

2023

Annual Report



ENTERTAINMENT
SOFTWARE
ASSOCIATION OF CANADA

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Message from the President and CEO

Dear Members and Stakeholders of the Entertainment Software Association of Canada,

The past year has been transformative for our industry, as we have witnessed unprecedented growth and advancement in the world of entertainment software. The Canadian gaming sector has continued to push boundaries, creating immersive experiences that captivate players across the globe. Our developers, designers, and creative minds have consistently delivered exceptional content, reinforcing Canada's position as a global leader in the gaming industry.

We have witnessed the power of video games in connecting people and providing a vital source of entertainment and social interaction that has built community and brought people of various backgrounds together through a common passion. Our members have leveraged their expertise to create engaging and inclusive gaming experiences that have brought joy to individuals of all ages.

We have remained committed to fostering a supportive ecosystem for our members and engaging in constructive dialogue with policymakers, regulators, and other stakeholders. Together, we have championed the importance of innovation, creativity, and the positive impact our industry makes both economically and socially.

As we move forward, our focus remains on promoting the growth and sustainability of the Canadian video game industry. We will continue to support our members in making Canada the best place in the world to make video games. We will continue to ensure a favorable regulatory environment that encourages investment, nurtures talent, and promotes the economic potential of our sector.

I would like to express my heartfelt gratitude to our members, partners, and stakeholders for their unwavering commitment to the Entertainment Software Association of Canada. Your dedication and collective effort have played a vital role in our success.

In closing, I am confident that the coming year will bring even more remarkable achievements and groundbreaking innovations to our industry. The future of the Canadian video game industry is bright, and together, we will continue to shape it.

Thank you for being an integral part of the Entertainment Software Association of Canada.

Jayson Hilchie
President and CEO



Message from the Board

As we reflect upon the past year's achievements and challenges, it is with great pride that I share the tremendous progress our industry has made in advancing the Canadian gaming landscape.

Throughout the year, our association has remained committed to promoting and advocating for the growth and success of the interactive entertainment industry in Canada. We have tirelessly worked to foster an environment of innovation, collaboration, and inclusivity, which has set the stage for unprecedented achievements and opportunities.

Our unwavering dedication to fostering an environment that results in top-quality games, has resulted in remarkable success. Canadian game studios continue to captivate global audiences, delivering immersive experiences that push the boundaries of creativity and technology. Our members' commitment to excellence has not gone unnoticed, with several titles receiving critical acclaim and industry accolades, further cementing Canada's position as a leading force in game development.

The Entertainment Software Association of Canada has also played a pivotal role in advocating for the interests of our industry on both domestic and international stages. We have engaged with policymakers, regulators, and other stakeholders to shape favorable policies that foster growth, innovation, and economic prosperity. By effectively communicating the social and economic impact of our industry, we have successfully advanced our shared goals and ensured that our industry receives the recognition and support it deserves.

Equally important is our continued dedication to diversity, equity, and inclusion within the gaming ecosystem. As our new Strategic Plan outlined, one of our core pillars is the advancement of DE&I within the industry and broader gaming community. By partnering with our member companies, the government, and organizations that work day in and day out to improve diversity and inclusion, we are at the forefront of advancing this important initiative within the industry.

As we look ahead, there are challenges on the horizon that we must navigate together. Technological advancements, changing consumer preferences, and evolving regulatory landscapes require us to continually adapt and innovate. Our association will remain at the forefront of these discussions, guiding our members and advocating for their interests.

I would like to express my deepest gratitude to the entire membership for their unwavering support and commitment to our collective vision. Our accomplishments would not have been possible without the dedication and collaboration of each one of you. We have collaboratively built an industry that inspires, entertains, and pushes the boundaries of what is possible.

I look forward to the countless possibilities that lie ahead for the Canadian gaming sector as we continue to serve as a strong advocate, catalyst, and unifying force for our members and the industry at large.

Together, let us shape the future of interactive entertainment in Canada and beyond.

Susan Pennefather
Treasurer



Global Video Game Associations Summit Berlin 2022

The 2022 Global Video Game Association Summit held in Berlin, Germany brought together video game industry associations and company executives from around the world. The event served as a platform for crucial discussions on various policy issues impacting the industry. Attendees engaged in productive conversations surrounding online harms, negative narratives of the video game industry, content regulation, ratings and parental controls, as well as content protection and copyright.

The summit recognized the importance of addressing online harms within the video game industry. Participants discussed strategies to mitigate issues such as cyberbullying, harassment, and toxic behavior, aiming to foster a safer and more inclusive gaming environment for players.

The World Health Organization’s (WHO) negative portrayal of video games was a prominent concern for the industry. Representatives deliberated on ways to counter these narratives, emphasizing the positive aspects of gaming and highlighting its potential for education, innovation, and community building.

The discussion on ratings and content focused on striking a balance between creative freedom and responsible content regulation. Attendees explored effective mechanisms for implementing age ratings and parental controls to ensure appropriate content consumption, particularly for younger players.

Intellectual property rights and content protection remained as key topics of interest. Industry leaders shared insights on combating piracy, protecting original creations, and fostering a secure environment that incentivizes innovation and investment in the gaming industry.

The summit provided valuable opportunities for networking and cultural immersion. Attendees enjoyed group dinners, with one especially memorable event taking place at the top of the German Reichstag building. These social gatherings fostered meaningful connections, allowing participants to forge new relationships and collaborations and to renew old ones after close to three years without an in-person summit.

The 2022 Global Video Games Association Summit served as a critical platform for addressing key policy issues in the video game industry. By coming together and sharing insights, the summit successfully advanced the industry’s collective goals of promoting a safe and thriving gaming ecosystem.

ESAC would like to thank ESA and GAME for organizing this important summit that brought the entire industry together.





Global Video Game Coalition

The launch of the Global Video Game Coalition (GVGC) marked a significant event for the video game industry, as it aimed to address concerns surrounding the World Health Organization's (WHO) designation of Gaming Disorder. Taking place in Geneva, Switzerland, in November 2022, this launch brought together representatives from prominent video game industry associations across Canada, the United States, Korea, and the European Union.

The delegation from these associations embarked on a series of important meetings that included senior officials from the WHO. The primary purpose of these engagements was to explore opportunities for collaboration. By engaging in constructive dialogue with the WHO, the coalition sought to foster a better understanding of the positive aspects of video games and highlight their potential benefits.

In addition to the meetings with the WHO, the delegation also had the opportunity to meet with several Permanent Missions, including those from Canada, the United States, Switzerland, the European Union, and Germany. These meetings allowed the coalition to engage with influential stakeholders and policymakers on an international level. By reaching out to these missions, the coalition aimed to raise awareness about the positive impacts of video games and advocate for their recognition as a valuable form of entertainment and social interaction.

Another significant meeting took place with the World Intellectual Property Organization, further emphasizing the coalition's commitment to addressing various aspects of global regulation on the video game industry. This engagement provided an opportunity to discuss matters related to intellectual property rights and explore potential avenues for collaboration with a well-respected Geneva-based UN organization.

This launch marked an important step forward in shaping a more balanced and inclusive perception of video games on a global scale. The Global Video Game Coalition brought together industry leaders and key stakeholders to promote the positive aspects of video games. By engaging in meaningful discussions with the WHO, Permanent Missions, and organizations like the World Intellectual Property Organization, the coalition sought to highlight the social, educational, and societal benefits of gaming while addressing concerns and fostering a better understanding of the industry.





Media Relations

ESAC engages in proactive media campaigns, aimed at highlighting the importance of the video game industry, and the overall benefits of gaming in Canada.

This past year, we launched a campaign to support our Essential Facts research, entered a partnership with Today's Parent to highlight the positive impacts of gaming on family dynamics, and launched a new campaign highlighting the top-selling video games in Canada.

Essential Facts: Bringing Canadians Together Through Gaming

ESAC launched our essential facts research on November 9th, with a press release and targeted outreach to national, regional and trade publications. Over the course of the campaign, we secured 55 articles, garnering a reach of 23 million impressions across the country.

The campaign was particularly successful in Quebec, where we achieved coverage in the majority of tier 1 publications, and it also received positive coverage in English trade and regional publications, including CBC, Mobile Syrup and Tech Talk.

Today's Parent

To further the reach of our Essential Facts research, ESAC joined forces with Today's Parent, a leading resource for modern families, to shed light on the positive impacts of video games on family dynamics.

The article "Why More Families Are Playing Video Games Together," focused on the growing trend of parents actively engaging in video gaming with their children. It acknowledged the significant role video games play in the lives of millions of individuals, especially children and adolescents and emphasized the importance of understanding and harnessing the potential benefits of this form of entertainment.

One of the primary highlights of the article is the positive impact of parents joining their children in playing video games. By participating in video games together, parents can bridge generational gaps, strengthen parent-child relationships, and create lasting memories. The article showcases how this shared activity allows parents to better understand their children's interests, passions, and challenges, fostering open communication and empathy. By engaging in cooperative or multiplayer games, parents can facilitate collaborative problem-solving and strategic thinking, encouraging their children to learn and grow in a dynamic and interactive environment.

The article also addresses concerns regarding excessive screen time and offers insights on responsible gaming. It emphasizes the importance of setting appropriate time limits, balancing gaming with other activities, and encouraging parents to take advantage of the ESRB ratings to ensure that their children are accessing age-appropriate content.

The result of the campaign was close to 400,000 total article impressions across social media platforms, and an open rate of almost 50% on the Today's Parent email campaign. People who opened the article spent close to five-minutes on the page, which would have resulted in the article being read in full. This campaign highlights how paid-media campaigns with well-respected publications like Today's Parent can reach an important audience to get our industry's message to those we wish to reach.



Top Selling Games in Canada

ESAC has formed a strategic partnership with the NPD Group, a leading market research company, to bring the Canadian gaming community a monthly list of the top 10 games in the country. This collaboration aims to provide valuable insights into the gaming market and highlight the most popular titles across console and PC.

To expand the reach of this monthly report and engage a broader audience, ESAC provides Mobile Syrup, a prominent technology news outlet, a preview of the findings every month, so they can publish an article on the sales rankings. This brings ESAC’s findings to a wider audience and generates new and engaging content that the association can leverage and promote.

The articles published by Mobile Syrup presents readers with an in-depth analysis of the sales data and provides additional context on the gaming market trends in Canada. It offers readers valuable insights into the popularity and performance of various games, shedding light on consumer preferences and gaming patterns within the country, and highlights games that were specifically made in Canada.

Overall, this collaboration has been an excellent way to raise the ESAC brand, and ensure that we are seen at the forefront of industry trends.





Bringing Canadians Together through Gaming: Essential Facts 2022

Bringing Canadians Together Through Gaming

ESAC recently partnered with the NPD Group Canada to conduct a research study titled “Bringing Canadians Together Through Gaming,” which sheds light on the impact of video games on social connections and family dynamics. This comprehensive study surveyed a diverse group of video game players across Canada, and its findings reveal fascinating insights into the positive influence of video games.

The research indicates that gaming has a significant role in fostering new friendships and relationships. An impressive 67% of video game players reported that games have connected them to new friends and acquaintances. Additionally, nearly half of the gamers (48%) stated that they spent time playing games with individuals they would not have met otherwise. This suggests that video games serve as a social platform, bridging gaps and bringing people together from diverse backgrounds.

Furthermore, the study highlights that gaming has played a part in nurturing deeper connections, as 38% of gamers reported meeting a good friend or even a spouse through video games. This illustrates that gaming can extend beyond casual interactions and contribute to the formation of meaningful relationships.

Notably, the research also underscores the evolving landscape of gaming within families. An increasing number of parents are embracing video games as a means of bonding with their children. The study found that 74% of parents who play video games now actively engage in gaming sessions with their kids. This marks a significant 9% increase from the previous year, suggesting a growing recognition of the benefits of shared gaming experiences within the family unit.

Overall, the research demonstrates the widespread prevalence of video gaming in Canada, with 53% of Canadians reporting that they regularly play video games. The study highlights the positive impact of gaming in fostering new connections, promoting socialization, and enhancing family relationships. As video games continue to evolve and diversify, these findings underline the important role they play in bringing Canadians together and fostering a sense of community.



Video Games on the Hill

In November 2022, ESAC hosted its first in-person showcase on Parliament Hill in Ottawa since the pandemic. The event provided a unique opportunity to showcase the immense talent, innovation, and economic contributions of the Canadian video game industry. By bringing together more than a dozen member companies with more than 200 government officials, the showcase aimed to highlight the industry's significance and forge productive relationships that would benefit both the sector and the Canadian economy.

The Canadian video game industry has established itself as a global leader, renowned for its creative prowess and technological advancements, and this showcase on Parliament Hill served as a platform to exhibit the incredible talent and innovation within the industry. Elected parliamentarians and government staff had the opportunity to experience firsthand the diverse range of video games being developed and the cutting-edge technologies driving their creation. Through engaging demonstrations and interactive exhibits, the showcase effectively demonstrated the industry's capacity for pushing boundaries and delivering immersive, transformative experiences to players worldwide.

The showcase underscored the industry's economic contributions by highlighting its job creation potential, export revenues, and entrepreneurial opportunities. By showcasing success stories of Canadian studios, start-ups, and developers, the event emphasized the industry's capacity to generate employment, attract foreign investment, and contribute to Canada's digital economy. This approach provided elected officials and government staff with valuable insights into the industry's economic impact and the potential for further growth through supportive policies and incentives.

In addition to the showcase, a full day of advocacy meetings was held with member representatives and key ministers, MPs and staff on Parliament Hill. These meetings facilitated direct engagement and meaningful dialogue between industry representatives and the government officials who shape policy in Canada. This open exchange of ideas allowed for a deeper understanding of the challenges and opportunities facing the Canadian video game industry. The event created a foundation for ongoing collaboration, enabling policymakers to make informed decisions that align with the industry's needs and realities.

Ottawa Day 2022 successfully achieved its objectives of raising awareness and fostering engagement with elected parliamentarians and staff in the federal government. By showcasing talent, highlighting economic contributions, and facilitating meaningful dialogue, the event effectively conveyed the industry's significance and potential. Ottawa Day's impact extends beyond a single event, as it has laid the groundwork for ongoing collaboration and informed policy-making. With continued support and informed collaboration from the government, the Canadian video game industry is poised to flourish, further contributing to Canada's economic growth, cultural landscape, and technological advancement.





Government Relations

The Entertainment Software Association of Canada (ESAC) remains committed to proactive government relations and industry advocacy. Through the launch of monthly policy updates, the establishment of online safety and privacy working groups, and its tireless efforts surrounding Bill C-244 and other files, ESAC has played a pivotal role in safeguarding the interests of its members while promoting a thriving and responsible video game industry in Canada.

The following summary highlights key initiatives, collaborations, and accomplishments over the past year that have contributed to the advancement of the Canadian video game industry.

Monthly Policy Updates:

ESAC has introduced a new initiative of providing monthly policy updates to its members. These updates serve as a vital resource to keep members informed about relevant policy developments impacting the industry. The updates cover a wide range of policy areas, including online safety, privacy, intellectual property, immigration, and provincial-specific issues. By disseminating these policy files, ESAC ensures its members are well-informed on emerging regulatory landscapes.

New Member Working Groups:

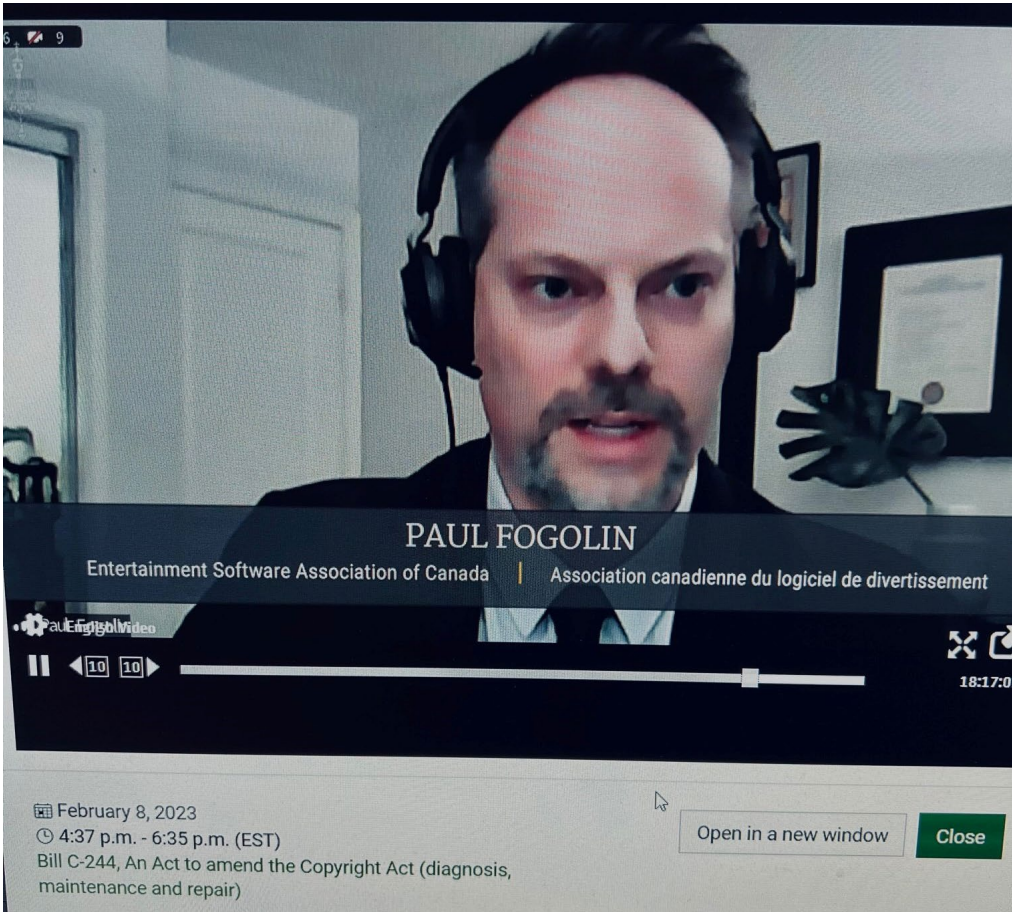
Recognizing the importance of online safety and privacy, ESAC has established dedicated working groups to address these critical concerns. These working groups provide a platform for members to actively participate, provide feedback, and shape the direction of ESAC's work on these issues. By fostering collaboration and knowledge sharing, the working groups enhance industry awareness and promote best practices for online safety and privacy protection, while giving ESAC the data it needs to do the best job advocating for the industry.

Bill C-244: Right to Repair:

ESAC has been at the forefront of advocating for the interests of its members regarding Bill C-244, a Right to Repair private members' bill. C-244 aims to establish new regulations surrounding repair practices, impacting various industries, including the video game sector. ESAC diligently worked alongside its members to carve out an exemption from the bill, ensuring that the unique requirements and challenges faced by the industry were adequately considered.

In its pursuit to influence a favourable policy decision, ESAC undertook several advocacy efforts and engaged with relevant government bodies. These efforts included a formal submission on Bill C-244, where ESAC provided a comprehensive perspective on the implications and potential consequences for the video game industry. Additionally, Paul Fogolin, VP Policy and Government Affairs, represented ESAC by appearing before the Industry Committee of Parliament to discuss the potential impacts of the bill on the video game industry. This appearance facilitated an opportunity to express ESAC's concerns, highlight industry expertise, and emphasize the significance of the video game sector within Canada's broader economic landscape, while at the same time explaining how allowing the repair of consoles could inadvertently create an underground marketplace for modifying the consoles to elude copyright protections.

For more information on ESAC's government relations initiatives and the ongoing work, please visit theESA.ca.





Strategic Plan

The Entertainment Software Association of Canada (ESAC) was proud to present its new three-year strategic plan, which outlines the organization’s vision and goals for the coming years. This comprehensive plan focuses on three key pillars that will guide the ESAC’s efforts to support the video game industry and position it as a positive force in policy-making; both in Canada and globally. ESAC aims to strengthen the sector and foster its continued growth by advocating for a positive policy and regulatory environment, positioning the video game industry as a force for good, and promoting diversity and equity within the industry.

Pillar 1: Advocate for a Positive Policy and Regulatory Environment

ESAC is committed to actively engaging with policymakers and regulatory bodies to ensure that the video game industry thrives in a favorable environment. By advocating for fair and balanced policies, ESAC seeks to promote innovation, creativity, and economic growth within the industry. Through collaborative efforts with government officials, ESAC will champion initiatives that protect intellectual property, support the growth of digital marketplaces, and foster a competitive landscape that encourages both established and emerging game developers.

Pillar 2: Position the Video Game Industry as a Positive Force to Policy Makers

ESAC aims to position the immense social and economic impact of the video game industry as a positive force when engaging with Canadian and global policy makers. ESAC seeks to forge strong relationships with policymakers, media and the public by highlighting the numerous benefits that video games bring to society, including entertainment, education, and job creation. The association will work to foster understanding of the industry’s contributions to areas such as mental health, technological innovation and digital literacy, ensuring that policy decisions reflect the positive aspects of gaming.

Pillar 3: Promote a Diverse and Equitable Industry

ESAC is committed to promoting diversity, inclusivity, and equity within the video game industry by recognizing that diverse perspectives fuel creativity and innovation. ESAC will collaborate with its members and the broader sector to promote an environment that welcomes individuals from all backgrounds. The association will actively support initiatives that encourage underrepresented groups, including women, people of color, and individuals from marginalized communities, to pursue careers in the industry. ESAC aims to cultivate an inclusive ecosystem that reflects the rich tapestry of gamers and creators worldwide.

Conclusion:

The Entertainment Software Association of Canada’s new strategic plan lays a strong foundation for the organization’s future endeavors. ESAC aims to shape a thriving, inclusive, and impactful industry by focusing on these key pillars. Through collaboration with stakeholders, government bodies, and its member companies, we are committed to advancing the video game industry’s interests, fostering growth, and ensuring a sustainable future for all.



Thought Leadership

ESAC financially supported the recent CD Howe Institute report on the STEM skills shortage and the need for governments and businesses across the country to focus on improving the digital skills education ecosystem so that Canada can remain competitive in the digital economy. The report concluded that several initiatives need to be undertaken to solve the issue of the skills shortage.

According to the CD Howe Institute, a holistic approach should be taken to develop digital talent governments at all levels, including the following initiatives:

- Reforming the education system, ensuring availability of resources and training options for teachers to implement modernized curricula;
- Increasing STEM enrolment and graduation numbers by raising students' performance in STEM subjects, closing the STEM gender divide by better helping students to make study and career choices and encouraging under-represented groups to continue their education in STEM fields by identifying and addressing their particular needs;
- Working with educational institutions to develop and expand digital skills learning, artificial intelligence (AI) and data science courses and programs;
- Increasing high-quality work experience options such as work-integrated learning (WIL) opportunities and expanding co-op programs in the information and communications technology (ICT) sector;
- Investing in micro-credential/certification programs that are paired with work placement for youth not in education, employment or training;
- Investing in upskilling and reskilling the existing workforce; and,
- Preventing brain drain and retaining new graduates.

As part of ESAC's involvement in the study, we were invited to take part in a podcast with the CEO of the CD Howe Institute and host Michael Hainsworth to talk about the report and the real-world implications of the problem and the recommendations. This initiative is part of ESAC's new focus on thought leadership and influencing leading economic organizations in Canada to focus on issues that the video game industry is facing. Ensuring that our industry is at the forefront of research and thought leadership in Canada is not only important for current issues but for the maturation and evolution of the industry as a major player in the Canadian economy.



Management's Discussion & Analysis

The Entertainment Software Association of Canada is in a strong financial position. In fiscal 2023, ESAC was able to begin operating at a more normal capacity with travel across Canada and internationally for in-person meetings. In addition to travel, the association was able to hold its first in-person Ottawa Parliamentary Day since 2020. ESAC continues to operate virtually with no physical office, which has resulted in significant savings and reduction in overall budget requirements. In 2023, we continued to deliver for members and for the industry while seamlessly working virtually. The plan is for the organization to continue to operate in a virtual manner for the foreseeable future.

With another healthy surplus recorded in 2023, we have been able to operate with a reduced allotment from ESA and no increase in member dues. With the addition of new Full Members, NetEase and Tencent, revenue was up from the budgeted expectation and with post-fiscal additions of Roblox and Epic Games the association is well positioned for the coming year and beyond. ESAC is proud of its accomplishments in 2023 and will continue to deliver above expectations as we go forward with normalized operations.

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.

