ENTERTAINMENT SOFTWARE ASSOCIATION OF CANADA

2024 ANNUAL REPORT

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ENTERTAINMENT SOFTWARE ASSOCIATION OF CANADA



MESSAGE FROM THE PRESIDENT

The past year has been a turbulent one for the video game industry, but through our collective efforts, we've emerged stronger and more resilient than ever before. We've grown our membership, achieved several significant policy outcomes, and continued to tell our positive story across the country.

I'm delighted to share some significant victories that we've achieved together:

First, our industry received a notable exemption from Canada's Online Streaming Act. This exemption not only validates our commitment to Canada but also acknowledges the unique nature of interactive entertainment. It's a testament to our ongoing efforts to ensure a fair and productive regulatory environment for the production, publishing and distribution of games in Canada.

Secondly, video games were omitted from Canada's Online Harms Act. This achievement underscores our dedication to self-regulation and reinforces our stance against harmful content. By working closely with policymakers and stakeholders, we've demonstrated the positive impact of collaboration in shaping policies that balance innovation with accountability. Our collective work over years to ensure that government policy makers understood the many ways our industry is working to ensure safe play was ultimately the key to our success on this file. Whether it is the ESRB ratings system, parental controls on consoles and a myriad of ways companies are working on individual games to ensure players, especially children, are protected and enjoy the most interactive entertainment experiences that exist.

Moreover, I'm proud of the work of my team and our global collaborators in hosting the Global Associations Policy Summit in Montreal. This gathering provided a platform for industry leaders, policymakers, and advocates to engage in meaningful discussions on the future of our industry. Our role as hosts not only showcased Canada's industry leadership but also strengthened our position as a driving force in shaping global policies. Members were treated to not only an amazing city and venue, but tours of publishers and developers that helped them understand how incredible the Quebec industry truly is.

Furthermore, our October Parliamentary Day was a resounding success. Through productive dialogues and insightful exchanges, we reaffirmed our commitment to fostering positive relationships with government officials and key stakeholders. These engagements are instrumental in promoting a favorable regulatory environment that supports continued growth and innovation within our industry. This event is the core of our advocacy work. By bringing together ESAC and our members together in meetings we make the maximum impact. The results I have already highlighted prove this fact and I look forward to our next event.

Lastly, I'm excited to share the results of our groundbreaking report, "Beyond Entertainment – The Transormative Power of Video Games." This comprehensive study highlights how video games are positively impacting society across various domains, from education and healthcare to social inclusion and mental wellbeing. By shedding light on the transformative power of games and game technologies, we're redefining perceptions and driving meaningful change on a global scale.

As we celebrate these achievements, let's remain steadfast in our commitment to excellence and innovation. Together, we have the opportunity to shape the future of Canada's video game industry and solidify our position as the most important form of entertainment on the market!

Thank you for your unwavering dedication and contributions to our shared success.

Warm regards,
Jayson Hilchie
President & CEO



MESSAGE FROM THE CHAIR

Dear Members,

Over the past year the video game industry has encountered its fair share of challenges. From navigating regulatory landscapes to adapting to changing consumer trends. However, amidst these challenges, we have also shown our resilience, and demonstrated the value that collective organizations like the Entertainment Software Association of Canada (ESAC) can play in bringing the industry together to accomplish remarkable feats.

I'm pleased to highlight some significant milestones that we've achieved together:

The expansion of our membership to include esteemed companies such as Epic, Roblox, and Tencent has strengthened the organization considerably. Their inclusion not only enriches our collective expertise but also underscores the industry's vibrant and diverse ecosystem. Together, we're stronger and more capable of driving innovation and growth in the ever-evolving landscape of interactive entertainment.

Our collective efforts to ensure that governments recognize the video game industry as a positive force have yielded tangible results. Through advocacy, education, and collaboration, we've successfully conveyed the immense societal and economic value of our industry. By fostering constructive relationships with policymakers, we've positioned ourselves as trusted partners in shaping policies that foster innovation, promote consumer safety, and drive economic prosperity.

Our presence on Parliament Hill during the Canadian Videogame Showcase was a testament to our industry's unity and influence. By showcasing our products to elected officials and staff, we've demonstrated the industry's societal and economic significance on a national stage. Our collective advocacy efforts have not only raised awareness but also garnered support for initiatives that empower our industry to thrive and excel. Examples include our recent omission from Canada's Online Harms legislation and exemption from the Online Streaming Act.

In closing, I want to express my profound gratitude to each and every one of you for your unwavering dedication and commitment to our shared mission. It's through our collective efforts, resilience, and vision that we're able to overcome challenges and seize opportunities. As we look ahead, I'm confident that, with organizations like ESAC leading the way, our industry is well-positioned to navigate whatever challenges may present themselves.
Thank you for your continued support and collaboration.

Warm regards,
Susan Pennefather
GM, Nintendo of Canada
Board Chair, Entertainment Software Association of Canada



POWER OF PLAY

ESAC participated in a global report produced by video game industry associations around the world. The report was based on a survey looking at the behaviours and interests of 13,000 players aged 16 and older across 12 countries: Australia, Brazil, Canada, France, Germany, Italy, Japan, Poland, South Korea, Spain, the United Kingdom and the United States.

The results of this survey reaffirmed the data we received from our 2022 study on Canadian video game players and provided another opportunity to promote some of the positive effects of video game play with media and government.

The survey indicated that video games provide a number of both social and emotional benefits to players in Canada and worldwide. Canadian player data showed that while having fun is the top reason people play video games (74%), people also played for other benefits such as keeping one's mind sharp (43%), having the ability to explore new worlds and ideas (28%), and playing to help manage/improve mental health (29%).

In addition to managing mental health, an impressive three quarters of Canadian players (76%) said playing video games helps them feel less stressed as well as less anxious (63%). Players also experienced increased happiness (67%) and said playing video games helped them get through difficult times in their lives (54%). This shows the increased mental health benefits many players are experiencing from enjoying playing video games.

And finally, the report showed that players are using games to build lasting connections with fellow players. Half of Canadian respondents (46%) said they play video games with other people online, 29% on a weekly basis, and 66% saying their experience was positive or extremely positive.

The report was covered in both English and French media, with several positive articles, including in Mobile Syrup and Radio Canada. ESAC was also able to use the data in government meetings and at our Ottawa Parliamentary Day. As the first study of its kind to bring together trade associations from around the world, the study opens lots of new possibilities for future collaboration among the global associations.

BEYOND ENTERTAINMENT

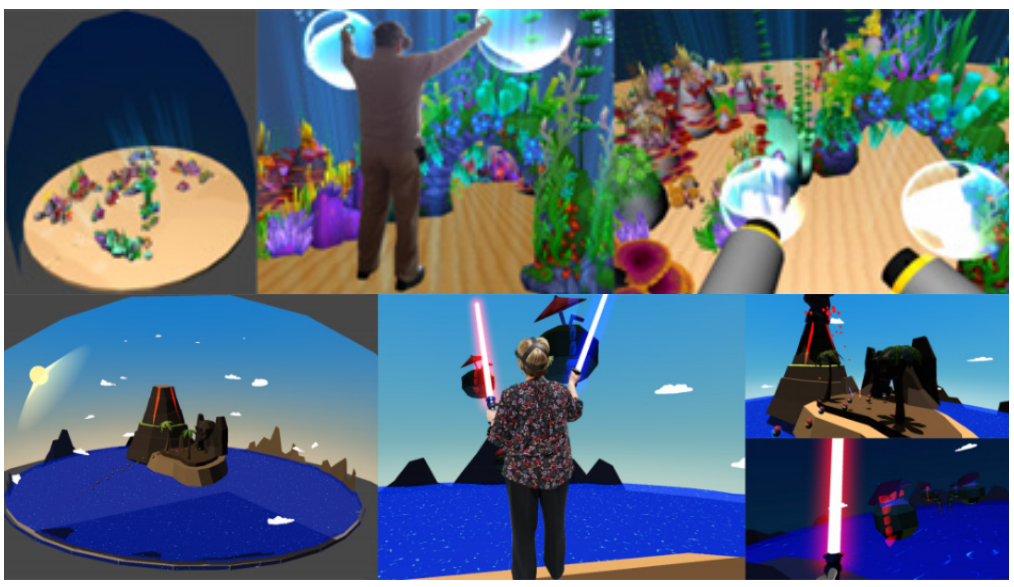
The Entertainment Software Association of Canada's report, "Beyond Entertainment: The Transformative Power of Video Games," builds upon our 2017 conference to showcase how video games are being harnessed for positive societal and economic impact through compelling case studies of companies leveraging video games beyond their traditional entertainment value.

There are several standout examples amongst the 11 case studies in the report, including Prodigy Gaming, which employs a custom-built online game to teach math, offering children an engaging alternative to conventional learning methods. Further innovative uses comes from GEMHLab and Ludic Mind Studios, which take different approaches to helping children manage anxiety through video games.

Senior citizens are also benefitting from video game technology, and the report highlights how Ludo Fit enables seniors to stay active and recover from injuries or surgeries through motion-tracking video games, which significantly improve adherence to physical therapy regimens.

The report's central message is clear: while video games are the world's leading form of entertainment, their transformative power extends far beyond leisure. The report, and supportive coverage from outlets including Mobile Syrup, Marc Saltzman and la Presse Canadienne, aim to shift perceptions and emphasize the broader societal benefits of integrating video games into various sectors beyond traditional entertainment.

The report underscores that video games, when creatively applied, possess the capacity to address significant societal challenges, making them not only a cultural phenomenon but also a force for positive change and innovation.











GLOBAL VIDEO GAME ASSOCIATIONS SUMMIT MONTREAL 2023

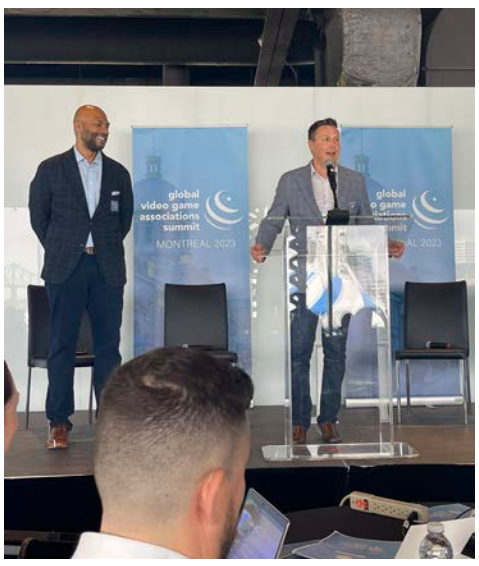
Canada had the honor of hosting the annual Global Video Game Associations Policy Summit in the picturesque setting of Old Montreal, bringing together members and colleagues from around the world to delve into the most pressing issues facing our dynamic industry. The summit served as a platform for insightful discussions, fruitful exchanges, and valuable collaborations among industry leaders and stakeholders.

Throughout the summit, a diverse range of topics took center stage, reflecting the multifaceted nature of our industry's challenges and opportunities. Topics of discussion included the transformative potential of Artificial Intelligence (AI), the imperative of Online Safety measures, the burgeoning realm of eSports and the pivotal role of tax incentives in fostering innovation and growth.

In addition to the enriching panel discussions and keynote addresses, participants had the unique opportunity to gain firsthand insights into the vibrant video game development ecosystem of Montreal through exclusive studio tours. These tours provided a behind-the-scenes look at some of the city's most renowned game development studios, including Ubisoft Montreal, Eidos Montreal, Jam City/Ludia, and the film production studio MELS.

One of the highlights of the studio tours was the visit to MELS, where participants witnessed firsthand the groundbreaking innovations driven by Epic's Unreal Engine in the realm of virtual production. The tour showcased "The Volume," a cutting-edge virtual background that leverages video game technology to revolutionize the way content is created, offering unprecedented opportunities for creativity and immersion.

The Global Video Game Associations Policy Summit in Old Montreal was not just a gathering of industry professionals; it was a catalyst for collaboration, innovation, and progress. By bringing together minds from around the world, the summit reaffirmed Canada's pivotal role in shaping the future of interactive entertainment and underscored the industry's unwavering commitment to driving positive change on a global scale.











GLOBAL VIDEO GAME COALITION

The Global Video Game Coalition (GVGC) marked another milestone with its second annual Geneva Day event in November, solidifying its position as the video game industry's voice to multilateral organizations in the UN system. Held in collaboration with UN missions, multilateral regulatory organizations, and diplomats, the event served as a platform for industry leaders to advocate for the positive impacts of video games and showcase the industry's innovation and creativity.

The centerpiece of Geneva Day was an event hosted at the World Trade Organization (WTO), where GVGC members convened to share insights on the transformative power of their games. Delegates had the opportunity not only to hear from industry executives but also to experience firsthand some of the games on display, highlighting the industry's innovation and impact.

Drawing approximately 100 attendees from various UN organizations, the event was a resounding success, further solidifying GVGC's role in positioning the video game industry as a positive force for social, cultural, and economic development worldwide.

ESAC was proud to lend its support to the event, participating in the main reception and engaging in multiple meetings with various UN agencies. These meetings, which included discussions with the World Health Organization (WHO), UNICEF, and the World Intellectual Property Organization (WIPO), underscored the industry's commitment to collaboration and responsible engagement with global stakeholders.

A highlight of the event was the meeting at WIPO, where attendees delved into topics ranging from the evolving global intellectual property environment to the growing significance of eSports. Following the meeting, the WIPO delegation generously offered a tour of its building and General Assembly Hall, providing attendees with a unique behind-the-scenes glimpse into the workings of this influential organization. As a result of this event, the GVGC has started to pursue ideas for concrete collaborations, including with UNICEF and WIPO.

As a founding partner and permanent board member of the GVGC, ESAC remains committed to supporting the organization's efforts to build its reputation and credibility with new audiences in Geneva and beyond. By fostering dialogue, collaboration, and understanding, the GVGC continues to play a vital role in advancing the interests of the video game industry on the global stage.







VIDEO GAMES ON THE HILL 2023

ESAC's Video Games on the Hill event in Ottawa proved to be a dynamic and impactful gathering, bringing together industry members for a dual-purpose initiative that combined advocacy meetings with elected officials and staff alongside a captivating showcase of our member's games from Canada and beyond.

The advocacy meetings held during the event were strategically focused on addressing pressing issues surrounding Online Harms legislation, emphasizing the industry's unwavering commitment to ensuring player safety on digital platforms. Pat Vance, the CEO of ESRB, played a pivotal role in these discussions, providing invaluable insights into the extensive history and efficacy of the video game ratings system. Key stakeholders, including the Minister of Heritage, Parliamentary Secretaries to the Minister of Heritage and Justice, and senior staff, participated in these meetings, recognizing the industry's proactive efforts in safeguarding users and fostering responsible digital environments. These meetings laid the groundwork for ESAC's final push for omission from the Online Harms legislation, a significant achievement that was realized a few months later.

Simultaneously, the event's video game showcase once again stole the spotlight, drawing in over 200 attendees, including multiple Members of Parliament. Minister of Employment and Skills Development, Randy Boissonnault, delivered a compelling and impassioned address to the enthusiastic crowd, underscoring the profound impact and potential of the gaming industry in driving innovation, economic growth, and societal enrichment.

Beyond its evident success, the true value of ESAC's Parliamentary Day event lies in its ability to facilitate direct engagement and dialogue between industry members and elected officials. By providing a platform for meaningful interactions and firsthand experiences, the event not only showcases the diverse talent and creativity within our industry but also reinforces the crucial role that policy and legislation play in shaping its future trajectory.

In essence, ESAC's Ottawa Day hill event serves as a testament to the industry's collaborative spirit, proactive advocacy efforts, and unwavering commitment to driving positive change. As we continue to navigate the ever-evolving landscape of interactive entertainment, Ottawa Day will undoubtedly remain instrumental in fostering dialogue, building relationships, and shaping policies that empower our industry to thrive, innovate and continue to grow here in Canada.











GOVERNMENT RELATIONS

The Entertainment Software Association of Canada has played a pivotal role in advancing the video game industry's interests through its government affairs and advocacy efforts.

One of our significant achievements this year, was not being included in the Online Streaming Act, which would have mandated foreign-owned video game companies contribute 5% of their Canadian revenue to a Canadian Content Fund. ESAC successfully explained to the government, that video game firms differ fundamentally from broadcasters and do not utilize exclusive spectrum or broadcasting licenses, thus should not be subjected to such regulations.

Moreover, ESAC has fostered partnerships with small video game developers, aiding in their global promotion and publication. This support has contributed to Canada's emergence as a prominent player in the global gaming industry, underscored by a substantial $5.5 billion GDP commitment to the country through development operations.

ESAC's proactive engagement with government leaders was pivotal in excluding the video game industry from Canada's Online Harms legislation. This exemption recognizes the industry's self-regulatory measures, such as ESRB ratings, parental controls on consoles, and initiatives that various studios undertake on their own games. ESAC has also recently begun promoting these initiatives on our Trust & Safety Hub, aimed at promoting the various practices our members undertake.

Despite these achievements, ESAC continues to face challenges, notably recent amendments to the Invest in Canada Act that restrict foreign investment in the industry. Despite efforts to educate policymakers on the industry's benefits and economic contributions, ESAC was unable to prevent these changes and remains vigilant against further restrictions that could impede investment flows.

In conclusion, ESAC's government affairs work highlights our commitment to advocating for the video game industry's interests in Canada. By navigating legislative challenges, promoting industry growth, and safeguarding against regulatory overreach, ESAC ensures that Canada remains a vibrant hub for video game development and innovation on the global stage.

Continued advocacy will be crucial in preserving and enhancing the industry's competitive edge and economic impact in Canada.







DIVERSITY, EQUITY AND INCLUSION

In accordance with our strategic plan, ESAC has initiated our diversity, equity, and inclusion efforts by actively engaging with our members and reaching out to community organizations to understand their perspectives and needs.

Moreover, we are thrilled to announce our new partnership with QueerTech, an organization focused on empowering 2SLGBTQ+ individuals within the tech industry. This collaboration represents a crucial step towards creating a more inclusive environment, ensuring that everyone has the opportunity to succeed. ESAC's Dylan Boyd had the opportunity to participate in the summit in Montreal where he attended panels and keynote's to better understand how ESAC and the video game industry can support this community.

In addition to working toward identifying organizations that ESAC and the industry can partner with, we also conceived of a Diversity, Equity and Inclusion working group that would bring members together to share best practises, areas of interest and improvement as well as initiatives that could be undertaken across the membership. This effort was led by Dylan Boyd and is in the early stages of its evolution.

Efforts have also been made to coordinate with other global video game associations to better align our efforts without duplication or omission. Partnering with those associations that already have more evolved approaches and platforms on DE&I is valuable to both ESAC and the industry as we can coordinate our messages and policy approaches on similar issues that exist across jurisdictions.

As part of ESAC's 2024 economic impact study we have ensured that once again this year we ask studios about their investment in DE&I through either a plan or more advanced policies and procedures to make their workplaces more equitable and diverse. This will be the second time we have asked these questions and the first opportunity to actually benchmark the data to determine whether there has been industry advancement in this area.

As we continue our efforts to enhance diversity and inclusion within the video game industry, we look forward to creating more partnerships with other community organizations and welcome opportunities to partner with members and the broader industry on this important issue.





MEMBERSHIP

The Entertainment Software Association of Canada proudly welcomed Roblox and Epic Games into our membership in 2024, marking a significant milestone in the organization's growth and influence within Canada's gaming industry. The addition of these two industry giants not only expands ESAC's reach but also enhances its credibility and impact across the country.

Roblox, renowned for its immersive online platform enabling user-generated games and experiences, brings a unique perspective on community-driven gaming. Its membership underscores a commitment to fostering creativity and engagement within Canada's creative gaming ecosystem. Based in Vancouver, Roblox is ideally positioned in one of Canada's leading clusters of video game development.

Similarly, Epic Games, creator of the globally acclaimed Unreal Engine and the iconic Fortnite franchise, joins ESAC with a dedication to advancing technological innovation and game development excellence. Their membership highlights a strong investment in Canada's gaming landscape and signifies their support for industry advocacy and collaboration as they continue to build their presence in Montreal and beyond.

Looking ahead, ESAC eagerly anticipates collaborating with Roblox and Epic Games to tackle emerging challenges and seize new opportunities in the upcoming year. Together, they will navigate regulatory landscapes, promote industry growth, and advocate for policies that support innovation, economic development and trust and safety.

The inclusion of Roblox and Epic Games as ESAC members is a symbol of their confidence in the work done at the association that will continue to benefit the entire industry. Their participation underscores the country's growing significance as a hub for innovation, talent, and creativity within the industry and their investment solidifies their commitment to the advancement of our sector.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Entertainment Software Association of Canada is in a strong financial position. In fiscal 2024, ESAC was able to execute on its first full budget since prior to the pandemic. Engaging in a full calendar of events, initiatives and travel, staff were able to manage the budget without significant surplus and through the delivery of all commitments plus multiple additions. ESAC continues to operate virtually with no physical office, which has resulted in significant savings and reduction in overall budget requirements. In 2024 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 the addition of new members, Epic Games and Roblox, revenue was up from the budgeted expectation and ESAC was able to engage in additional initiatives such as Power of Play and revamped Parental Control videos. ESAC is proud of its accomplishments in 2024 and will continue to deliver above expectations as we go forward with normalized operations.

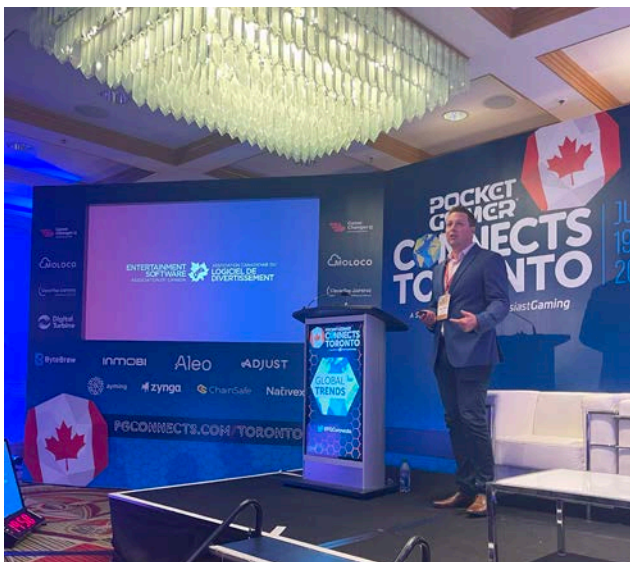
PHOTOS FROM THE YEAR











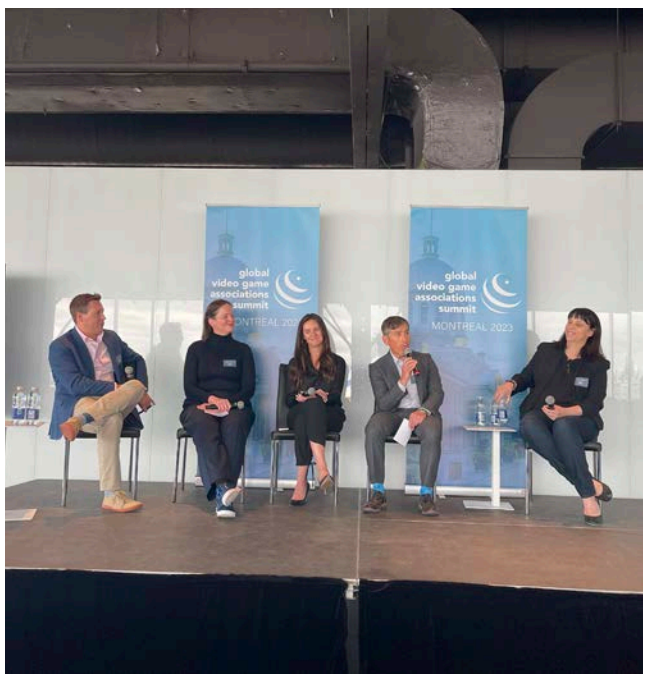














ABOUT ESAC

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, Epic Games, Relic Entertainment, Roblox, Solutions 2 Go, WB Games, Eidos Montreal, Take-Two Interactive, Tencent, 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.