



Edmonton Screen Industries Office



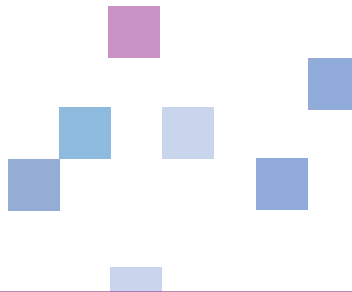
EDMONTON SCREEN INDUSTRIES OFFICE SOCIETY

REPORT FOR FISCAL 2019/20

PREPARED: SEPTEMBER 10, 2020



Edmonton Screen Industries Office

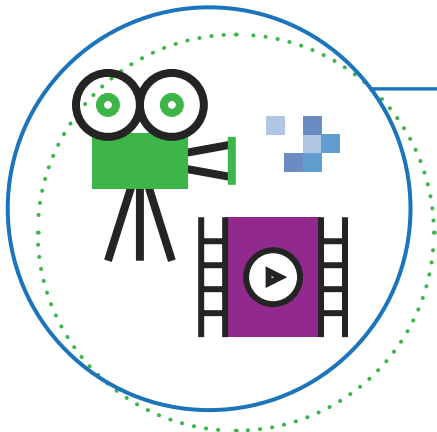


INTRODUCTION

As is detailed in the attached Nordicity Report, the ESIO is having a measurable impact on the Edmonton screen media industries.

Economic activity and sector employment is increasing. Knowledge gaps are being addressed. Governments at every level are being engaged. Site selectors are more aware of Edmonton's advantages. Clients are attracting more outside investment. Stakeholders remain enthusiastic about the organization and its programs.

Background

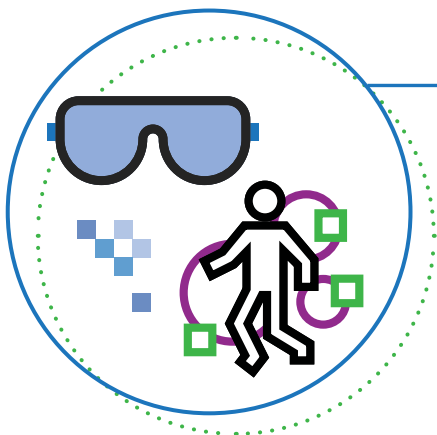
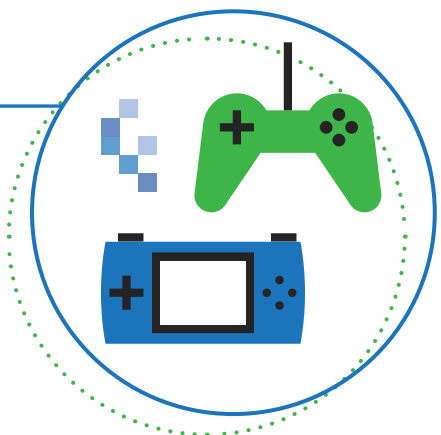


Film & TV production

- Film & TV production volume in Canada in 2019 was CAD \$9.3 billion, a **5.8% increase** over 2018.
- It generated 180,900 full-time equivalent jobs, a **2.4% increase** over 2018 and represented CAD \$12.8 billion in GDP impact in Canada, a **5.2% increase** over 2018.
- It also attracted CAD \$5.7 billion in foreign investment, a **4.9% increase** over 2018.¹

Video Game Sector

- The Video Game sector in Canada directly contributed an estimated **CAD \$2.6 billion to GDP** in Canada in 2019.
- The sector also generated **CAD \$1.9 billion** in indirect and induced impacts.
- The total GDP contribution is estimated to be \$CAD 4.5 billion, which is **20% higher** than 2017.²



Virtual & Augmented Reality Market

- The global virtual and augmented reality market in 2019 is estimated to be **USD \$16.8 billion** and is expected to **top USD \$34 billion** by 2023.
- Canada is expected to have the **fastest growth rate** over the next few years.³
- In 2022, the Canadian augmented and virtual reality market is expected to reach a market size of **USD \$8 billion**.⁴

¹ Profile 2019, Canadian Media Producers Association

² The Canadian Video Game Industry 2019, Entertainment Software Association of Canada

³ Kommando Tech

⁴ Statistica 2020

The ESIO

The ESIO acts as a catalyst, a cultivator and a stimulator for the Edmonton⁵ screen media sector. This sector includes large anchor companies, small and medium size indie companies, creative entrepreneurs, a skilled workforce, infrastructure and facilities. It has a track record of successful ventures and a collective desire by all to see the industry grow and thrive.

The buzz of creativity and innovation in the sector has never been so dynamic. Interactive digital media (IDM). Film & television (AV). Educational technology. Augmented and virtual reality. Among these unique business segments, there is a desire for expansion and collaboration. There is a sense of commitment and an awareness of our local advantages.

The ESIO is harnessing this determination by inspiring, encouraging and supporting Edmonton talent to step up, follow their passion, and reach for regional economic growth and a global platform. Business leaders, educational institutions, government officials and investors all have a role to play as we work together to support and define a rising screen media ecosystem.

The ESIO's broad mandate is to activate the entire Edmonton ecosystem, remove barriers to growth, find the right enablers, connect investable enterprises with motivated investors, and help create the right conditions for the industry to grow.

The ESIO also strives to ensure Edmonton is known nationally and internationally as a great place to initiate, develop, produce and commercialize screen content.

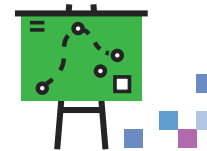
We are excited to share the progress of the ESIO's programs and initiatives as well as measurably demonstrate their impact on the Edmonton screen media sector.

Scope of Report



This report spans 2019 and early 2020 (due to overlapping fiscal year-ends). This was of course prior to the COVID-19 pandemic. With the organization's foundation building mostly complete, the ESIO's focus shifted to operationalizing its programs, guided by our Strategic Plan, which identified three strategic priorities.

Strategic Priorities



1. Sustainable enterprises
2. Regional competitiveness
3. Vibrant ecosystem

⁵ All references to Edmonton include the Edmonton Metro region.



PRIORITY 1

SUSTAINABLE ENTERPRISES

OBJECTIVE

The ESIO supports sustainable enterprises, recognizing that their competitiveness will drive better opportunities, projects and bolster the ecosystem. We do this with initiatives that educate, support and invest in their growth and sustainability.

“

“We are incredibly thankful for the support the ESIO has given us through the Industries Support Program. The grant has allowed us to fill a gap in our marketing capacity to tell the story of our studio and to show our games to our audience. We are already seeing great benefits from this relationship!”

- Derek Kwan, Caldera Interactive Ltd.

Initiatives

A) ESTABLISH THE EDMONTON SCREEN MEDIA FUND

The Edmonton Screen Media Fund (ESMF) is a capital pool of approximately \$4 million provided by the City and earmarked for investment in screen media ventures and projects to be located in Edmonton. Access to investment financing has been identified as one of the primary challenges for our stakeholders and the ESMF is designed to be part of the solution.

In preparation for launch, ESMF investment policy was created, guidelines were developed, representatives of other funding programs were consulted, freelance analysts were recruited to assist with evaluations and an efficient intake and application process was established.

In conjunction with the official launch of the fund on November 6, 2019, information sessions were held to familiarize prospective applicants with the guidelines. To date, the ESIO has fielded numerous formal and informal queries, reviewed twelve full applications and approved three investments. Two of these investments have been finalized and one is pending.

Of the three approved, two are project equity investments and the other is a loan. They consist of two feature films and one video game. The total of these investments is \$330,620. Here are the estimated impacts of these investments⁶:

Outcomes: These investments have helped increase employment in the sector and, based on our evaluation and the structure of the deals, the projects have strong potential to provide the ESIO with a financial return, which will help to grow the ESMF for future reinvestment.

From a long-term perspective, local ownership of IP and the financial success of these projects will support the growth of the parent enterprises, helping them to attract new third-party financing for future projects or ventures, generating greater long-term sustainability.

More applications are currently in the pipeline and the ESIO hopes to approve additional investments through the ESMF prior to the end of 2020.



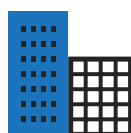
TOTAL BUDGETS:

\$2,537,606



TOTAL EDMONTON SPEND:

\$1,250,182



NUMBER OF LOCAL RESIDENTS HIRED:

914 person weeks



AMOUNT OF THIRD-PARTY FUNDS INVESTED:

\$1,814,674



AVERAGE LEVERAGING RATIO:

7.75:1

⁶ Pending final reports following delivery.

B) ESTABLISH KEY OPERATING PROGRAMS

Funded from the ESIO operating budget, guidelines and application forms for these programs were developed in 2019 and the programs were activated in late 2019 and early 2020.



Industry Support Program

These non-repayable grants are designed to provide a competitive edge to Edmonton enterprises engaged in the creation and exploitation of screen media content.

Eligible costs include marketing and market research, software and equipment purchases, training initiatives, online event attendance and third-party consultation services.

To date, 16 grants have been committed for a total of \$68,644. ESIO contributions range from \$500 to \$10,000.

Outcomes: ESIO funding helps applicants leverage funding from third party sources.



Location Rebate Program

This program is designed to incentivize both local and guest enterprises to select Edmonton as the location for their project or venture.

In 2019, two production companies were approved for location rebates totalling \$40,971.

Outcomes: This program helped attract two feature film projects to shoot in Edmonton.



Location Scouting Program

This program is designed to assist local and guest enterprises to research and access Edmonton locations for their screen media project or venture.

In 2019, 1 locations scout was funded totalling \$3,986.

Outcome: The feature film project was shot in Edmonton.



Market Intelligence Program

ESIO renewed its group license to *Variety Insight*, an online platform that provides verified, timely and accurate metadata for people, projects and companies in the global screen media business. 30 Edmonton enterprises were given access to this service.

Outcome: Edmonton enterprises had access to a valuable tool to gain a competitive edge.



C) LEVERAGE FUNDING

ESIO continuously seeks opportunities to leverage its operating revenue by applying for government grants, securing corporate sponsorships, soliciting private investment, charging service fees, maximizing interest and accepting donations.

Outcomes:

- A provincial CARES grant was approved for \$18,500 in February 2019.
- A provincial STEP Grant was received for \$2,587.
- Applied for a CIP Grant which was approved for \$34,925 in 2020.
- Raised a total of \$15,200 in corporate sponsorship revenue.
- Generated \$95,019 in interest on our cash reserves.

The background of the entire page is a photograph of a film set, overlaid with a solid purple color. The film set includes various pieces of equipment like tripods, lights, and cables, with several people visible in the background, some standing and some moving. The overall aesthetic is professional and creative.

PRIORITY 2

REGIONAL COMPETITIVENESS

OBJECTIVE

ESIO will market and advocate for Edmonton Metro and build on opportunities to maintain a competitive playing field for film & television and interactive digital media.

“

“The outcomes of [the Early Stage Project Grant] have truly been INVALUABLE.”

- *Blake McWilliam, Back Road Productions*

Initiatives

A) COMPETITIVE POSITIONING

Encourage supportive government programs and policies to maintain and expand the screen industries sector in Edmonton and in Alberta as a whole.

- The ESIO participated in meetings with representatives of all Alberta film & TV industry associations, guilds, unions, film commissions and others to formulate and execute a government relations strategy aimed at persuading the major Alberta parties to include a film and TV production tax credit in their election platforms.

Outcome: This strategy led to the creation of new **Alberta Film and Television Tax Credit Program** implemented in 2019 by the current provincial government.

- The ESIO is currently engaging with Digital Alberta, Edmonton Global, Calgary Economic Development and IDM industry stakeholders in Edmonton and Calgary to promote the implementation of a provincial technology job creation rebate program.

Anticipated Outcome: leveling the playing field with other jurisdictions and incentivizing Alberta IDM enterprises to hire locally.



B) UNIQUE LOCATIONS

Create and maintain an inventory of locations and resources for existing screen industry players and to attract potential projects to the Edmonton region.

- Work began on populating the online locations platform **Reelscout** with updated location photos and current site information. This platform allows site-selectors worldwide to access photos and information on Edmonton locations and request additional details from the ESIO, which also generates contacts for our database.
- ESIO engaged with the Canadian Film & Television Commissions, a group comprised of municipal, regional and provincial film commissions. Meetings are held quarterly where evolving industry trends are discussed and best practices are exchanged. Discussions are currently underway to formulate a “national offer” to try to attract mega budget productions that require locations situated across multiple Canadian jurisdictions.
- ESIO became an Industry Member of the Location Managers Guild International (LMGI) in order to foster relationships with film & television site selectors.

Anticipated Outcomes: increase Edmonton site selection by local and guest screen media enterprises.



"Wop May, The Untold Story". Open Sky Pictures.

C) SCREEN FRIENDLY POLICIES

- ESIO began working with the City of Edmonton, regional municipalities and neighbourhood business associations to adopt policies and streamline approvals to bolster the attraction of screen media projects and ventures

Anticipated Outcome: word of mouth is important to business attraction and guest enterprises that have had positive experiences become valuable ambassadors.

- Work began on aggregating data for a comprehensive Edmonton screen industries directory. Modeled after the **LA 411** directory, local and guest enterprises seeking goods and services will have a one-stop resource to find everything from trained animals to experienced stunt people to freelance coders to game artists.

Anticipated Outcome: local and guest screen media enterprises are not fully aware of the range of screen media goods and services available in Edmonton and how they can be accessed. This directory will rectify that situation.

D) BRAND AWARENESS AND REACH

Events

- In November 2019, the ESIO Major Programs Launch Event at the Orange Hub took place, featuring remarks from Mayor Iveson. This event served as our formal introduction to the community and was an opportunity to publicize our programs and activities, including the launch of the Edmonton Screen Media Fund (ESMF).



Outcome: The event raised the profile of the ESIO among industry stakeholders, the Edmonton business community and the general public via widespread media coverage.

- We began preparations for an Edmonton Screen Industries Symposium that was subsequently postponed to 2021 due to the onset of COVID-19.

Anticipated Outcome: this two-day event will enable Edmonton screen media enterprises who wish to participate to make presentations about their companies and showcase their work. Initial responses have indicated there will be approximately 150 industry participants. The event will also be open to the general public.

- In 2019, ESIO staff members engaged government, industry and entrepreneurs at the following events:

| | |
|----------------------|---|
| Municipal | Global Edmonton's Launch event at NAIT, Edmonton Props Museum opening reception, Edmonton Business Advisors - Leader's Circle Luncheon, Dreamspeakers screenings, Fava Fest Gala, Premier's luncheon, VR After Dark, CPA Breakfast with Finance Minister event, EEDC Impact Luncheon, AB Roundtable with Minister Fir, Woman's Day event at CKUA, Beamdog new office opening, Game Camp, The Orange Hub holiday luncheon. |
| Provincial | Reboot Red conference in Banff, ASIAC All Party Forum in Calgary, Banff World Media Festival, NDP Industry roundtable in Calgary, AMPIA Awards in Calgary, Banff Story Studio. |
| National | VR/AR Global Summit in Vancouver, LMGI Leadership on Location Forum in Vancouver, Canadian Film Commissions summit in Toronto, CMPA Prime Time conference in Ottawa. |
| International | IQ conference in Dublin, Ireland. |

Outcome: it's critical for successful business attraction that the ESIO to be present at industry events in order to be viewed as a full-fledged member of the business community as well as a fixture in the national and international screen media landscape.

Website

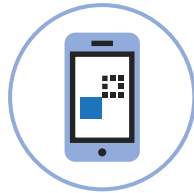
- In addition to providing public-facing information about our organization, our website functioned as a portal for applicants to access our programs, primarily the ESMF.



Anticipated Outcome: the ESIO website will evolve to become an online hub for all things relating to the Edmonton screen media industries.

Social Media

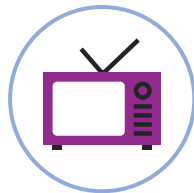
- We continued to be active on our social media channels such as Facebook and Twitter, posting time-sensitive information on a frequent basis. Future plans include a quarterly online newsletter featuring stories about Edmonton screen media enterprises.



Anticipated Outcome: the ESIO will be a valued source of timely information regarding industry programs, application deadlines and a cheerleader for local success stories.

Traditional Media

- Stories on ESIO initiatives and events were covered on CBC Radio, CHED Radio, CTV Edmonton, Global TV, The Edmonton Sun, The Edmonton Journal, LEB 411 and Playback.



Outcome: increased awareness among the general public of the ESIO's activities and the value of the Edmonton Screen Industries.

Advertising & PSA's

- The video we commissioned in 2018 from Avatar Media entitled *Screen Ubiquity* was nominated for an Alberta Film and Television Award (the "Rosie") in 2019.



Outcome: validation for the concept of local ownership of intellectual property (IP).

Sponsorships

- In 2019, the ESIO sponsored the following events/ organizations: Alberta Film Awards (the "Rosies"), Edmonton International Film Festival, Edmonton Jewish Film Festival, Edmonton Short Film Festival, FrightFest Alberta Cinema Party, FAVA Fest, Got a Minute Film Festival (FAVA), Girls in Film and Television, Indian Film Festival of Alberta, 48 Hour Global Game Jam, International Festival of Winter Cinema, Story Studio conference in Banff, Video Kitchen (FAVA), Women in Film & Television Alberta (WIFTA) International Women's day panel and the Alberta International Women's Film Festival.



Anticipated Outcome: in addition to supporting worthy activities, providing modest financial support to local industry events and organizations is beneficial in terms of fostering goodwill both with stakeholders and the general public.



PRIORITY 3

VIBRANT ECOSYSTEM

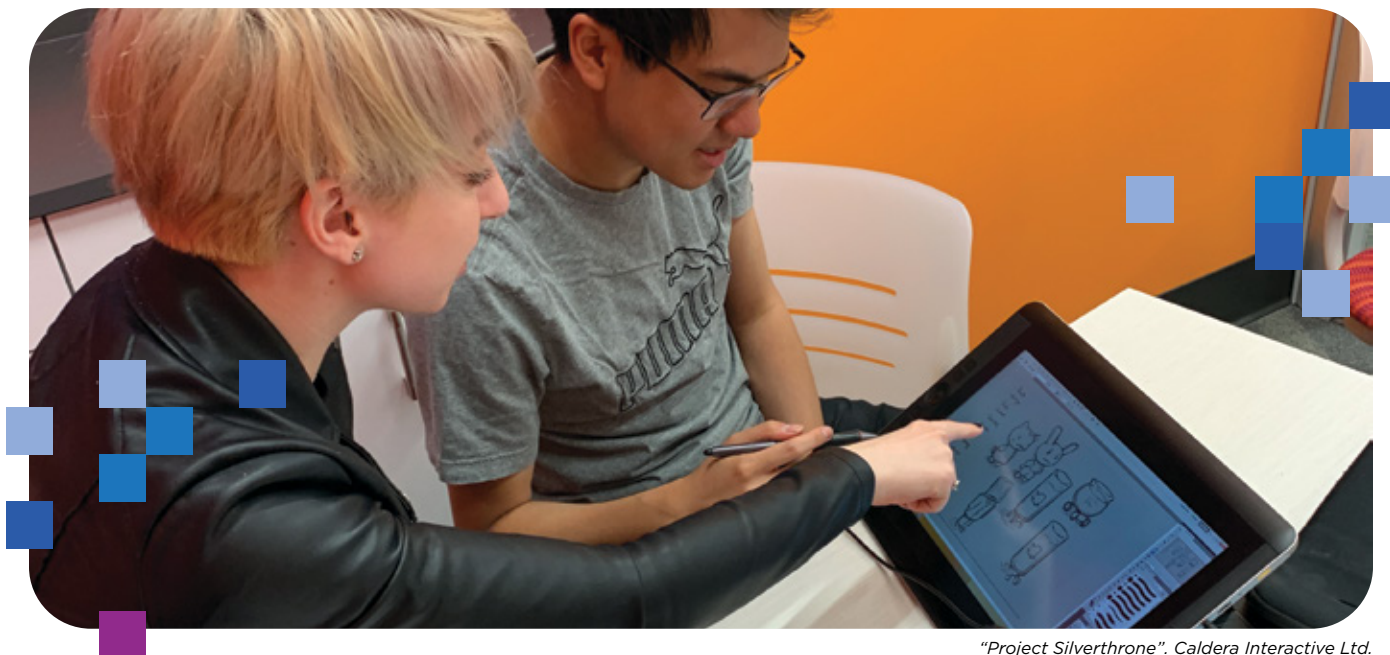
OBJECTIVE

The ESIO will energize the screen media industries and enhance the creative communities across the entire ecosystem.

“

“We received news... that one of our projects (Zainab and Naji) has been funded by Shaw Rocket Fund! A sincere thanks goes to ESIO. The Optimal Pitch workshop really provided the ground work for the proposal and pitch materials!”

- Michael Milo, CEO, Muslim Kids TV



"Project Silverthrone". Caldera Interactive Ltd.

Initiatives:

A) ENERGIZE THE ECOSYSTEM

The ESIO will act as a catalyst and "hub" for building and cultivating inter-disciplinary relationships and networks among Edmonton screen industry players, organizations and beyond. The ESIO will foster organizational excellence and leadership by encouraging a business culture and by acting as an honest broker and convenor for Edmonton screen industries.

Infrastructure

In May, the ESIO moved into The Orange Hub and were joined by FAVA (Film and Video Arts Society of Alberta), WIFTA (Women in Film and Television Alberta) and the former Edmonton Digital Arts College (EDAC) in a coordinated effort to establish an incubator for the screen media industries — one of the priorities identified by our stakeholders.

The City-owned building has adaptable spaces such as production and green screen studios, an editing and colour correction suite, meeting space recording studio, a theatre with upgraded projection and sound equipment and more. Most of these spaces are administered by FAVA.

We envision collisions and collaborations between Edmonton screen industries enterprises within this incubator that will help create more bridges between IDM and AV companies, whose content creation technologies are moving closer together.

Additionally, the Valley Line West LRT will have a station nearby, facilitating accessibility to The Orange Hub from any corner of the city via public transit.



ESIO has also been participating in discussions with regional partners about generating a proposal to encourage government support for 5g hub locations, with The Orange Hub being one among several contemplated sites in the Edmonton area.

Outcome: the Orange Hub becomes a hub for Edmonton screen media.



"Wop May, The Untold Story". Open Sky Pictures.

Skills Development

Based on the needs of our stakeholders, the ESIO continues to conduct skills workshops to address gaps in industry know-how. Skills development highlights from 2019 include:

- ESIO hosted a workshop on Discoverability (how to position your content to be findable and competitive online) delivered by Magnify Digital on November 28 in The Orange Hub. At approximately 40 attendees, this represented our largest workshop to date.
- Digital marketing agency Social Lite Communications delivered a presentation on digital marketing on December 17, as part of the Edmonton Screen Media Holiday Celebration, which had approximately 120 attendees.

Both workshops addressed issues around bringing screen media products to market. After-event surveys from participants praised the content and the quality of the presenters.



Consultations and Collaborations

- The ESIO Industry Advisory Committee, comprised of up to 30 industry stakeholders, continued to convene quarterly to provide input into ESIO policies and programs.
- In 2019, Staff worked with Edmonton Tourism to identify hotel sites for a potential international screen media conference that is currently postponed to 2021.
- Staff worked with Edmonton Global to coordinate business and investment attraction activities, specifically in a joint sponsorship of the Banff Reboot Red indie games conference in 2020 following the 2019 conference.
- Beginning in 2019 and continuing into 2020, ESIO has been involved in ongoing conversations with the City of Edmonton regarding the new Innovation Authority, advising on its governance and promoting its mandate.



Outcome: ongoing and appreciative stakeholder consultation and greater coordination and collaboration among ESIO and other municipal industry support organizations.

B) ORGANIZATIONAL EXCELLENCE

Governance

Impeccable governance continues to be foundational for the organization. Governance highlights from 2019 include:

- A five-year Strategic Plan was finalized by the Board.
- We continued to compile all the required documentation for Imagine Canada accreditation.
- After retiring two Directors and updating our Board skills matrix, we recruited three new individuals to the Board, bringing the total number of Directors to thirteen.
- A new Board Chair and new Board Committee Chairs were appointed.
- Multiple policies were implemented spanning areas such as privacy, fundraising, records management, communications and human resources.
- We updated the bylaws of the Society on December 11, 2019.
- We developed a Business Plan for 2020 detailing specific program goals, strategies to leverage funds, areas of collaboration with sister municipal organizations and the implementation of concrete internal performance measurements.

Outcome: the benefit of these activities is a dynamic organization, always striving for optimum transparency, efficiency and accountability, with a focus on quantifiable results.

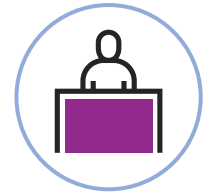


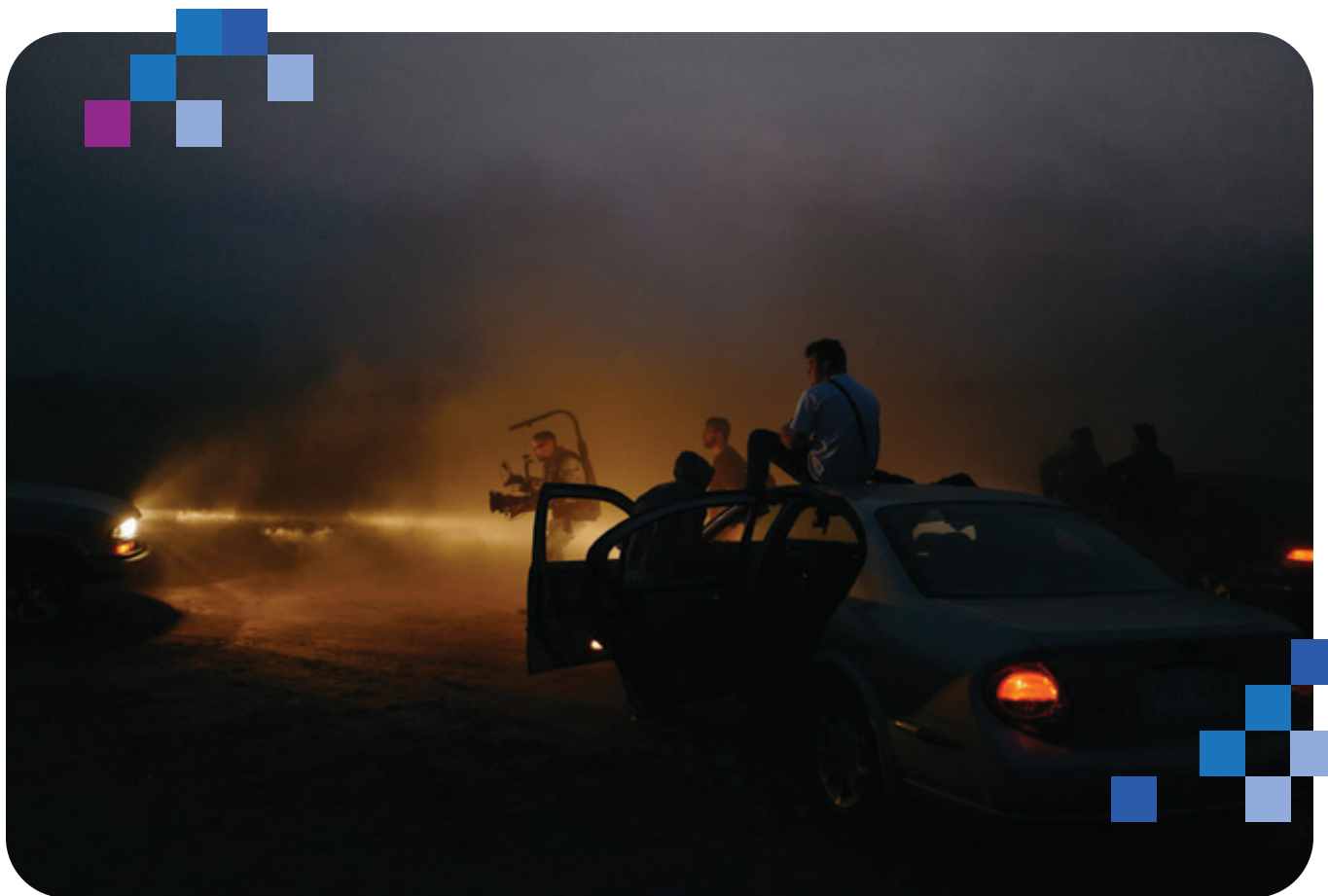
Staff & Administration

The ESIO continues to be a lean, effective organization delivering numerous programs and services to a broad spectrum of stakeholders. Organizational highlights from 2019 include:

- Hired experienced staff necessary to deliver on our municipal mandate. The organization is lean and efficient and based on our throughput, provides high value and ROI to the City of Edmonton.
- Established our offices at the Orange Hub, creating the foundation for a screen media incubator which will grow over time.
- Implemented operational processes, financial reporting and a payroll system to provide greater efficiencies for our own benefit and to set an example for our clients.

Outcome: the benefit of a lean and efficient operation is the close proximity we maintain to our stakeholders. Our corporate culture is to ensure that we keep our focus on their imperatives and every decision we make is to improve delivery of services to better meet their needs.





"Aftermath". Juniper Productions.

THE FUTURE

Looking ahead, COVID-19 of course remains a variable beyond our control. From a screen media perspective, isolation and quarantine has spurred an increase in demand for personal entertainment and thus companies that own their IP are experiencing a significant benefit.

AV production has resumed, but set safety measures will lengthen schedules and impact insurance costs. In the near term, we will likely continue to see the trend of Edmonton hosting lower budget productions with smaller crews. If COVID-19 case numbers remain low relative to other jurisdictions, it could be a factor in productions deciding to come to Edmonton.

As for IDM, the cluster of large and small video game companies provides an incentive for other game studios to locate here in order to access our skilled labour pool. The main inhibitor for site selectors is the lack of a provincial labour incentive on a par with other jurisdictions.

Global consumer demand for screen media products from both the IDM and AV sectors is still on the rise as new streaming channels and online video game platforms launch every year. This will trigger more demand for original content and increase opportunity for content creators.

The ESIO will continue to adapt our offerings and implement strategies to support Edmonton screen media enterprises to fully participate in this growth. We will strive to foster a spirit of positivity, resilience and innovation during these unprecedented times

A decorative graphic consisting of several small squares in shades of blue, purple, and pink, arranged in a loose, abstract pattern above the year text.

2019 / 2020

REPORTING REQUIREMENTS & NORDICITY REPORT



"Pipe Nation". Bhatt Cinemas.

Background

For reference, audiovisual (AV) companies include film & television production companies, VFX studios, post-production companies, live-action and animated production companies and corporate/commercial production companies.

Interactive Digital Media (IDM) companies include video game developers, eLearning software companies, companies making digital components for promotional or advertising products, and augmented reality (AR), virtual reality (VR) and mixed reality (MR) companies.

In our Funding Agreement with the City of Edmonton, we are required to measure and report on performance indicators relating to the screen media industries and in our Subsidy Agreement with the City of Edmonton, we are required to measure and report on performance indicators relating to the Edmonton Screen Media Fund. (Appendix A)

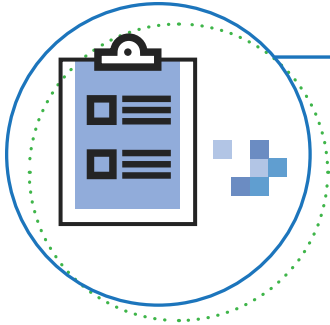
Beginning in 2018, we contracted research firm Nordicity to undertake a baseline study of economic activity in our sector for the previous year, 2017.

Nordicity was again engaged to conduct the second annual survey and produce an updated report for 2018.

This year, Nordicity produced the third annual survey and report (Appendix B) measuring activity in Edmonton screen media companies' last fiscal year.

This report provides the data from which we populate the metrics chart to fulfill the City of Edmonton's reporting requirements. Below are some highlights and conclusions.⁷

⁷ Some metrics are not measured for both AV and IDM due to their different business models.

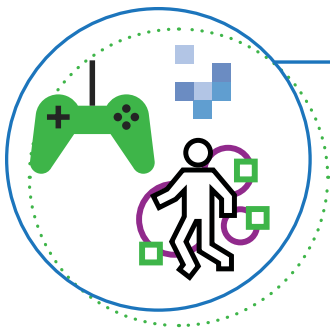
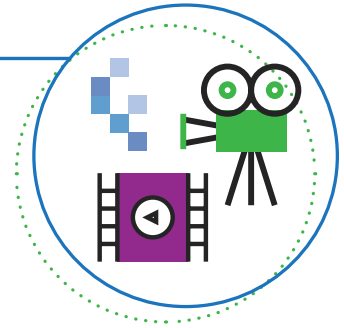


Survey Respondents

- The ratio of audiovisual companies to interactive digital media companies in Edmonton is **roughly 2/3 to 1/3**, which has been consistent since we began collecting data in 2017.
- We have now identified **178 Edmonton screen media companies**.
- The **four largest screen media companies** in Edmonton produce video games for entertainment and training applications.

AV Highlights for Fiscal 2019

- AV companies worked on an estimated **1,450 projects**.
- AV companies employed the equivalent of **2,240 full-time employees** (FTEs).
- The total of all AV project budgets (production volume) was an **estimated \$44.5 million**.
- **1,270** of these projects were set in Edmonton.
- **180** of them featured identifiable Edmonton landmarks.
- The number of non-local industry projects attracted **increase from 5 to 22** over 2018.
- Annual number of Edmonton stories told using screen media **more than doubled** over 2018.

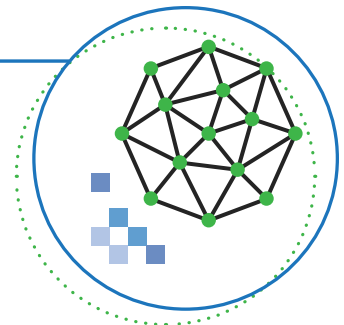


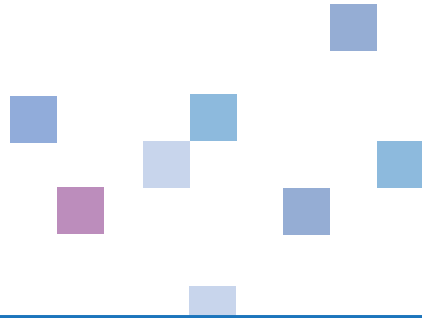
IDM Highlights for Fiscal 2019

- IDM companies earned an average of **\$747,200 in revenue, up from \$433,700** in 2018.
- IDM companies **employed 980 FTEs**, representing growth over the previous year.
- **22%** of IDM company earnings were from new lines of business.
- Labour costs account for **70%** of IDM company expenditures.
- Percentage of average annual revenue from outside Canada **increased to 81% from 51%** in 2018.

Aggregate Highlights for Fiscal 2019

- Total employment level **rose from 1,800 FTE's** in 2018 to **3,210 FTE's** in 2019.
- Number of Edmontonians in full-time employment rose from **1,620 FTE's** in 2018 to **2,408 FTE's** in 2019.
- Demographic diversity **increased between 2018 and 2019** in all categories—female, LGBTQ2, visible minorities and persons with disabilities.





APPENDIX A

REPORTING REQUIREMENTS

**CITY OF EDMONTON ESIO FUNDING AGREEMENT
AND ESMF SUBSIDY AGREEMENT**

City Of Edmonton ESIO Funding Agreement Reporting Requirements

2020 STRATEGIC BUSINESS PLAN AND APPROVED 2020 BUDGET

These documents have been previously submitted.

ESIO BOARD MEMBERS – AS OF AUGUST 31, 2020

| Director | Appointment | Term Ended |
|--------------------|------------------|-------------------|
| Carman McNary | May 2017 | |
| Andrea Mondor | May 2017 | |
| Chris Bruce | May 2017 | January 2020 |
| Scott Nye | May 2017 | |
| Ian Murray | May 2017 | December 31, 2019 |
| John McGowan | May 2017 | December 31, 2019 |
| Tony Briggs | May 2017 | |
| Peggy Garritty | October 2018 | |
| Pamela Freeman | October 2018 | April 2020 |
| Tina Thomas | October 2018 | |
| Lynette Tremblay | October 2018 | |
| Kristina Milke | October 2018 | |
| Kerry Day | January 1, 2020 | |
| Rod Matheson | January 1, 2020 | |
| Samantha Kernahan | January 1, 2020 | |
| Darryl Boessenkool | January 28, 2020 | |

SCHEDULE A

| | | 2018 | | | 2019 | | Notes |
|----|---|---------------------|--------------|-----------|-----------|-------------|--|
| | | Previously Reported | Restated | | AV | IDM | |
| | | | AV | IDM | | | |
| 1 | Annual number of non-local industry projects attracted | 5 | 5 | | 22 | | Management estimate |
| 2 | Annual number of Edmonton stories told using screen media | 775 | 775 | | 1,270 | | Section 4.1 of the Nordicity report |
| 3 | Average annual investment in the Edmonton screen industry; total amount invested from ESMF | not reported | not reported | | \$200,000 | | Section 5 of the Nordicity report The ESIO began accepting ESMF applications in November 2019. The first investment was made in 2020. |
| 4 | Amount (\$) and rate at, which funds are leverage with contributions from outside organizations into ESMF | N/A | N/A | | N/A | | The ESIO began accepting ESMF applications in November 2019. The first investment was made in 2020. |
| 5 | Average annual revenue of Edmonton based screen industries companies | \$357,000 | | \$433,700 | | \$747,200 | Section 4.2 of the Nordicity report |
| 6 | Average annual revenue from owned IP of Edmonton-based screen media companies | \$109,000 | | \$71,420 | | \$1,140,000 | Section 4.2 of the Nordicity report |
| 7 | Percent of average annual revenue from outside of Canada of Edmonton-based screen industry companies | 45% | | 51% | | 81% | Section 4.2 of the Nordicity report |
| 8 | Percent of average annual revenue from new lines of business or innovations by Edmonton-based screen industry companies | 23% | | 27% | | 22% | Section 4.2 of the Nordicity report |
| 9a | Average annual expenditure of Edmonton-based screen industry companies - labour | \$425,000 | | \$433,100 | | \$412,200 | Section 4.2 of the Nordicity report |
| 9b | Average annual expenditure of Edmonton-based screen industry companies - non labour | \$168,000 | | \$151,300 | | \$175,900 | Section 4.2 of the Nordicity report |

| | | 2018 | | | 2019 | | Notes |
|-----|--|---------------------|-----------|-----|-----------|-----|---|
| | | Previously Reported | Restated | | AV | IDM | |
| | | | AV | IDM | | | |
| 10 | Average annual value of deals by Edmonton-based screen industry companies | \$185,000 | \$185,000 | | \$129,400 | | Section 5 of the Nordicity report |
| 11 | Return on investment (equity, participation, royalties, dividends, repayment on loans and interest, estimated date of ESMF self-sufficiency) | N/A | N/A | | N/A | | The ESIO began accepting ESMF applications in November 2019. The first investment was made in 2020. |
| 12 | Number of Edmontonians in full-time employment in the screen industry | 1,800 | 1,620 | | 2,408 | | Section 3 of the Nordicity report Full time equivalents hired locally |
| 13a | Edmonton's screen industries demographic diversity compared to the demographic diversity of the City - ownership | not reported | | | | | Section 1.2 of the Nordicity report |
| | ▪ Female | | 50% | 52% | | | |
| | ▪ LBTQS2 | | 10% | 12% | | | |
| | ▪ Visible minority | | 13% | 28% | | | |
| | ▪ Persons with disabilities | | 3% | 7% | | | |
| 13b | Edmonton's screen industries demographic diversity compared to the demographic diversity of the City - employment | | | | | | Section 3 of the Nordicity report |
| | ▪ Female | 35% | 35% | | 45% | | |
| | ▪ LBTQS2 | 5% | 5% | | 8% | | |
| | ▪ Visible minority | 14% | 14% | | 18% | | |
| | ▪ Persons with disabilities | 2% | 2% | | 4% | | |
| 14 | Annual number of screen industry projects assisted by or partnered with ESIO; type of assistance (equity vs debt) types of returns expected (equity, royalties, dividends, repayment interest) | N/A | N/A | | N/A | | The ESIO began accepting ESMF applications in November 2019. The first investment was made in 2020. |

City Of Edmonton ESMF Subsidy Agreement Reporting Requirements

SCHEDULE B⁸

| | | |
|---|--|-------|
| 1 | Number of projects assisted | nil |
| 2 | Number of projects attracted | nil |
| 3 | Estimated investments in industry | \$nil |
| 4 | Estimated number of local residents hired | nil |
| 5 | Partnerships created or developed | nil |
| 6 | New business approaches or innovations | nil |
| 7 | Amount of funds leveraged/contributed from outside organizations into the ESMF | \$nil |
| 8 | Returns on investment | \$nil |

⁸ The ESIO began accepting ESMF applications in November 2019. The first investment was made in 2020.



APPENDIX B

NORDICITY REPORT

Edmonton's Screen Industries

Results for Fiscal Year 2019-2020

Released August 2020

Prepared for:

Edmonton Screen Industries Office Society

By:



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Glossary of Terms

n-values: The number of respondents to a survey question, which is often used in the data analysis related to that question.

FTE: Full-time equivalent is a measure used to allow industries to compare employment with one another. One FTE either represent a full time employee or be a composite of several part-time employees. For example, two part-time employees each working half of a year would make up 1 FTE. Where no data is available on the portion of a year worked by an employee it is customarily assumed to be one half of an FTE.

Edmonton: For the purposes of this document, the word "Edmonton" is used to denote the Edmonton Metropolitan Region. "Edmonton Metro" or the Edmonton Metropolitan Region encompasses and includes: The Cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove, and St. Albert, the Towns of Beaumont, Stony Plain, Devon, Morinville, the Hamlet of Sherwood Park and Leduc County, Parkland County, Sturgeon County, and Strathcona County.

Industry: Mentions of "industry" in this report unless otherwise described refer to the Edmonton Screen Industries i.e. audiovisual and interactive digital media.

Audiovisual (AV) industry: The AV industry includes film & television production companies, VFX studios, post-production companies, live-action and animation production companies, and corporate/commercial production companies.

Interactive Digital Media (IDM) industry: The IDM industry includes video game companies, eLearning software companies, companies making digital components of commercial content, Augmented Reality (AR)/Virtual Reality (VR)/Mixed Reality (MR) companies, etc.

Companies/AV companies/IDM companies: All references to companies refer to companies in Edmonton, unless otherwise specified.

OTT: "Over-the-top" refers to media services offered to viewers outside of Canada's regulatory system (as opposed to traditional media platforms such as cable and broadcast television, which are regulated by the CRTC). Examples include Netflix, Amazon Prime Video and Disney+.

1. Introduction

The Edmonton Screen Industries Office Society (ESIO) was established in 2017 to support the growth and sustainability of the screen media industries in Edmonton. The overall aim of the ESIO is to improve the extent to which Edmonton-based screen media companies acquire, develop, and successfully exploit intellectual property (IP) that they own.

Nordicity was engaged by the ESIO in 2018 to prepare annual reports on the state of the screen industries in Edmonton¹. In the first year, Nordicity collected data (via an online survey) that provided the baseline against which activities in future years would be benchmarked. Nordicity then collected data in 2019, and in 2020 to provide an annual update of the identified indicators. Each of these annual surveys asked companies to provide data on their most recently completed fiscal year i.e. FY 2019-2020.

Note to reader: COVID-19

This report reflects data collected for the most recently completed fiscal year (2019-2020) and as such does not include changes that have taken place in the industry during (or due to) the COVID-19 pandemic.

1.1 Screen Industry Companies in Edmonton

In general, the screen industries can be divided into two parts:

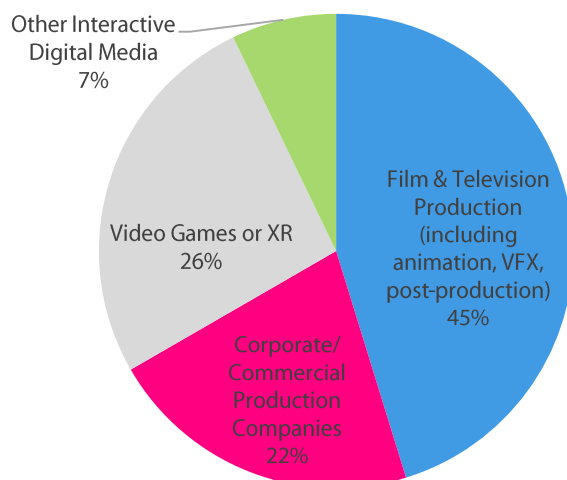
- 1. Audiovisual (AV) companies:** This category includes film & television production companies, VFX studios, post-production companies, live-action and animation production companies, and corporate/commercial production companies.
- 2. Interactive Digital Media (IDM) companies:** This category includes video game companies, eLearning software companies, companies making digital components of commercial content, Augmented Reality (AR)/Virtual Reality (VR)/Mixed Reality (MR) companies, etc.

More detailed descriptions of these industries can be found in Section 2 (Introduction to the Screen Industries).

Based on desk research jointly conducted by Nordicity and the ESIO, the following chart illustrates the sector focus of the **178 screen industry companies operating in Edmonton**. Including those that did not have contact information, the study identified 123 audiovisual companies and 55 interactive digital media companies in Edmonton as the population or “universe” of Edmonton screen companies.

¹ For the purposes of this document, the word “Edmonton” shall mean the Edmonton Metropolitan Region. “Edmonton Metro” or the Edmonton Metropolitan Region encompasses and includes: The Cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove, and St. Albert, the Towns of Beaumont, Stony Plain, Devon, Morinville, the Hamlet of Sherwood Park and Leduc County, Parkland County, Sturgeon County, and Strathcona County.

Figure 1: Breakdown of Edmonton screen companies by sector



n = 168. It was not possible to identify the sub-sector of 10 of the 178 screen industry companies.
Source: ESIO and Nordicity desk research

Almost half (45%) of the screen companies in Edmonton operated in the film and television sector that includes animation, VFX and post-production companies. More than a quarter (26%) of companies develop video games, or AR/VR/MR products and services.

1.2 Profile of Survey Respondents

For the 2020 survey, Nordicity distributed a total of 115 invites to the following types of companies operating in Edmonton for whom the ESIO had contact information. The response to these invites is summarized below.

| Type | Number of Companies | Invites Sent | Usable Responses | Complete Responses | Response Rate |
|-------------------------------------|---------------------|--------------|------------------|--------------------|---------------|
| Audiovisual companies | 123 | 80 | 48 | 38 | 60% |
| Interactive Digital Media companies | 55 | 35 | 15 | 13 | 43% |
| Total | 178 | 115 | 63 | 51 | 55% |

The survey was open from April 17, 2020 to May 22, 2020 and received 63 useable responses- a 55% response rate. As with previous version of this study, usable responses are those that answered at least one question in addition to the identification and sector questions, whereas completed responses are those where the respondent has answered the last question. As seen in the table above, the response rate for the AV industry (60%) is higher than the IDM industry (43%).

Data Limitations

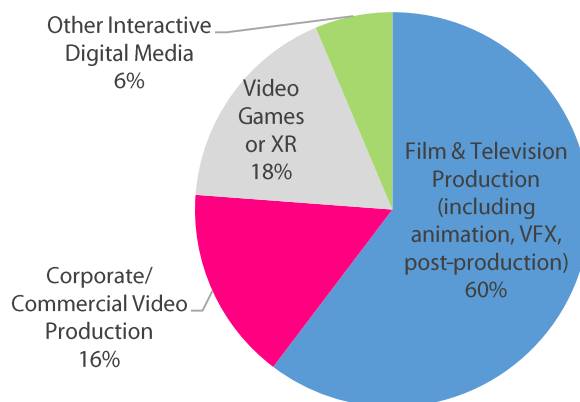
When analyzing the results of a survey like this one, it is important to keep the exercise's limitations in mind. Most notably, because there are relatively few screen industries companies in Edmonton, significant changes to a small number of companies (or just one large company) can result in material differences for the wider industry. At the same time, Edmonton is home to a few large IDM firms whose revenue or production activity are much larger than the average company. As a result, the economic performance of the whole industry is greatly impacted by the performance of these individual firms.

To attempt to mitigate this challenge, Nordicity identified these large “bellwether” firms and collected data from them. Unfortunately, some did not respond to the survey and so the results in the study may be considered comprehensive, but not completely representative of the screen industries in Edmonton.

For these reasons, Nordicity cautions the reader against drawing conclusions based on year-over-year fluctuations. All the results in this report were derived from responses to the survey. Most results are expressed as averages, but some have been “grossed-up” or extrapolated to the whole industry.

The following figure shows the breakdown of survey respondents by industry. AV companies are over-represented in the sample and make up 76% of the survey respondents, compared to 69% of the companies invited to complete the survey. For that reason, results in this report that are common to both the AV and IDM industries can be considered more representative of the AV industry than the IDM industry (e.g., business metrics).

Figure 2: Breakdown of companies by sector as reported by respondents (self-identified)

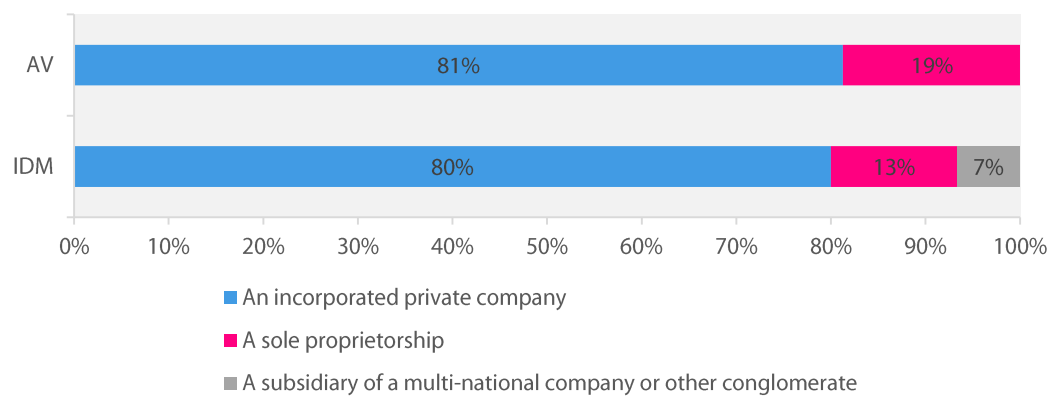


n = 63

Source: Survey of Edmonton's Screen Companies 2020

In terms of ownership, a large majority of both AV (81%) and IDM (80%) companies are incorporated private companies as seen in the figure below. For AV companies, this section refers to the ownership of the production company, and not the productions themselves which are typically housed in single purpose subsidiary companies.

Figure 3: Structure of companies in Edmonton's screen industries



n = 63

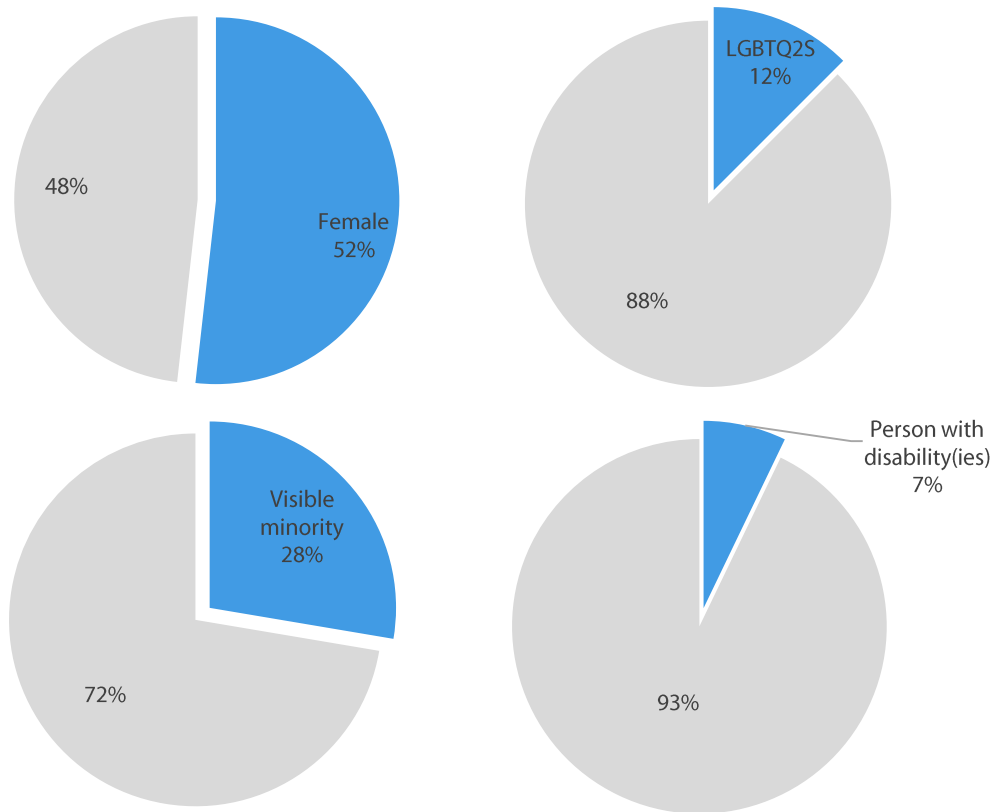
Source: Survey of Edmonton's Screen Companies 2020

In terms of demographics of company owners, more than half (52%) of the respondents reported having at least one owner that identified as female. In comparison, 59% of small and medium enterprises in Edmonton reported having at least one female business owner.²

12% reported having at least one owner identifying as LGBTQ2S.

² Source: 2017 Survey on Financing and Growth of Small and Medium Enterprises by Statistics Canada

Figure 4: Percentage of companies that have at least one owner identifying as female, LGBTQ2S, a visible minority, or a person with disability(ies) (self-reported)



n = 56

Source: Survey of Edmonton's Screen Companies 2020

More than one in four (28%) also reported having at least one company owner that identified as a visible minority.

2. About the Screen Industries

This study covers two distinct types of companies: audiovisual production companies, and interactive digital media companies. Although these two industries are often combined into the “screen industries” (presumably because the content they each produce is consumed on screen-based devices), they operate very differently. Moreover, it is these differences that shape the metrics to be tracked. As such, this section provides a short summary of the prevailing business models and market contexts for each screen industry.

2.1 Audiovisual Industry

Audiovisual production companies typically create products like TV shows, films and web series. To do so, they typically form single-purpose companies for projects that are then dissolved when projects end. These temporary companies are always revenue neutral, with a line item in their budgets to pay the parent production company (called “producer fees”). They also account for the vast majority of the economic activity associated with the audiovisual industry.

Given the project-based nature of the industry, production volumes (an industry term for the aggregate value of all production budgets in a given period of time) can fluctuate dramatically from year to year. For example, if a TV series or major film project concludes for a production company one year, the next year may be focused on developing the next project. As a result, the parent production company may be just as active, but the industry may appear to have declined because of the absence of the large project (and thus the economic activity related to that project). Jurisdictions with fewer concurrent productions (like Edmonton) are particularly susceptible to these fluctuations.

Independent production companies typically finance their projects through various channels – in part through public mechanisms such as tax credits or grants, and for a significant part through distribution deals. Producers license their programs or feature films to domestic and foreign distributors, including broadcasters, OTT service providers (e.g. Netflix), and theatrical distributors. Production companies earn revenue mainly from these distribution deals, and from taking a share of the project’s budget (producer’s fee). In other cases, they can also earn revenue from the exploitation of their intellectual properties like merchandizing, which is more common with children’s programming.

Industry segments that are part of this study:

- **Film & television production**, including VFX, post-production and live-action and animation production, and
- **Corporate and/or commercial production**, including advertising, training videos, etc.

2.1.1 Canadian and Global Context

According to the [CMPA Profile 2019](#), the total volume of film and television production in Canada increased by 5.8% to \$9.32 billion in 2018/19. The largest contributions to the growth came from the Canadian television segment, which grew by 6.5%, to reach \$2.89 billion and the foreign location and service production segment which increased by 3.2% to \$4.86 billion.

The increased production volume in this latter segment can most likely be attributed to the accelerated expansion of the SVOD (Subscription Video-On-Demand) services market which has seen the emergence of numerous platforms from Canadian services such as Crave (Bell), Gem and ICI TOUT.TV (CBC/Radio Canada) and Illico.tv (Videotron) to international platforms like Netflix, Amazon Prime Video, Apple TV+ and Disney+. Increasing competition in the SVOD services market (more than 270 streaming services available in the US) has turned into a war over exclusive content, and giant tech companies have invested massive amounts to build attractive libraries that will boost their subscription numbers, and therefore their revenue. For instance, Netflix will carry on with its incisive

content strategy by investing around US\$17.3 billion³ in 2020, from US\$15.3 in 2019. This abundance of platforms and content may lead to SVOD fatigue: in a near future, consumers may choose to subscribe to no more than three or four services to avoid an expensive monthly bill. Some platforms will not survive the streaming wars and the market is likely to see consolidation, and eventually, the levelling off of production volume.

The high global demand for content and production services benefits the Canadian audiovisual industry. Canada has become a global service production center and “manufacturer” of audiovisual content. Canada is attractive for US projects that can receive favourable tax credits, rely on a highly skilled and experienced local workforce, and realize efficiencies thanks to the presence of VFX and post-production companies in Canada’s major production hub. With an increasing number of projects, US soundstages have reached – or are near reaching – capacity, which makes Canada even more attractive. As such, Canada is poised to benefit from continued growth in spending by major streaming services, which will in part result in increased employment and gross domestic product.⁴ However, the COVID-19 pandemic has cast a shadow on this bright picture. While the situation is complex and it may be too soon to assess the real impact of COVID-19 on the Canadian film and TV industry, Nordicity’s research from April 2020 suggests that an estimated \$2.5 billion in audiovisual production volume was at risk of disruption or permanent loss between April and June 2020.

2.2 Interactive Digital Media (IDM) Industry

IDM companies operate in a more traditional manner – as compared to audiovisual production companies. As such, they (typically) maintain permanent operations with relatively stable employment levels (as opposed to creating temporary companies) and their year-over-year revenue and expenditure patterns can be more easily observed. Also, unlike audiovisual production, in which there is a clear distinction between domestic and foreign production (based on the ownership of the underlying intellectual property), almost all IDM projects are created for a global audience.

Industry segments that are part of this study:

- **Video games**, including mobile, console, and PC games;
- **Interactive experiences** such Augmented, Virtual and Mixed Reality (AR, VR, and MR) products;
- **Other interactive digital media**, including eLearning products (military training applications, flight simulation, etc.) and digital content for commercial products.

Major sources of revenue for video game companies include unit sales (devices or software), in-app or in-game purchases, service agreement from other IDM companies, and inter-company transfers (if they are subsidiaries of a larger company and the value of the transfer can be estimated).⁵ “Interactive experience” and “other interactive digital media” companies generate revenue from a variety of

³ This figure was estimated by BMO Capital Markets in January 2020. The COVID-19 pandemic is likely to have a negative impact on this amount as production grinded to a halt, leading to stalling and delays.

⁴ Digital Media at the Crossroads, [THE DIGITAL MEDIA UNIVERSE IN CANADA: Measuring the Revenues, the Audiences, and the Future Prospects \(2020\)](#)

⁵ While inter-company transfers may not always be treated as revenue from an accounting perspective, they are included here to allow for a better comparison between Canadian and foreign-owned IDM companies.

sources including unit sales (e.g., for VR products), sponsorship, licensing of IP, and service agreements.

2.2.1 Canadian and Global Context

According to NewZoo research, video games generated US\$139 billion in global revenue, making it the top entertainment industry in the world.⁶ For instance, in 2018, U.S. consumers spent as much on video games as they spent on home video, cinema and music combined.⁷

The video game industry is largely dominated by large international companies who develop systems - Nintendo's Switch, Sony's PlayStation, Microsoft's Xbox, HTC's Vive, etc.- or blockbuster games - Activision's *Call of Duty*, Blizzard's *World of Warcraft*, Ubisoft's *Assassin's Creed*, Electronic Arts' *FIFA*, Epic's *Fortnite*, etc. The revenue generated by these top companies constitutes more than 99% of industry revenue.⁸ Many of these giant studios have a presence in the country, making Canada one of the world's major centres for video game development. As a matter of comparison, the Canadian video games industry generated \$2.6 billion in GDP in 2019 while the Film/TV industry generated \$5.5 billion the same year. Here as well, large companies dominate the domestic industry. For instance, companies of 100 or more employees account for almost 80% of the video game workforce in the country.⁹ With a new generation of console on its way (Xbox Series X and PlayStation 5), the continued strong performance of mobile games, and the emergence of cloud gaming, the global market for video games will certainly show signs of significant growth in the coming years.

The immersive segment of the IDM industry that encompasses VR, AR and MR, also collectively referred to as Extended Reality or XR, keeps growing worldwide and is forecasted to surpass \$65 billion by 2023.¹⁰ The VR industry slightly underperformed in 2018. VR global revenue was projected to hit \$8.8 billion by year-end 2018 but totaled \$8.3 billion- a 6% delta. This may have been in part because of the ongoing struggle to drive hardware mass adoption. However, the pandemic likely accelerated a positive adoption trend as many embraced immersive media as a means of escapism. In fact, standalone VR headsets (more affordable, more comfortable devices) like the Oculus Quest exceeded sales expectations in the first quarter of 2020, boosted by the emergence of high-profile titles like *Half-Life: Alyx* and *Vader Immortal*. Besides, when it comes to entertainment content, the XR market is highly competitive and only a few games stand out from the mass of content available.

Nevertheless, the entertainment segment is only one part of the XR industry. Growth will likely be driven by demand in other verticals like military, training, healthcare, automotive, real estate and tourism. As an example, between 2018 and 2023, revenues from AR enterprise applications (i.e., not entertainment) will increase at a compound annual growth rate (CAGR) of 90% to \$4.8 billion worldwide.¹¹

⁶ Newzoo, [Global Games Market Report 2019](#)

⁷ NPDP Group as reported by the [Internet Innovation Alliance](#)

⁸ Hackermoon as reported by [Tech Jury](#)

⁹ ESAC, [The Canadian Video Game Industry, 2019](#)

¹⁰ Source: Greenlight Insights

¹¹ Source: Greenlight Insights

2.3 Summary of Indicators

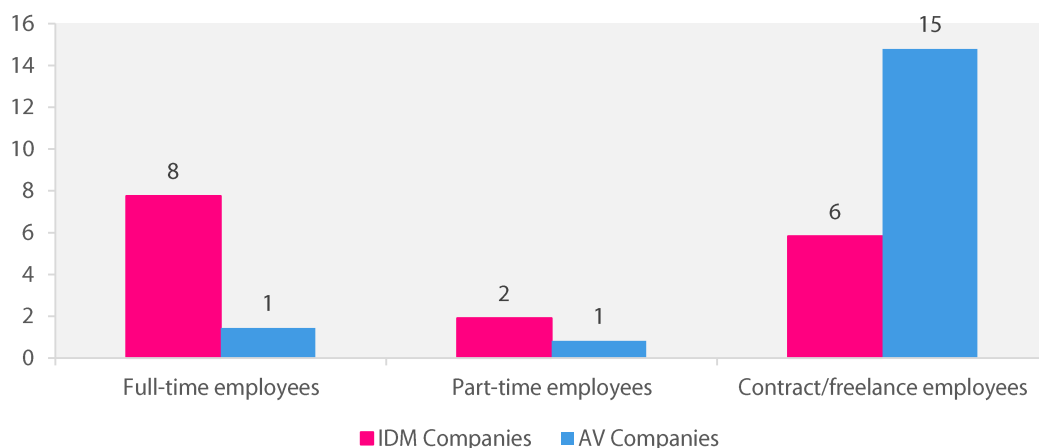
Based on the above, the following table presents the indicators that should be tracked for each screen industry (by type of indicator).

| Type of Indicator | Audiovisual | IDM |
|-------------------|--|--|
| Profile | Ownership structure | Ownership structure |
| | Demographics of owners. | Demographics of owners. |
| Workforce metrics | Average number of employees | Average number of employees |
| | Total employment | Total employment |
| | Workforce demographics. | Workforce demographics. |
| Financial metrics | Average number of projects | Average revenue |
| | Total number of projects | Average export revenue |
| | Average number of projects set in Edmonton | Average revenue earned from owned IP |
| | Average number of projects featuring Edmonton landmarks | Average revenue from fee-for-service work |
| | Average number of productions attracted from outside Alberta | Average revenue from new lines of business |
| | Average project budget | Average number of products brought to market |
| | Average production volume | Average expenditure |
| | Total production volume. | Average labour expenditure |
| | | Average non-labour expenditure. |
| Business Metrics | Average number of deals | Average number of deals |
| | Total number of deals | Total number of deals |
| | Average value of deals by source | Average value of deals by source |
| | Overall average deal value | Overall average deal value |
| | Average number of partnerships | Average number of partnerships |
| | Total number of partnerships | Total number of partnerships |
| | Average investment raised by source | Average investment raised by source |
| | Overall average investment raised. | Overall average investment raised. |
| Other | Challenges | Challenges |
| | Opinions on relocating outside of Edmonton. | Opinions on relocating outside of Edmonton. |

3. Workforce Metrics

This section provides key metrics relating to the individuals working in Edmonton's screen industries based on companies' most recently completed fiscal years.

Figure 5: Average number of employees at Edmonton's screen companies



n = 52

Source: Survey of Edmonton's Screen Companies 2020

On average, IDM companies have about eight full-time employees, two part-time employees, six contract/freelance workers. On the other hand, audiovisual companies have only one full-time employee on average, one part-time employee and 15 contract/freelance workers.

Based on these averages, Nordicity can estimate the total level of employment in terms of Full Time Equivalents (FTEs). To that end, in 2019, Edmonton's IDM industry supported **980 FTEs**,¹² and its AV industry employed **2,240 FTEs**.¹³ In all, Edmonton screen industries employ an estimated **3,210 FTEs**.¹⁴ Respondents indicated that about 75% of the workforce (as measured in FTEs) was hired locally from Edmonton.

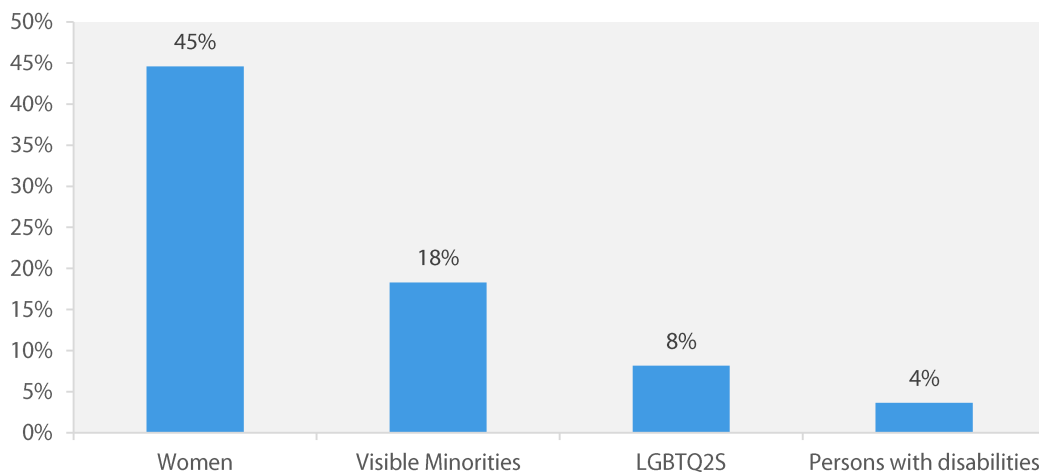
¹² For IDM, companies were asked to report on the number of full and part-time *employees*. Nordicity then converted these employees to FTEs where one full-time employee = one FTE, and (as data was not available for the portion of the year worked by part-time employees) used the standard conversion of one part time employee = ½ FTE. Total employment was then estimated as the product of average number of FTEs (excluding outliers) and the number of companies less the number of outliers. This product was then added to the number of FTEs reported by outlier companies.

¹³ For AV, employment was estimated separately for corporate operations and production activity and the results were summed. Employment for corporate operations was estimated the same way as for IDM companies. For production activity, employment was calculated as gross production volume divided by the average FTE salary in film and television for Alberta as reported in the *CMPA Profile 2019*.

¹⁴ Employment figures were estimated separately for interactive digital media companies, film, and TV producers. The results were then summed.

In terms of demographics, women constitute 45% of the workforce and visible minorities constitute 18% of the workforce. For context, Edmonton's overall labour force is 47% women, and 27% visible minorities.¹⁵

Figure 6: Demographics of employees of Edmonton screen companies (% of workforce)



n = 52

Source: Survey of Edmonton's Screen Companies 2020

Workers identifying as LGBTQ2S constitute 8% and persons with disabilities make up 4% of the screen industries workforce. To compare, persons with disabilities constitute 17% of Alberta's labour force.¹⁶

¹⁵ Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016192.

¹⁶ Statistics Canada. Table 13-10-0377-01 Labour force status of persons with and without disabilities aged 25 to 64 years, by age group and sex, Canada, provinces and territories (2017 data).

4. Financial Metrics

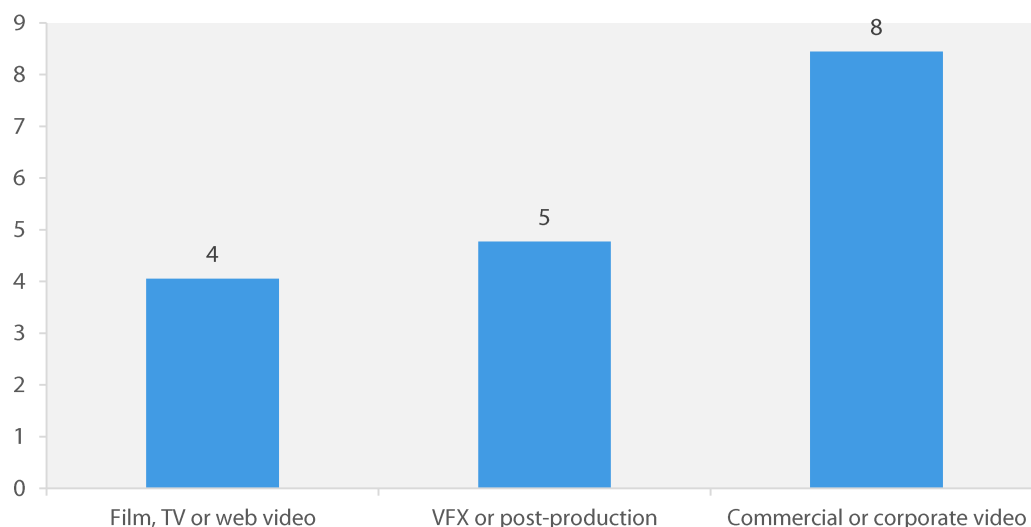
Per the description of the audiovisual and IDM industries presented in Section 2, the two components of Edmonton's screen-based sector operate very differently. For this reason, this section contains financial metrics relevant to each industry – and does so separately. More precisely, it illustrates production-related metrics for audiovisual companies (as the principal source of economic activity for audiovisual companies is production), whereas it presents revenue and expenditure data for interactive digital media companies (as they operate more like standard companies).

4.1 Audiovisual Industry

Audiovisual production companies typically create products like TV shows, films and web series. To do so, they typically form single-purpose companies for projects that are then dissolved when projects end. These temporary companies account for the vast majority of the economic activity associated with the audiovisual industry.

The figure below shows the average number of projects audiovisual companies worked on.

Figure 7: Average number of projects by type completed by Edmonton's audiovisual companies in 2019 (among companies that make products of that type)



n = 42

Note: Most responding companies did not create all three types of products.

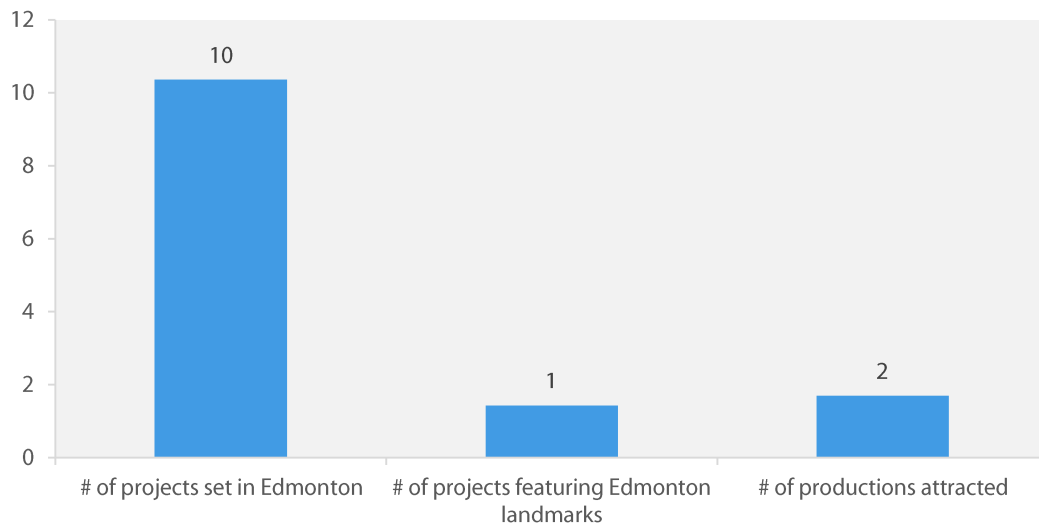
Source: Survey of Edmonton's Screen Companies 2020

In all, AV companies worked on an estimated **1,450** projects last fiscal year.¹⁷

Of the projects the companies worked on, 10 on average were set in Edmonton, and one was set elsewhere but featured Edmonton landmarks. In all, Edmonton audiovisual companies worked on an estimated **1,270 projects set in Edmonton**, and 180 featured Edmonton landmarks.

¹⁷ Gross number of projects estimated as the product of average number of projects and number of audiovisual companies in Edmonton. It should also be noted that there is no necessary relationship between the number of projects in a year and the economic activity observed in that year, as project sizes can vary dramatically.

Figure 8: Average number of audiovisual projects set in Edmonton, featuring Edmonton landmarks, and attracted to Alberta



n = 44

Source: Survey of Edmonton's Screen Companies 2020

On average, companies attracted two productions from outside Alberta in 2019, and that the remaining productions featured Edmonton to some extent.

When looking at the size of projects undertaken in 2019, companies were asked to provide both the average budget size and the total production volume. Companies reported an **average project budget of \$62,000**.

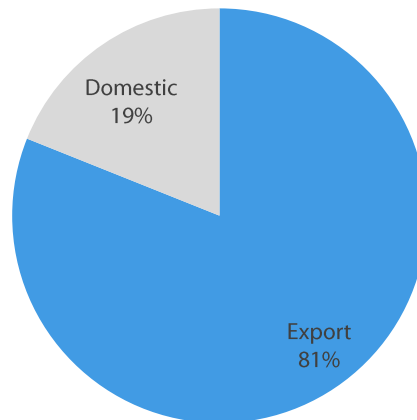
At the same time, when asked to report their average production volume directly, respondents indicated an average of **\$361,900 in production volume** last fiscal year, with a **total production volume** estimated at **\$44.5 million**.

This apparent inconsistency suggests that there were a few large projects produced in 2019 (thereby increasing the average production volume), but that the typical audiovisual production company in Edmonton works on smaller budget projects (e.g., commercial video, web series, etc.).

4.2 Interactive Digital Media Industry

For IDM companies that disclosed their revenue,¹⁸ the data suggests companies made an average of **\$747,200** in **revenue** in the last fiscal year. A large majority (81%) of this revenue was sourced from outside Canada, or \$605,700 on average, as is typical for any IDM industry.

Figure 9: Source of revenue earned by Edmonton's interactive digital media companies

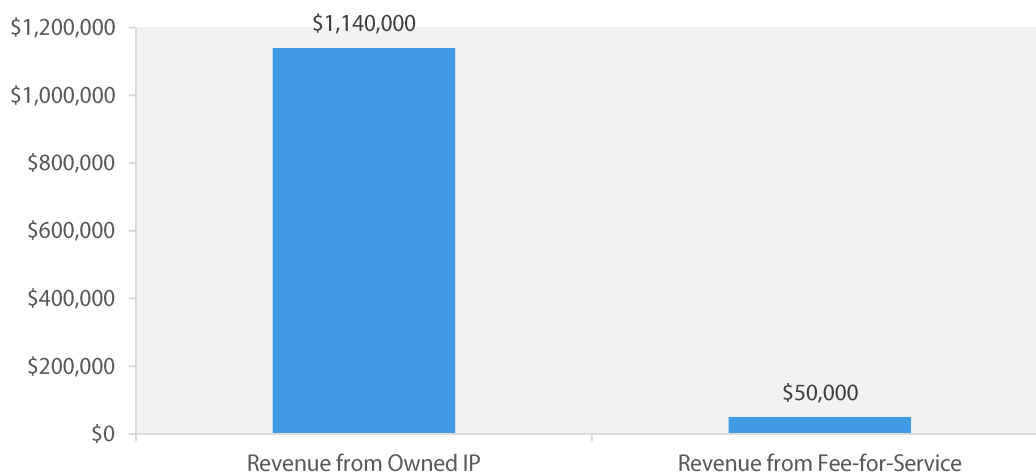


n = 9

Source: Survey of Edmonton's Screen Companies 2020

The figure below shows average revenue earned by companies from owned intellectual property, and fee-for-service work.

Figure 10: Average revenue by category earned by Edmonton's interactive digital media companies from owned intellectual property and fee-for-service



n = 9

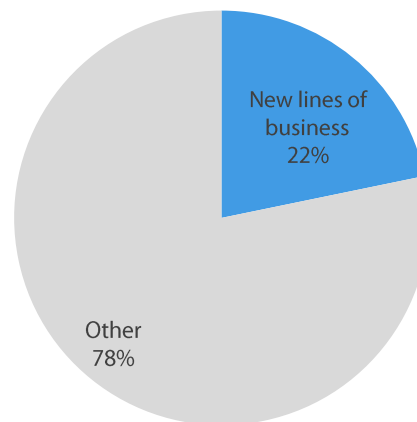
Source: Survey of Edmonton's Screen Companies 2020

¹⁸ Only incorporated private companies and sole proprietorships were asked to provide their revenue. Subsidiaries of multi-national or other conglomerate companies were not, given that they do not usually have revenue of their own, or revenue that can directly be attributed to them.

As this figure illustrates, IDM companies that earn revenue from owned intellectual property earned \$1,140,000 on average last year while companies that earn primarily from fee-for-service work earned \$50,000. This disparity suggests that larger IDM companies in Edmonton tend to generate revenue from IP, whereas smaller ones work more on more limited contracts.

IDM companies also reported earning **22%** of their total revenue or \$166,300 on average from **new lines of business**.

Figure 11: Proportion of revenue earned from new lines of business by IDM companies in Edmonton



n = 9

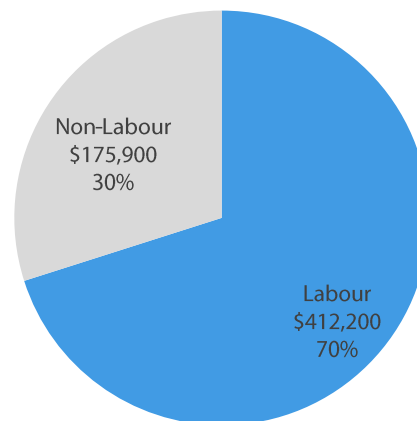
Source: Survey of Edmonton's Screen Companies 2020

IDM companies also brought to market or commercialized 2 products on average last year.

In terms of **expenditure**, IDM companies reported spending **\$588,100** on average last fiscal year.

Labour spending constituted 70% of the total, or an average of **\$412,200**, with **non-labour** spend being an average **\$175,900** per IDM company.

Figure 12: Labour and non-labour expenditure incurred by Edmonton's interactive digital media companies



n = 14

Source: Survey of Edmonton's Screen Companies 2020

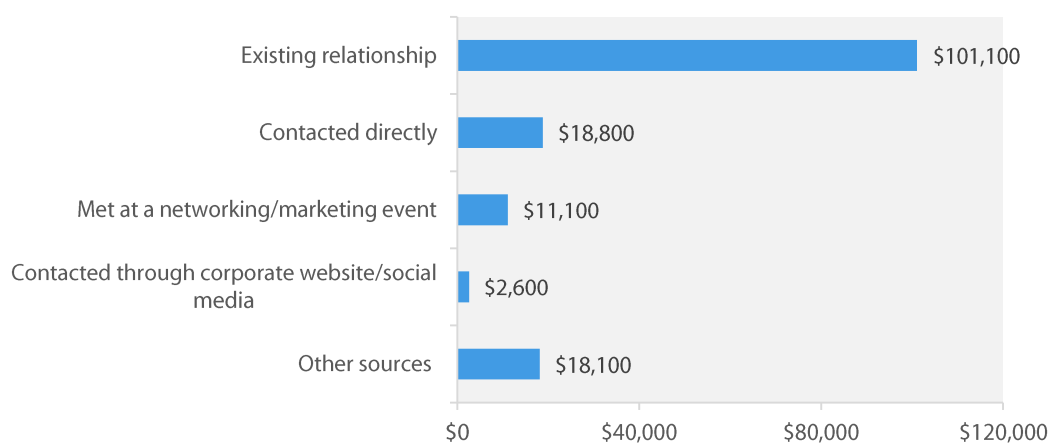
5. Business Metrics

This section contains information about deals and partnerships made by companies in the screen industries in Edmonton. As with many businesses, the screen-based sector operates via relationships. For example, an Edmonton-based audiovisual producer may maintain relationships with distributors to raise financing for a project (by “pre-selling” distribution rights for given territories) and/or to license existing content. Similarly, a video game developer may develop a relationship with one or more publishers to finance and/or distribute (and market) their games. Such relationships can be developed (and maintained) in a number of ways, but attending industry events (e.g., MIPCOM for audiovisual or the Games Developers Conference for IDM) is perhaps the most common approach.

The section also details the amount of investment raised by screen companies.

The average value of deals made by Edmonton screen companies last year was **\$129,400**. The figure below displays the average value of the deals broken down by source, with deals derived from existing relationships having the highest average of approximately \$101,100. The gross value of deals is estimated to be **\$42.7 million**.¹⁹ When considering this figure, it is important to remember that production (of audiovisual products) and development (of IDM products) lags behind deal flow. As such, the gross value of deals is likely a good indicator of future economic activity.

Figure 13: Average value of deals made by Edmonton screen companies by source



n = 32

Source: Survey of Edmonton's Screen Companies 2020

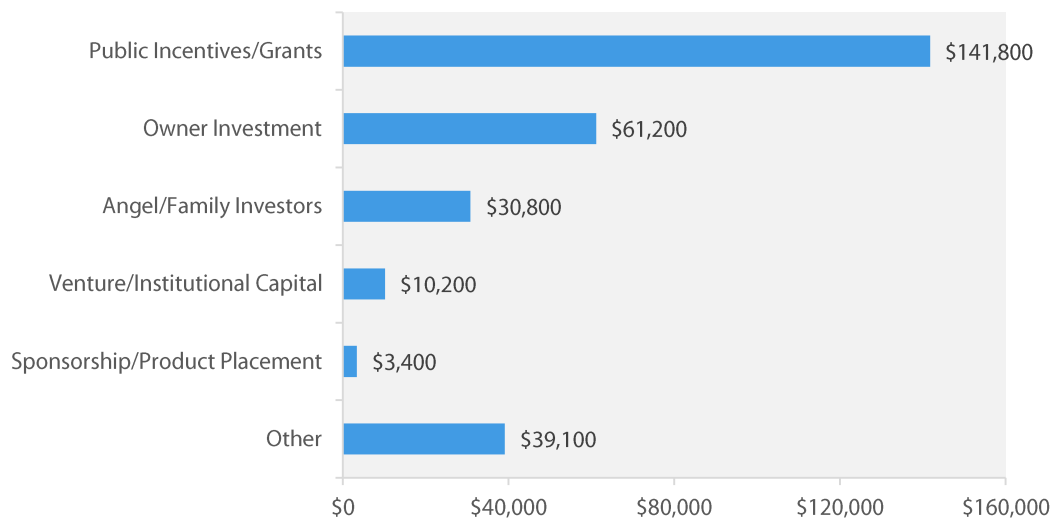
Companies reported forging more than one partnership on average in the fiscal year, with an estimated 260 partnerships forged by the industry in total.

In terms of investment, companies raised on average **\$200,000** last year from all sources.²⁰ Public incentives/grants were the largest source of investment with companies raising an average of \$141,800.

¹⁹ Outliers were excluded from the average deal value calculations. The gross value of deals was calculated as a product of average value of deals for surveyed companies and the total number of companies in the universe less the number of outliers, added to the outlier deal values.

²⁰ Outliers were excluded from the average investment value calculations.

Figure 14: Average investment raised by Edmonton screen companies by source

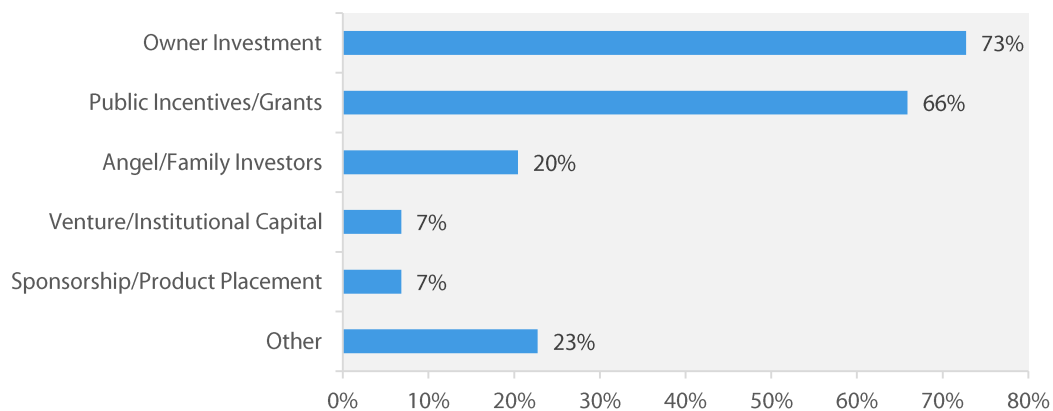


n = 46

Source: Survey of Edmonton's Screen Companies 2020

About two thirds (66%) of companies received some public incentives or grants, and 73% of company owners put in their own money. While not specified on the survey questionnaire, "Other" could include retained earnings from previous or related companies or debt financing.

Figure 15: Investment sources used by Edmonton screen companies (% of companies)



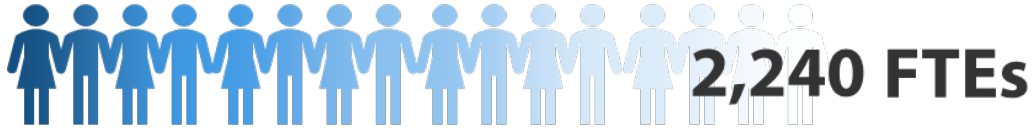
n = 49

Source: Survey of Edmonton's Screen Companies 2020

6. Key Takeaways

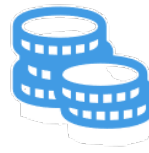
Some of the highlights from the study for each industry can be found in the figures below.

Audiovisual Industry



\$361,900

Average Production
Volume



\$62,000

Average Project
Budget



1,270

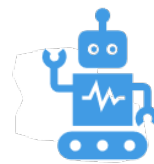
Projects set in
Edmonton

Interactive Digital Media Industry



\$747,200

Average Revenue



22%

Revenue from New
Lines of Business



81%

Export Revenue

Other highlights from the report include:

- The total level of employment in the overall Edmonton Screen industry sector is estimated to be **3,210 FTEs**.
- **Women** constitute **45%** of the workforce, and **visible minorities** constitute **18%** of the total screen-industry workforce.
- Companies raised on average **\$200,000** in **investments**.
- Companies made deals worth an estimated **\$42.7 million**.

Appendix A. Methodology

The survey was sent out to Edmonton screen companies that were on a list provided to Nordicity by the ESIO. The list contained contact information for 115 companies – 80 audiovisual (AV) companies and 35 interactive digital media (IDM). The survey also received responses from some eligible companies outside the initial list and their responses have been included in the analysis.

Nordicity sent out survey invites and reminders and followed up on phone and email with all companies for whom we had contact information. In all, the survey received 51 complete responses, and 63 usable responses.

A response was marked as complete if the respondent answered the last question. Usable responses are those that answered at least one question in addition to the identification and sector questions.

| Type of company | Usable responses |
|--|------------------|
| Corporate/Commercial Production | 10 |
| Film & Television Production (including VFX/post-production) | 38 |
| Games or AR/VR/XR | 11 |
| Interactive Digital Media | 4 |
| Total | 63 |

The survey this year was different from the previous years' in that there were two distinct sets of questions for the audiovisual (AV) and interactive digital media (IDM) companies to better reflect the differing business models in each screen industry. For example, revenue and expenditure questions were only asked of IDM companies, which tend to operate more typical permanent establishment, whereas production volume and project questions were asked only of AV companies to reflect the importance of project owned by subsidiary companies (often called "single purpose companies").

The reported survey results are a mix of averages and gross figures. To estimate the gross figures, Nordicity first calculated an average without outliers. This average was then multiplied by the number of non-outlier companies in the in the universe. At this point, the outliers were added back into the gross figure. This method was employed to ensure that a small number of large firms did not overly skew the results.

With respect to the averages depicted in the report, outliers were excluded from some (as noted in the report). This step was taken to more accurately depict the "typical" screen industry company in Edmonton.

The methodology used to generate gross figures and averages is consistent with the earlier editions of the study. At the same time, it also means that it is not possible to 'reverse engineer' the relationship between some averages and gross figures present in this report.



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