussing why they had chosen to get vaccinated and why it was so important to them. It became clear that in order for this initiative to be successful we needed to find well-known streamers and media personalities who would resonate with the demographic we were trying to reach.

ESAC staff proceeded to reach out to our network and ultimately found 7 influencers that fit the criteria we were looking for. This approach resulted in 8 videos of which half were in English and half were in French. We were incredibly fortunate to secure the level of influencers we did in both English Canada and Quebec. This enabled us to produce content that was targeted at the broadest segment of people in both official languages.

ESAC would like to take another opportunity to sincerely thank the following people for their contribution to this important initiative:

Victor Lucas
Clara Sia
Miss Harvey
Madame Zoum
Stacey Roy
Carl-Edwin Michel
Laurent LaSalle

ESAC would also like to thank the Government of Canada and the Public Health Agency of Canada for being such incredible and supportive partners in this initiative. "My Why" shows how government and the video game industry can work together to make a real difference in this pandemic. ESAC looks forward to future opportunities where we may find common ground to partner with the government once again.



Recycling Guide



The video game industry strives to be a responsible one that follows its obligations with respect to electronic waste recycling. There are a number of associations responsible for recycling programs in Canada – examples include Stewardship Ontario and Éco Entreprises Québec. Some are focused on electronic waste obligations, others on more traditional waste like plastic. These associations are provincially operated and government registered. As some companies in our industry are considered to be producers and distributors of physical goods that may produce waste in the environment, Canadian video game companies could be considered a “producer” that needs to register with these associations.

Depending on the amount and type of waste, companies may be required to file reporting that will determine what, if any, fee payment is required. To this end, ESAC worked with an outside consulting firm to create a guide on recycling obligations across Canada. The primary objective of the guide is to help identify which organizations ESAC’s members should consider working with, along with background and detail to help inform member decision making.

The guide also provides insight into organizations that work in this space across Canada including The Canadian Stewardship Services Alliance (CSSA), and the Electronics Products Recycling Association (EPRA). As an industry-leading body, ESAC commissioned the guide and fully funded it on behalf of our member companies. We also shared the guide with other provincial industry associations to ensure that the entire Canadian video game industry has the information needed to make informed decisions on recycling obligations.

While the video game industry has moved steadily to a digital-first distribution model, there is still a large percentage of consumers who purchase physical products such as packed games either in disc or cartridge form. Similar to the COVID-19 Back to Work Guide that we prepared in 2021, making sure that companies in our industry have the information they need to know their obligations is part of ESAC’s mission. We are proud to have developed and distributed the guide within our membership and throughout the Canadian industry; taking a leadership position on important issues such as eWaste and recycling.

Economic Study



In November 2021, ESAC released its bi-annual economic impact report highlighting the video game industry's contribution both to the Canadian economy and the global economy. After a full year of COVID-19, we were keen to know how the industry was truly fairing during an unprecedented period of economic and social disruption. Once again, ESAC contracted research firm Nordicity Inc. to implement the same framework as we have in previous years. Through our year-over-year consistency in survey design and methodology, we were able to benchmark results that truly reflected the change happening within the industry.

Taking our survey to the industry during the pandemic presented new challenges – things were far from normal and we needed to ensure we had the necessary feedback that would accurately depict what's happening in studios from coast to coast. By leveraging the long-standing relationships we've fostered over numerous years, we set a record for survey completions with over 160 responses – our largest and most significant dataset since the study's inception.

Despite a pandemic that slowed global economies to a halt, the results of the economic study couldn't have been more positive. Nordicity's study showed that the industry had grown substantially; from just under 700 active studios in 2019 to close to 1,000 in 2021. People were playing games more than ever before to connect with their friends and families, improve their mental health and spend more time with their kids. This resulted in an unprecedented boost in sales for our industry and Canada's industry responded by scaling to meet the demand of consumers. Now employing 32,000 full-time, direct employees, Canada's industry is truly a national champion making a global impact.

With the industry's growth in studios and jobs, our contribution to Canada's GDP now exceeds \$5.5B, the highest it has ever been. Not only are we growing, we are also maturing – addressing long-standing social issues and recognizing where more work needs to be done. More than 80% of video game studios that employ 100 people or more now have some form of diversity and inclusion strategy aimed to attract and retain a gender-balanced and diverse workforce. These are positive signs that show our industry continues to prioritize diversity and inclusion to attract and retain the best talent in an increasingly competitive landscape.

I am absolutely convinced that the video game industry is built for the digital era of connectivity and will continue to grow alongside the Canadian economy and lives become more connected. Canada's video game industry is uniquely positioned for further growth and it's critical we continue our work in fostering an international renowned operating and regulatory environment where organizations find success. Internationally known where with your continued support on initiatives such as the economic study, I'm confident in our ability to put Canada on the map as one of the top markets for video game development.

Media Relations



In 2021, ESAC continued to face challenges stemming from the global pandemic. Our team remained mostly remote at home and pivoted to virtual events with limited audiences. Despite this, we recognized the need for ESAC needed to reach a broad audience to promote its economic study and other key messages. We partnered with Hill & Knowlton Strategies to help us navigate the digital media landscape and found success in amplifying our core messages from coast to coast. While ESAC engaged in multiple media initiatives and campaigns in 2021, our single most successful program was the launch of our economic study launch which saw results unlike any before despite its focus in the digital world.

Hill & Knowlton Strategies developed a comprehensive national media relations campaign to amplify and increase the visibility of our 2021 report with key audiences, as well as position ESAC as a credible organization that represents a vital industry for Canada's economy. The media strategy focused on securing high-profile quality coverage on day one to set the tone for the campaign. Ahead of the launch date, H+K secured an exclusive with the Financial Post, producing an in-depth article on our report and Canada's vibrant video game industry. Following day-one coverage and launch day, H+K carried out sustained media efforts throughout the month of November, ensuring that report findings remained visible throughout the November news cycles.

The earned media campaign was a great success, securing phenomenal results during a traditionally cluttered November/December period. Over the course of the campaign, ESAC secured 194 hits, garnering a reach of almost 39 million impressions with the Financial Post feature alone syndicated to 40 outlets in the Postmedia Network.

Our success was mirrored across our owned social media channels with our assets garnering more than 66,000 Twitter impressions, including 5,500 views of our sizzle reel video. Instagram garnered more than 11,000 impressions which drove viewers to our microsite and YouTube channel. As a result of our comprehensive social media strategy encouraging people to watch our video, we were able to achieve results on YouTube we had never achieved before. During the campaign period, we had more than 42,000 views of our English and French videos with an average watch time of almost the entire video. This resulted in a total watch time of 1,213 hours across both languages.

These results speak to ESAC's commitment to championing Canada's video game industry through positive messaging highlighting our significant contributions to the Canadian economy and player well being. Our efforts reached key decision makers, ensuring that we remain top of mind in discussions that have wide reaching impact within our industry. Our mandate of promoting the industry is one we will never stop working for. We remain laser-focused in integrated campaigns that ensure our initiatives involve both public affairs and government relations, while also including a targeted public relations and media component. In a time where video games have such a positive impact on people's lives, it's vital we share our stories of the industry and ensure our voices reach key media and stakeholders no matter where they reside across Canada.

Thought Leadership



ESAC continues to build our reputation as thought leaders by engaging with speakers' organizations and think tanks to advance our priorities and educate those at the forefront of public policy and economics about Canada's video game industry. Our memberships in the Canadian Chamber of Commerce, Public Policy Forum and C.D. Howe Institute have helped us access panels and working groups where we have been able to advocate for important priorities as part of a larger cohort.

As part of our focus on improving Canada's digital skills and talent pool, we sponsored C.D. Howe's report on Addressing Digital & STEM Skills Shortages; a report that will end up in the hands of elected officials and departmental staff working on this important issue. In addition, our CEO appeared on a panel with the Canada/Florida Chamber of Commerce where he spoke about the urgent need, post-pandemic, for governments to enact computational learning as part of their curriculums. The need for the economy to adapt to a digital-first environment will create an unprecedented demand for computer programmers, user interface developers, server engineers, etc. Currently, computer coding is not offered to most students across Canada, which will result in a supply and demand crisis if policy makers do not address the issue.

In November 2021, our CEO and three member company executives appeared at the Empire Club of Canada on a panel titled "Canada's Video Game Industry: A National Champion Making a Global Impact". This panel focused on the dramatic growth of the industry in Canada and the policies that make our industry so renowned. More than 400 people virtually attended the panel, many learning about Canada's video game industry for the first time. It is events like these that are so important to promote the story of our industry to those in positions of influence.

Other speaking events throughout the year included MEGA/MIGS, the largest video game conference in the country and Digital Media at the Crossroads, where Paul Fogolin, our VP of Policy and Government Affairs, spoke about the industry to an audience predominantly comprised of film and television executives. Educating people about the industry is a core function of ESAC and we continue to seek out the highest profile panels and events to evangelize the positive benefits of Canada's video game industry.

Government Relations



Each year ESAC produces and hosts a large event on Parliament Hill that includes a reception and demo night where members showcase their games to MPs and staff. The event also includes a day of advocacy meetings with key MPs and staffers on the Hill to advocate for ESAC priorities. The last Ottawa Day took place in early February of 2020, only two-days after Parliament returned from the Holiday closure. We were one of the first events by industry groups and what turned out to be one of the only events before COVID-19 resulted in mass lockdowns.

Once again in 2021, there was no opportunity to meet MPs in person nor host a large in-person event due to COVID-19. In order to engage with policy-makers, we followed last year's success strategies and pivoted to virtual meetings with various MPs and staff along with ESAC member companies. Topics discussed ranged from the overall economic impact of Canada's video game industry, job creation and immigration, to skills development and talent shortages, cultural funding, broadcasting, etc. The purpose of these meetings was to engage with key policy makers, build and nurture relationships, and provide them with the opportunity to hear directly from our member companies.

Meetings included the following MPs and Ministry staff members:

Matthew Gray – Policy Advisor, Minister of Heritage
Eric Gustavson – Policy Advisor, Minister of Employment
Fritz-Lionel Adimi – Heritage Policy Advisor, PMO
Kyle Nicholson, Policy Director, Minister of Immigration
MP John Nater – Conservative Heritage Critic
MP Kevin Waugh – Conservative Member of Heritage Committee

The various meetings were all well received and the outpouring of support from MPs and staff for our next in-person event was incredibly touching. With the COVID-19 pandemic receding, plans are in place to host Video Games on the Hill in-person this November, 2022.

In addition to our virtual parliament hill engagements, our VP of Policy & Government Affairs kept in regular contact with civil service and political decision makers throughout 2021 to keep up to date on legislative priorities like online harms, privacy, and immigration reform while providing the government with a direct link to our industry through ESAC.



About ESAC

ESAC is the national voice of the video game industry in Canada. We work for our members – Activision Blizzard, Glu, EA, Gameloft, Ubisoft, Kabam, Other Ocean Interactive, Ludia, Microsoft, Nintendo, Sony Interactive Entertainment, Relic Entertainment, Solutions 2 Go, WB Games, Square Enix, Take 2 Interactive, Codename Entertainment, Certain Affinity and NetEase Games – to ensure legal, regulatory and public affairs environments are favourable to long-term business development. For more information, visit theESA.ca.