BRAVO WHISKEY ALPHA CORP.

TELUS ESPORTS SERIES (TES) STRATEGY &
SPONSORSHIP SALES REPORT 2021

TES RESEARCH & STRATEGY

Prepared for:

TELUS®

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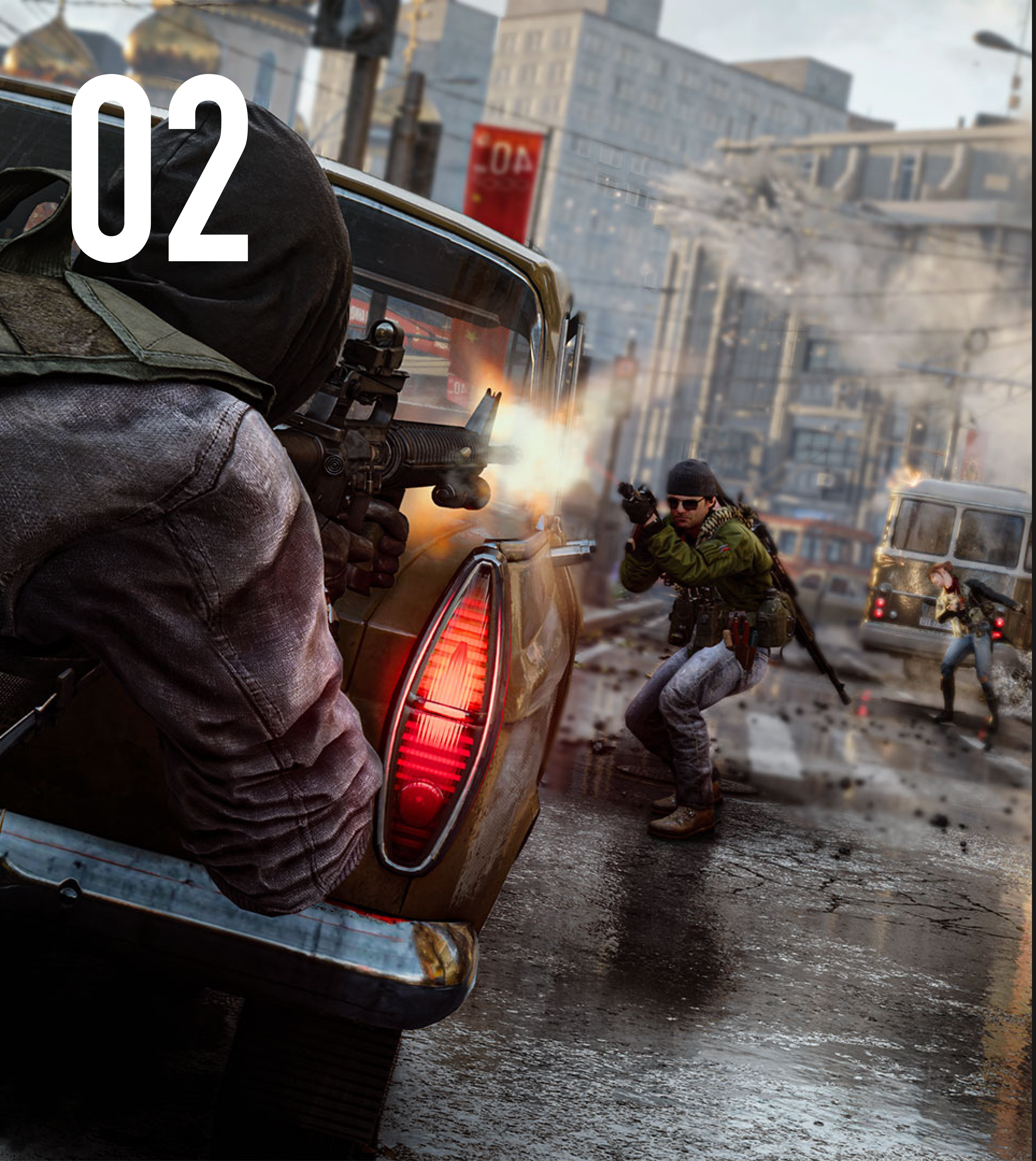
01

EXECUTIVE SUMMARY

A report on: (1) the Canadian Esports & Gaming Ecosystem, (2) the TES, and (3) our recommendations to build and sustain a healthy and viable tournament platform.

The following report is built on the culmination and distillation of data collected from a cross section of Canadian gamers.

Through our experience in the esports and gaming industry, we conclude our report with a series of key insights and make strategic recommendations on how Telus can build the TES in the immediate and foreseeable future.



ENGAGEMENT & MONETIZATION

The rapid growth of gaming continues to engrain itself into mainstream culture and entertainment, capturing where people spend their time and money. Telus has a unique opportunity to engage a vast number of Millennials and Gen Z'ers through gaming to become the top-of-mind telecom provider. The goal is to build upon the first Telus Esports Series and to grow that into the premier esports gaming league tournament for Canadian gamers.

The Report demonstrates a proposed approach for Telus to refine its Engagement & Monetization strategy and execute on its upcoming TES events.

OBJECTIVE

To engage Millennials and Gen Z through gaming and become the top-of-mind telecom service.

STRATEGY

To establish the Telus Esports Series as the premier esports gaming league tournament for Canadians.

GOALS & METRICS

ENGAGEMENT	TES 1 ACTUAL	TES 2 GOAL
Increase # of registrants	1600	3200
Increase active participation	900 (56%)	2400 (75%)
Increase ending participants	747 (83%)	2160 (90%)

THE CHOICE OF GAME INFLUENCES THE TOURNAMENT FORMAT, LOGISTICS, DEMAND, AND SPONSOR OPPORTUNITIES.

THE GAME

INSIGHT

The choice of game influences the tournament format, logistics, demand, and sponsor opportunities.

Most standard Team vs. Team games (Rocket League, Super Smash Bros. Halo, League of Legends etc.) work well because it's a controlled objective focused format (i.e. to help maintain competitive integrity and provides easy to track standings) whereas the popular Battle Royale (Warzone, Apex, Fortnite) format requires special permissions from the publishers to create desirable tournament formats (i.e. custom lobbies). Games that have been around longer tend to have more established communities which will help recruitment and retention (if key community members are engaged). Realistic shooter games (CS:GO, COD) tend to have more barriers to large non-endemic sponsors who want to minimize associating with violence.

Although the number of people playing mobile games is increasing, it lacks established communities and infrastructure to target. Players also tend to play mobile games individually (or with 1 additional friend) as coordinating full teams with friends is more difficult on mobile.

RECOMMENDATION - Focus/Build/Diversify

(1) Focus on a few titles; (2) Build leagues and communities to become self-sustainable; and (3) determine how to diversify into additional titles.

Rocket League is a great choice as it has mass appeal; however, that appeal has not translated to the point where the market is saturated with tournaments. It has established communities in both the younger and older generations - grassroots and institutional (school and corporate), which helps with identifying key individuals to recruit. Lastly, you can target the participants from TES 1 for early momentum.

Apex Legends is a great secondary title only if EA has provided custom game lobby codes. Custom Battle Royale tournaments are highly desirable since they aren't common at the grassroots level. Being cross-platform significantly increases accessibility and the game continues to establish growing communities and high fan-fare. Be aware the logistics to a Battle Royale tournament can be significantly more difficult because the lobby needs to be created by 1 person and wait for teams to join.

As for mobile we recommend an alternative approach: instead of focusing on the mobile games to enter the esports landscape (which we believe is still extremely early, making it difficult to host a league/tournament), the creation of an open challenge with a leaderboard and records on broader games such as Pac Man will help drive engagement.

The goal is to test the mobile gaming landscape, increase overall participation of events and bring more attention to the other leagues / tournaments until a critical shift occurs in the mobile gaming space.

LEAGUE TOURNAMENT FORMAT, COMPETITION LEVELS & PRIZING

INSIGHT

Getting the competition levels right is imperative for player satisfaction and will directly correlate increased participation and retention rate. Although less significant for Battle Royale, having a sophisticated ranking and match-making system is highly desirable and a key differentiator amongst other grassroots leagues/tournaments. We also see as the demographic skews older, committing to more than one night a week becomes increasingly difficult for these individuals. Prizes and rewards are nice incentives to drive specific behaviours such as participation, competitive drive and good behaviour; however, they are not the key motivators in attracting the desired target demographic.

RECOMMENDATIONS - Tiered Ladder System/Branded Merchandise

When a player/team registers, capturing their self-identified level and rank will help with the initial ranking but having a system to capture weekly points (wins/losses), which then determines whether the team stays in the same tier, drops, or climbs, will create "even" competition levels. This “ladder” system is more difficult to create and manage (and also something we haven’t seen at the grassroots level) but, if done correctly, it becomes a key selling feature for all player levels.

Since the goal is to attract as many players as possible, keeping the format to one night a week (Mon-Thurs but on the same night) will increase player commitment rates. Prizes and rewards can be used for top teams in each tier. However, we reccomen that teams should only be eligible if they have a 100% participation rate (i.e. if a player can’t make it they must have a sub). Our research further indicates that branded TES merchandise would be a cost effective incentive with natural retention and marketing upside.

TELUS®
TES

TES
TELUS
ESPORTS
SERIES

COMMUNITY ENGAGEMENT

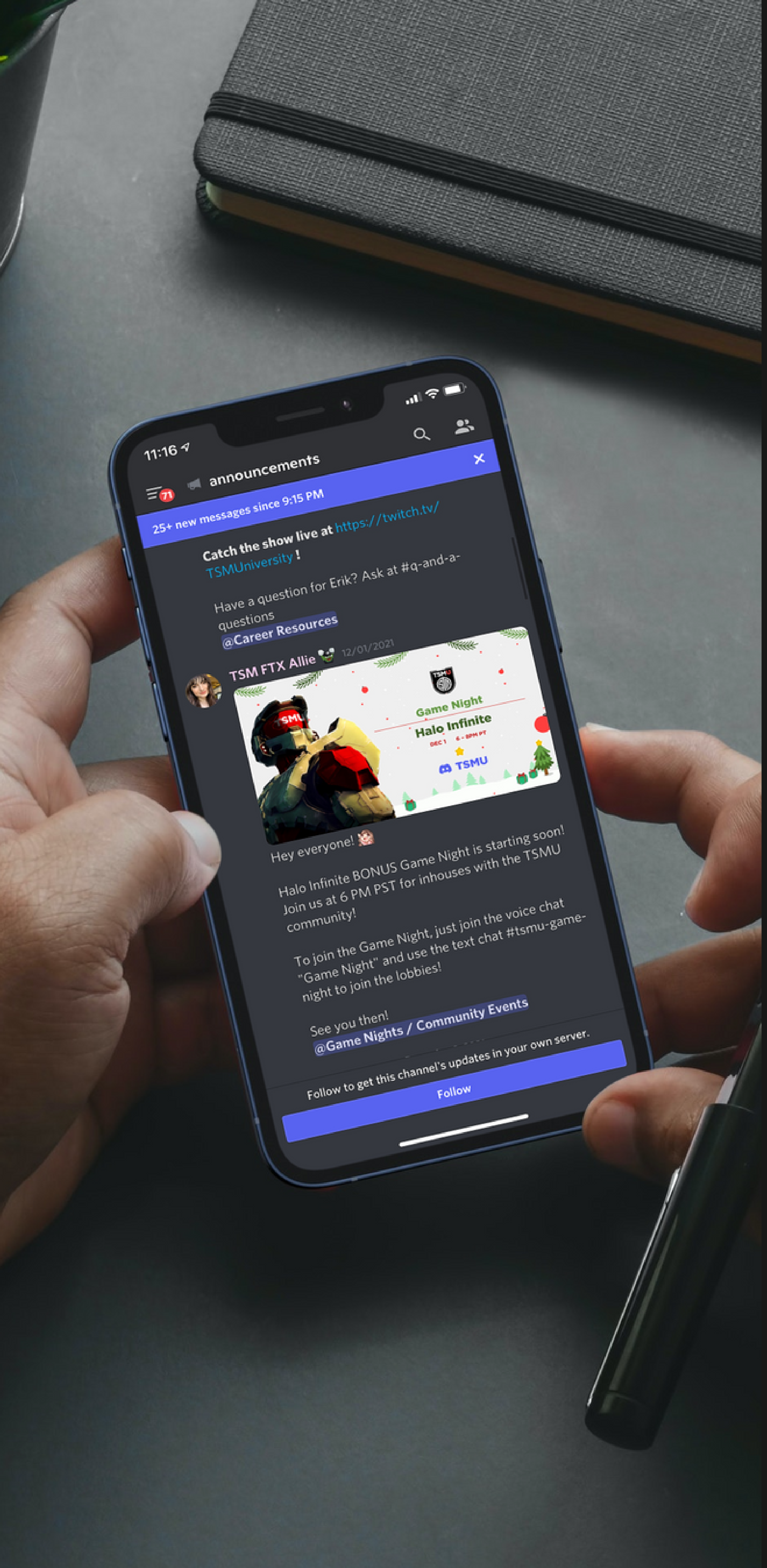
INSIGHT

Creating an engaged community is the key to perpetual growth that will drive player re-registrations and word-of-mouth recruitment. Engagement is not often done during competition (especially because competition is remote and virtual making it more difficult) but rather around it on platforms, social media, and live events. To effectively create and grow a community requires a clear sense of how this adds to the person's identity and why they want to be a part of it.

A growing trend we've seen is that more people are proudly identifying as gamers and seeking organized ways to compete with friends and colleagues.

However, to best foster a community, the initial awareness/recruitment of players needs to be attractive enough for them to join.

DISCORD FACEBOOK



RECOMMENDATION - Targeted Outreach/Content Creation

In parallel to paid marketing efforts, we reccomend that TES create targeted outreach program to community Discord leaders (schools, local esports clubs, corporate gaming clubs etc.) that first gets their buy-in and then uses that buy-in to leverage their influence to invite their community.

We also suggest inviting local micro-influencers to register a team with additional perks such as prizes and or merchandise. A strategy to find these individuals can be to sort by game, nationality, and CCV on Twitch.

To grow and foster the community, use Discord but ensure there is value in being a member of the TES Discord Server (central place for communication). Servers must be set up properly and Bots should not be solely relied on to moderate. Put accountability on captains to manage the behaviour of their team.

Social Media is a powerful way to connect small communities with larger ones.

We reccomend an approach that creates content by consolidating relevant moments each week into a short highlight reel, tagging the gamers in the clips (if possible) and having a single unifying hashtag. The goal is to create reels that the gamers featured want to share with their communities and bring more awareness to the league/tournament.

And lastly, gamers naturally create strong communities through online spaces which is why live events are so important because these are where people often meet for the first time. There is a growing number of people who spend time virtually together who have never met in person, these live-events are powerful ways to form strong bonds within the community. We recommend keeping the number of live-events to a minimal to increase the demand for events when they occur.

THE PLAYER ENGAGEMENT LOOP

AWARENESS

How does someone become aware of this league?

- TES employee outreach/invite
- Community Leaders sharing on platforms (Discord)
- Invite from Friends/Word of Mouth
- Organic Social media
- Targeted Advertising
- Micro-Influencer Marketing

CONSIDERATION

What excites them to talk about it with their friends?

- League/Tournament Landing page
- Names of the Sponsor involved
- Number of teams participating
- How organized the league/tournament feels
- Sense of good match-making
- Commitment level
- Prize and Rewards

HOOK

What causes them to stay, re-register and let more people know?

- Players and Team Captains are engaged right from registration
- Appropriate Competition Level
- Updated leaderboards and communication
- Engagement and hype created in Discord/Social Media
- Prize and Rewards

ACTION

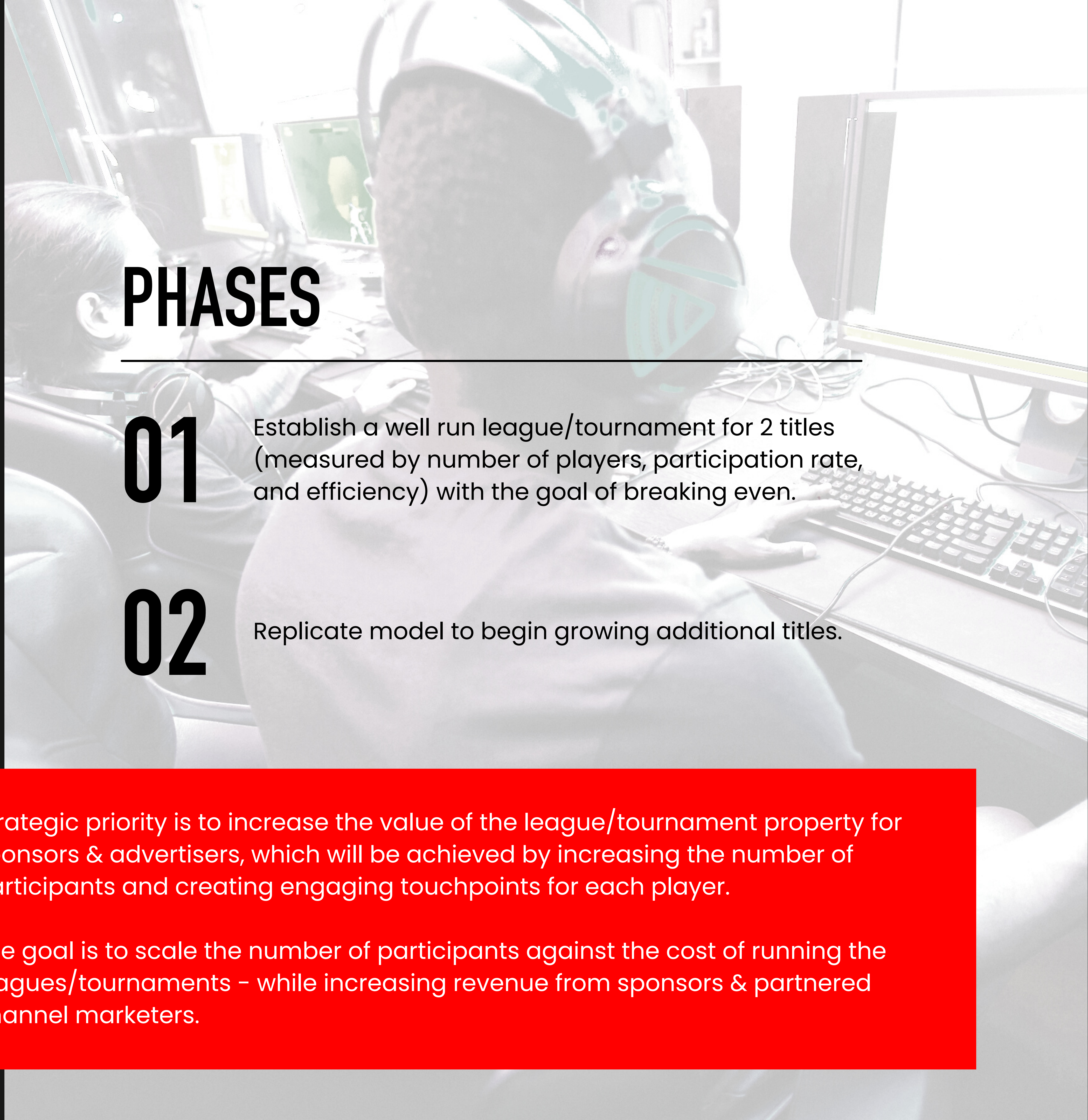
At what point do they decide to register?

- The response from their friends (which will be greatly affected by how they feel about the event landing page)
- Ease of registration process with clear deadlines and start dates

MONETIZATION

Although esports leagues continue to rapidly grow in engagement and viewership, very few organizations directly profit from it. Esports typically function as a unique marketing channel for the title with the focus being to create a profitable ecosystem for teams and sponsors. The majority of revenue in esports continues to be through sponsorship and advertising (90%).

We recommend that Telus continues to focus on creating Canada's premier grassroots esport league/tournament. The initial primary revenue sources will be B2B; sponsorship and co-marketing dollars from existing Telus partners (Apple and Samsung) advertising through the event. Secondary revenue will be B2C (battle pass and conversion of unique Telus product/service promotions) that will begin to out scale B2B revenue by Year 3.



PHASES

01 Establish a well run league/tournament for 2 titles (measured by number of players, participation rate, and efficiency) with the goal of breaking even.

02 Replicate model to begin growing additional titles.

Strategic priority is to increase the value of the league/tournament property for sponsors & advertisers, which will be achieved by increasing the number of participants and creating engaging touchpoints for each player.

The goal is to scale the number of participants against the cost of running the leagues/tournaments - while increasing revenue from sponsors & partnered channel marketers.

03 3 YEAR PROJECTION MODEL

TES1
2021

TOTAL

REGISTRANTS - 1600
PARTICIPANTS (75%) - 1200

BATTLE PASS ($20) - $16000
@ 50% REGISTRATIONS

GAMES

ROCKET LEAGUE - 1200

TES2
2022

TOTAL

REGISTRANTS - 4000
PARTICIPANTS (75%) - 3000

BATTLE PASS ($20) - $40000
@ 50% REGISTRATIONS

GAMES

ROCKET LEAGUE - 1800
APEX LEGENDS - 1200

TES3
2022

TOTAL

REGISTRANTS - 6133
PARTICIPANTS (75%)- 4600

BATTLE PASS ($20) - $61333
@ 50% REGISTRATIONS

GAMES

ROCKET LEAGUE - 2700
APEX LEGENDS - 1800
BRAWL STARS (MOB) -100

TES4
2023

TOTAL

REGISTRANTS - 11000
PARTICIPANTS (75%) - 8250

BATTLE PASS ($20) - $110000
@ 50% REGISTRATIONS

GAMES

ROCKET LEAGUE -40500
APEX LEGENDS - 2700
BRAWL STARS (MOB) - 300
LEAGUE OF LEGENDS - 1200

3 YEAR PROJECTION MODEL

TES5
2023

TOTAL

REGISTRANTS - 16000
PARTICIPANTS (75%) - 12000

BATTLE PASS ($20) - $160000
@ 50% REGISTRATIONS

GAMES

ROCKET LEAGUE - 4050
APEX LEGENDS - 4050
BRAWL STARS (MOB) - 900
LEAGUE OF LEGENDS - 1800
SUPER SMASH BROS. - 1200

TES6
2024

TOTAL

REGISTRANTS - 20800
PARTICIPANTS (75%) - 15600

BATTLE PASS ($20) - $208000
@ 50% REGISTRATIONS

GAMES

ROCKET LEAGUE - 4050
APEX LEGENDS - 4050
BRAWL STARS (MOB) - 1800
LEAGUE OF LEGENDS - 2700
SUPER SMASH BROS. - 1800
VALORANT - 1200

TES7
2024

TOTAL

REGISTRANTS - 26200
PARTICIPANTS (75%)- 19650

BATTLE PASS ($20) - $262000
@ 50% REGISTRATIONS

GAMES

ROCKET LEAGUE - 4050
APEX LEGENDS - 4050
BRAWL STARS (MOB) - 2700
LEAGUE OF LEGENDS - 4050
SUPER SMASH BROS. - 2700
VALORANT - 1800
CLASH ROYALE (MOB) - 300

04

SPONSORSHIP ASSETS

The Telus Esports Series (TES) provides a unique opportunity for Telus to cement itself as a national esports property, while also amplifying the Telus brand. Telus will earn exponential marketing value, that would otherwise cost $100k+ of Telus's marketing budget.

The forthcoming section provides: (1) an overview of possible sponsorship assets to build within the TES ecosystem, (2) potential revenue sources, and (3) a list of potential Canadian brand targets for sponsorship.

SPONSORSHIP ASSETS

- ### Title Sponsor

Title ownership of the tournament.
.
QUANTITY:
1

- ### "POWERED BY..."

"Powered By" is included in all IP & marks of the TES logo & wordmark.

QUANTITY:
1

- ### Rotational Scorebug

Rotational bug, placed in a corner of the live stream. The bug will rotate between TES logo, TELUS logo & "Powered By" sponsor logo.

QUANTITY:
2

- ### On-Stream Product Placement

Product will be placement on camera with Casters during TES finals live streams.

QUANTITY:
4

- ### Twitch Underlay

Button/link, on the TES Twitch channel. Button/Link is placed below the Twitch screen.

QUANTITY:
4

- ### Lower Thirds (6s)

Lower Third ad space, that will be featured on stream for six (6) seconds and rotates between sponsors.

QUANTITY:
3 Brands Every Match
- Title Sponsor
- Powered By Sponsor
- 1 Premier Sponsor

- ### Discord Engagement

Opportunity to engage the TES Discord community with special offers, giveaways or promotions.

QUANTITY:
3 Per Week (10 total Weeks)

- ### Social Media Assets

- Game day graphics
- Pre-match graphics
- End of Round Summary Graphic
- Final result graphics

QUANTITY:
TBD

SPONSORSHIP ASSETS

- ## Email Blast

Opportunity to amplify marketing/campaign collateral through TES Eblast directly to participants.

QUANTITY:
10

- ## Surprise & Delight

Opportunity to surprise & delight users with physical prizing or digital rewards.

QUANTITY:
N/A

- ## Highlight Package

End of week highlight package distributed across TES social media channels.

QUANTITY:
1 Per Week (10 Weeks)

- ## Editorial Media

Guaranteed capture within media amplification/press releases (available for Title, powered by & early founding partners).

QUANTITY:
N/A

- ## End Card

End Card on screen at the end of every broadcast, featuring details for next stream & sponsor recognition.

QUANTITY:
1 End Card (featuring all sponsors)

- ## Image Association

Sponsorship offers corporations a vehicle to leverage exposure from a variety of sources/benefits with the image, emotions, popularity and lifestyle that make up a property's identity. The degree to which a property can create, enhance and/or renew the image of a company or its product(s) through sponsorship is the value of the property's image association.

Guaranteed Capture
15%

PARTNERSHIP PYRAMID

TITLE SPONSOR (1)
$100K

"POWERED BY..." PARTNER (1)
$65K

PREMIER PARTNER (2-3)
$30K - $45K

TOURNAMENT PARTNERS (4-6)
$10K - $20K

Combining sponsorship assets into packages creates a structured go-to market approach that is easy for brands to understand what they receive and where they sit within the sponsorship hierarchy.

SPONSORSHIP PACKAGES

Title Sponsor

COST: $100K
TELUS

ASSETS
- Event Naming Rights
- Category Exclusivity
- Editorial Media
- Rotational Scorebug
- On-Stream Product placement (Casters)
- One (Twitch Underlay)
- One (1) Lower Third Every Match
- Three (3) Discord Engagements
- Inclusion on all social media assets
- Inclusion on all video content produced
- Inclusion in every eblast sent out
- Webpage recognition
- Caster Call outs (FInals)
- End Card

"Powered By..." Partner

COST: $65K
Quantity: 1

ASSETS
- Category Exclusivity
- Editorial Media
- Rotational Scorebug
- On-Stream Product placement (Casters)
- One (1) Twitch Underlay
- One (1) Lower Third Every Match
- Two (2) Discord Engagement
- Two (2) Social Media Assets
- Two (2) Eblasts
- One (1) Weekly Highlight Package
- Opportunity to Surprise & Delight
- Webpage recognition
- Caster Call Out (Finals)
- Image Association
- End Card

Terms to be considered:

- Partners for TES 2 get 10% discount for TES 3 if they agree to TES 3 by July 1 2022
- Adhoc assets can be added or swapped out depending on sponsor request

SPONSORSHIP PACKAGES

Premier Partner

COST: $30K-$45K
Quantity: 2-3

ASSETS

- Category Exclusivity
- On-Stream Product placement (Casters)
- One (1) Twitch Underlay
- One (1) Lower Third (every third match)
- One (1) Discord Engagement
- One (1) Social Media Asset
- One (1) Eblast
- Opportunity to Surprise & Delight
- Webpage recognition
- Caster Call Out (Finals)
- Image Association
- End Card

Tournament Partner

COST: $10K-$20K
Quantity: 4-6

ASSETS

- One (1) Discord Engagement
- One (1) Eblast
- Opportunity to Surprise & Delight
- Webpage recognition
- Caster Call Out (Finals)
- Image Association
- End Card

Terms to be considered:

- Partners for TES 2 get 10% discount for TES 3 if they agree to TES 3 by July 1 2022
- Adhoc assets can be added or swapped out depending on sponsor request

SPONSORSHIP TARGETS

01

Peripherals

Turtle Beach, Hyper X, Corsair, Respawn Gaming, Acer, Alienware, Logitech, Ben Q, SteelSeries, Scuf, Sennheiser, Asus

02

Automotive

Toyota, Nissan, BMW, Kia, Honda, Ford, Chevy, Mazda

03

CPG - Drinks

PepsiCo, Coca-Cola & Co, Redbull, Monster, 5-Hour Energy, Nutri-GMR, BioSteel, Drink-CTRL

04

CPG - Snacks

Doritos, Lay’s, Cheetos, Hershey’s, Jack Links, Crave, Pringles, Mars Wrigley, Mondelez

05

CPG - Other

Unilever/Axe, Clorox, Gillette, Dollar Shave Club, Manscaped,

SPONSORSHIP TARGETS

06

Financial Services

Wealthsimple, Crypto.com, EQ Bank, Questrade, Neo Financial, RBC, Scotiabank, CIBC, TD Bank, BMO, Tangerine

07

QSR

KFC, McDonalds, Burger King, Wendy’s, Taco Bell, Subway, Pizza Pizza, Pizza Nova, Pizza Hut, Domino’s, Popeye’s Chicken

08

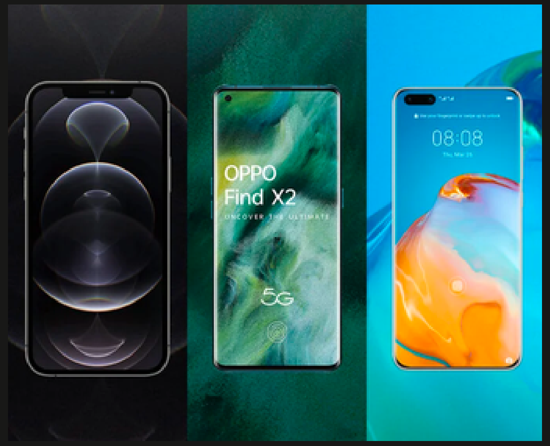
Insurance

Sonnet, Aviva, Travellers, Intact

09

Smart Phone

Apple, Samsung, LG, Huawei, Motorola, Google, TCL



05 RESEARCH DATA

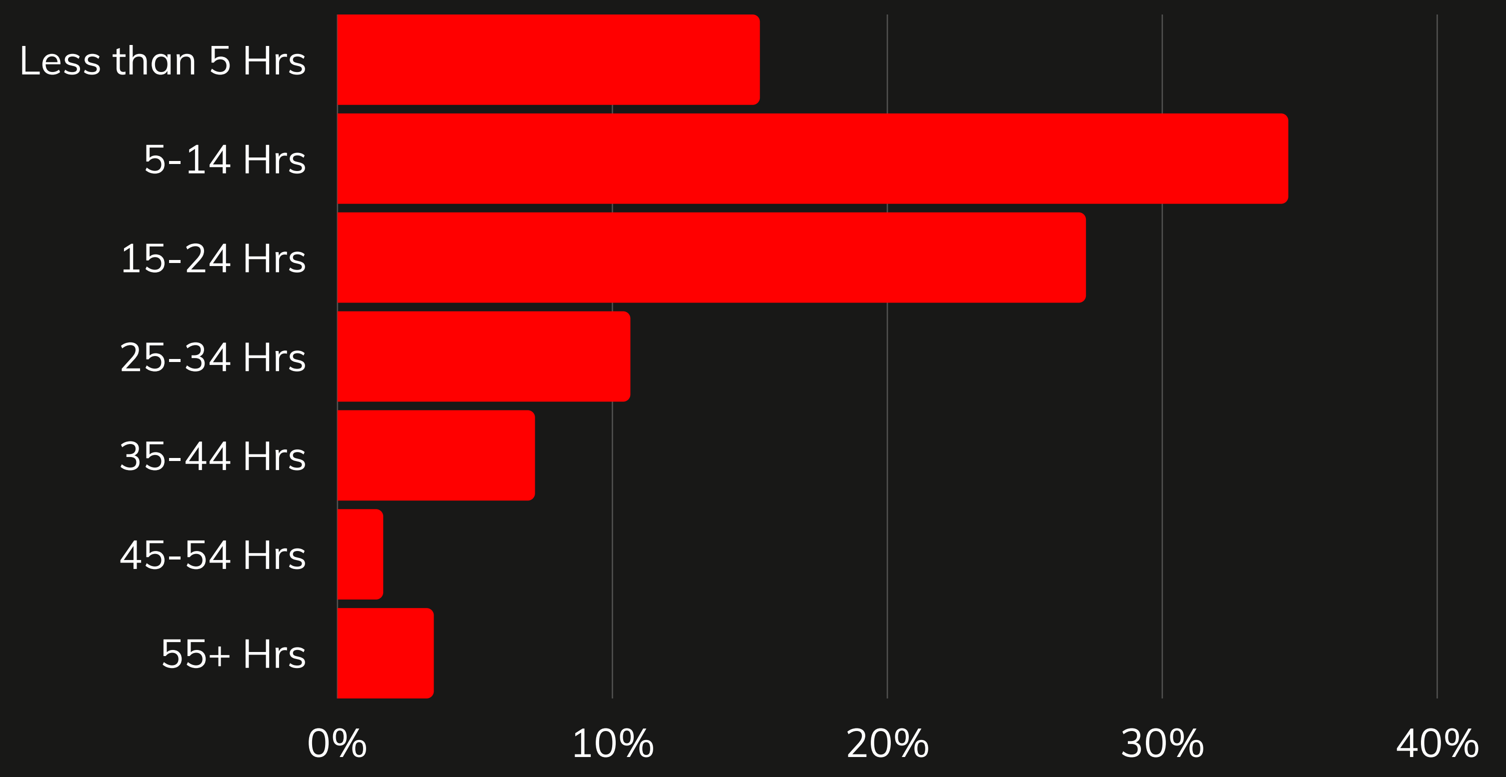
BRAVO CANADIAN ESPORTS & GAMING SURVEY RESULTS

Over a 60-day period Bravo Whiskey Alpha collected data from 491 respondents across all provinces to help us outline the current Canadian epsorts and gaming landscpae. The following is the raw data from the 26 question survey that was posed to participants.

Data Collected: October 22, 2021 - December 14, 2021

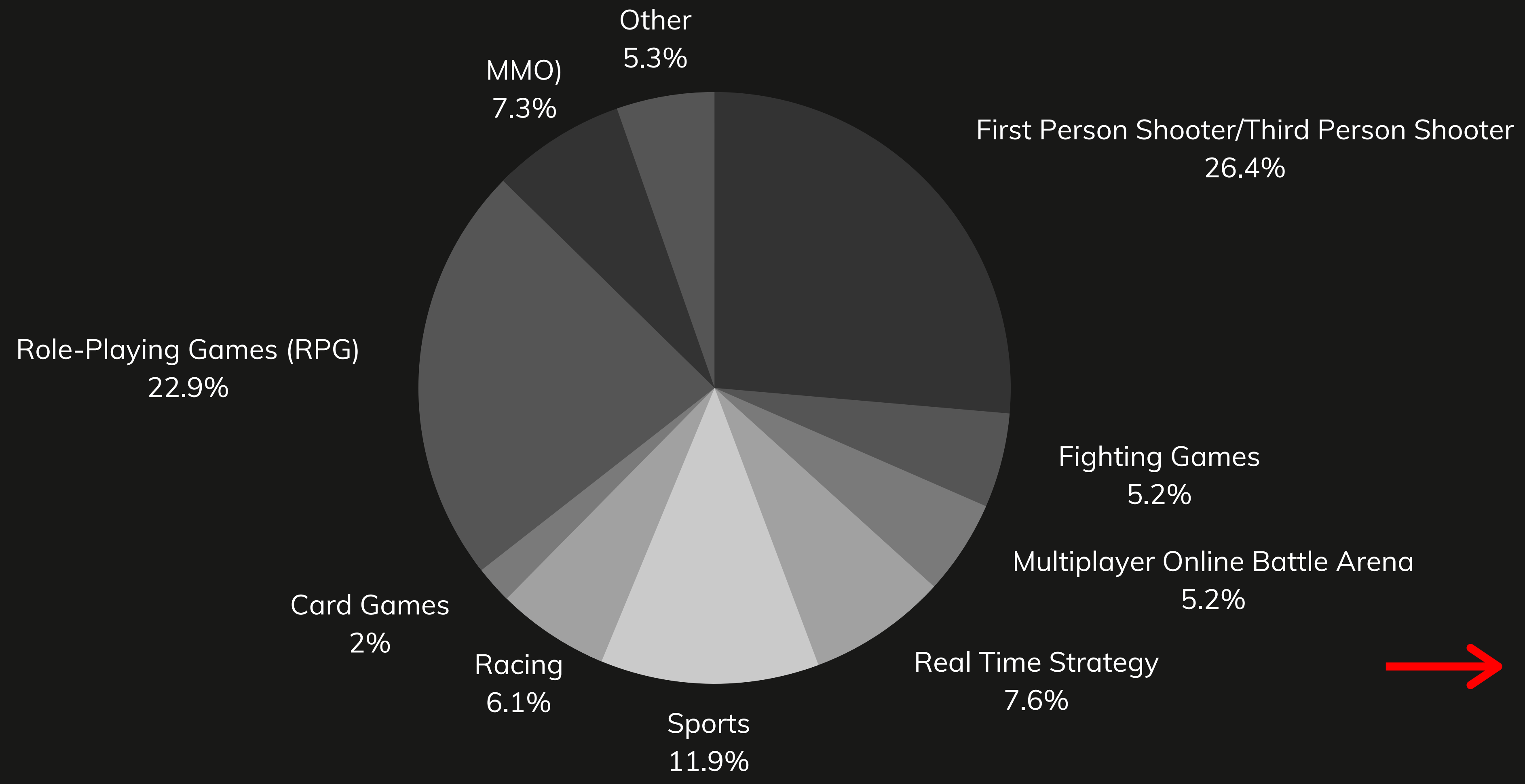
HOW OFTEN DO YOU PLAY VIDEO GAMES EACH WEEK

Less than 5 Hrs - 75
5-14 Hrs - 169
15-24 Hrs - 133
25-34 Hrs - 52
35-44 Hrs - 35
45-54 Hrs - 8
55+ Hrs - 17



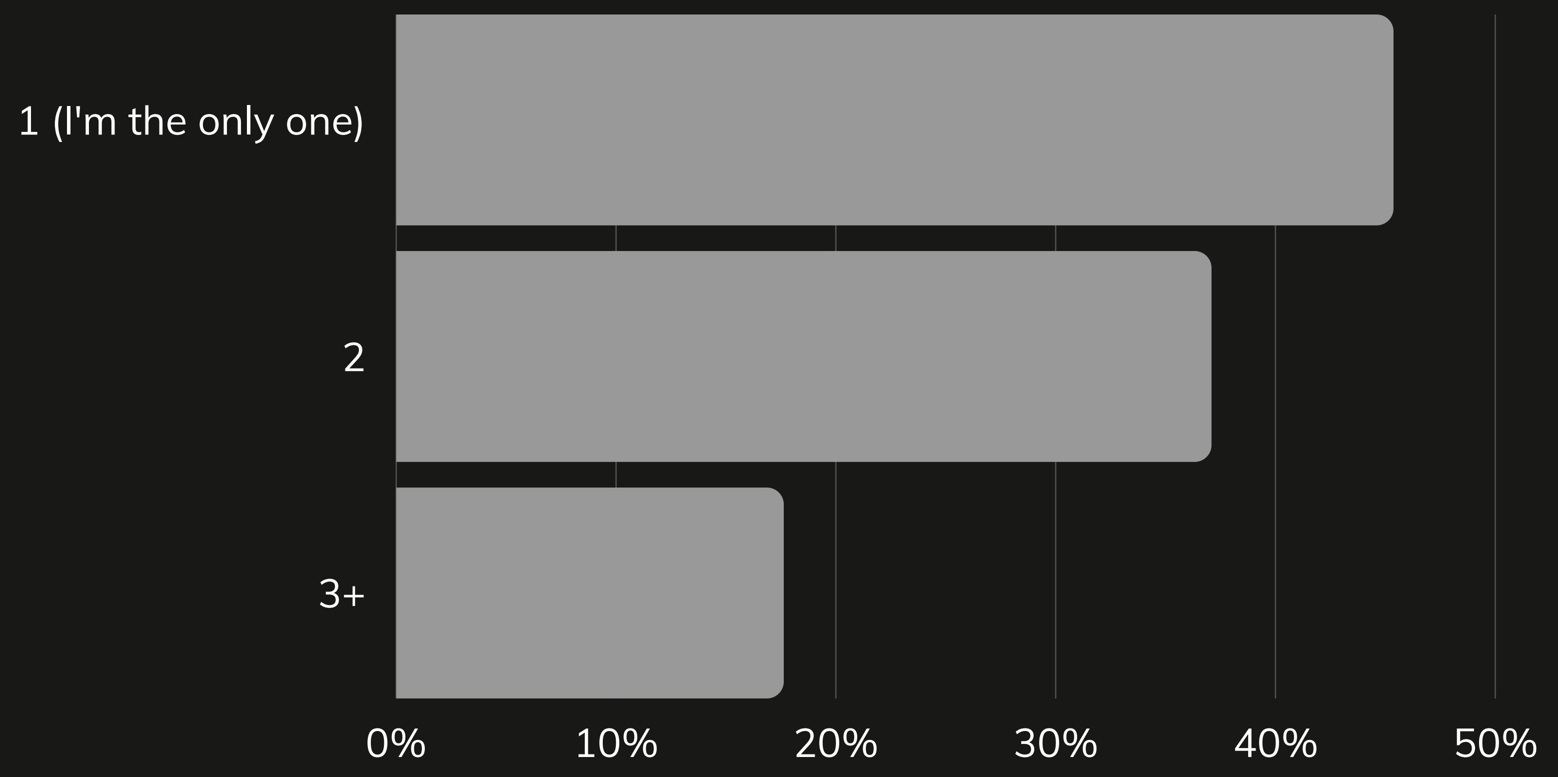
WHAT ARE YOUR FAVOURITE VIDEO GAME GENRES

First Person Shooter/Third Person Shooter - 296
Fighting Games - 58
Multiplayer Online Battle Arena - 58
Real Time Strategy - 85
Sports - 134
Racing - 69
Card Games - 23
Role-Playing Games (RPG) - 257
Massive-Multiplayer Online (MMO) - 82
Other - 60



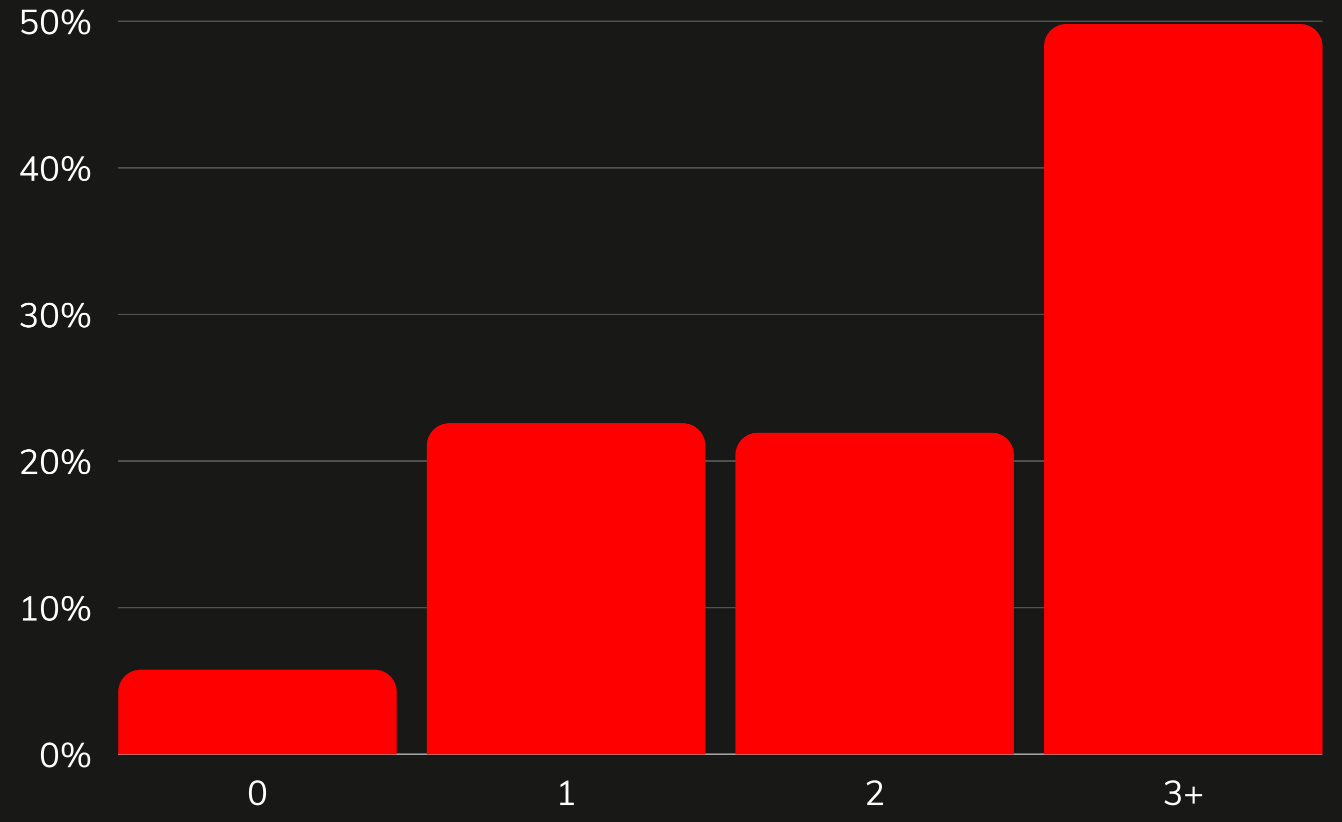
IN YOUR HOUSEHOLD, HOW MANY PEOPLE PLAY VIDEO GAMES

1 (I'm the only one) - 219
2 - 179
3+ - 85



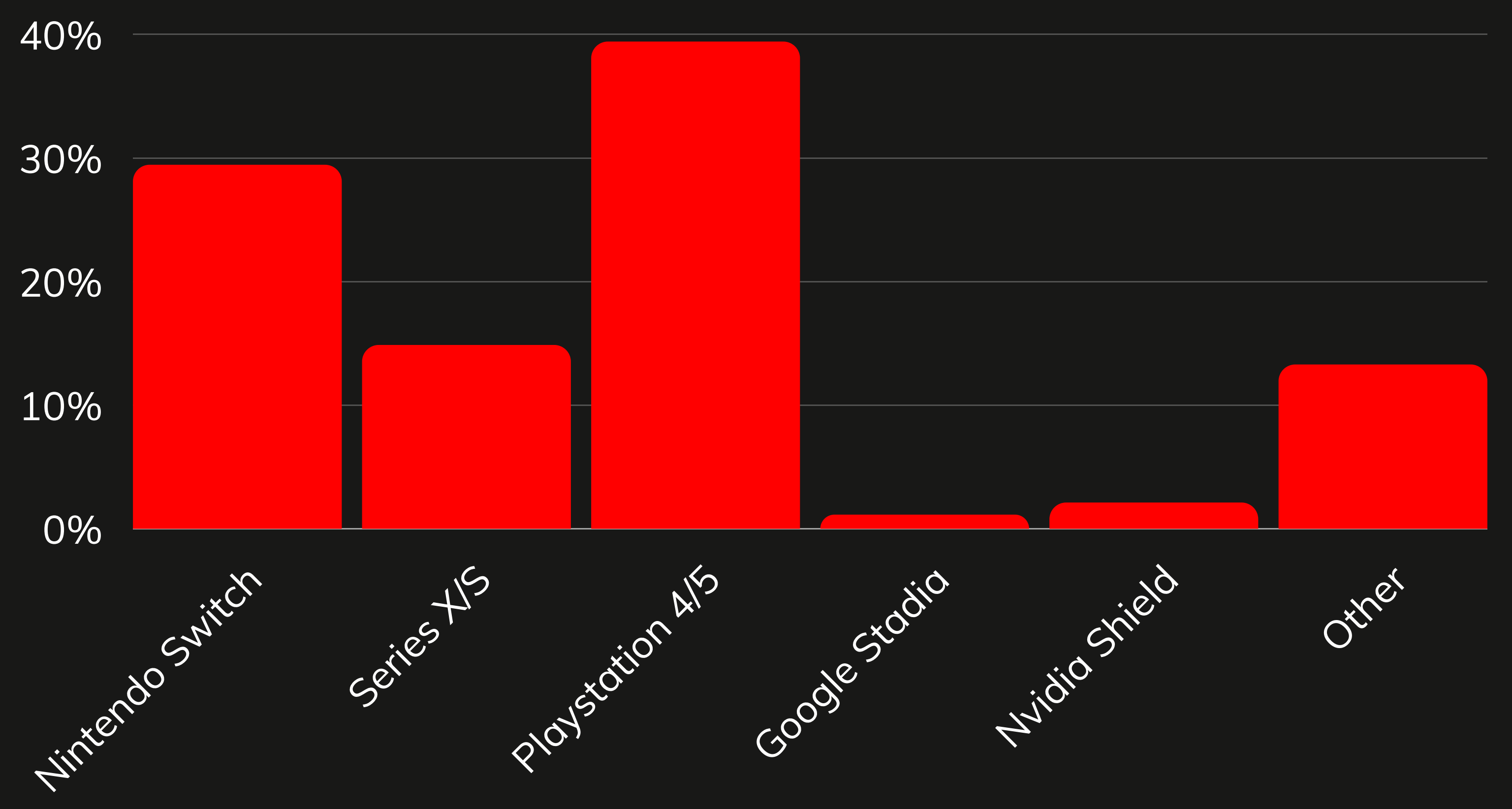
HOW MANY CONSOLES (EXCLUDING PERSONAL COMPUTERS AND MOBILE PHONES DO YOU HAVE IN YOUR HOUSEHOLD)

0 - 27
1- 106
2- 103
3+ - 234



WHICH CONSOLES DO YOU PLAY ON

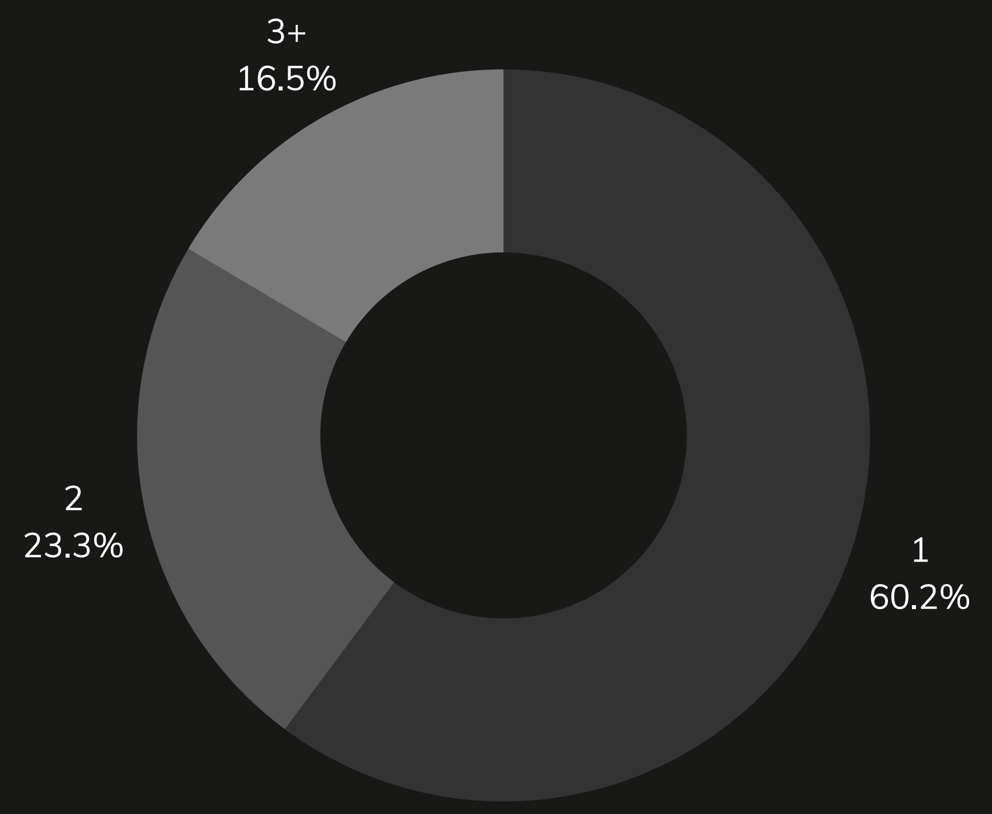
Nintendo Switch - 242
Xbox Series X/S - 122
PlayStation 4/5 - 324
Google Stadia - 9
Nvidia Shield - 17
Other (Please specify) -109



HOW MANY GAMING PCDS (PERSONAL COMPUTERS) DO YOU HAVE IN YOUR HOUSEHOLD?

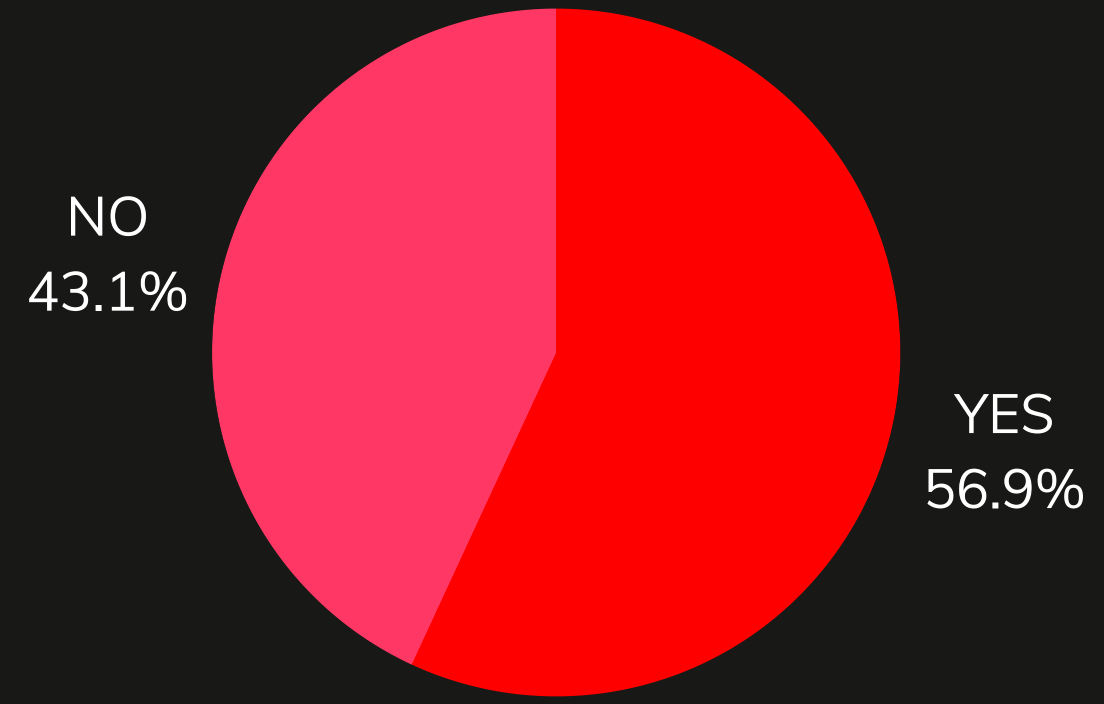
1 - 263
2 - 102
3+ - 72

*34 respondents skipped this question



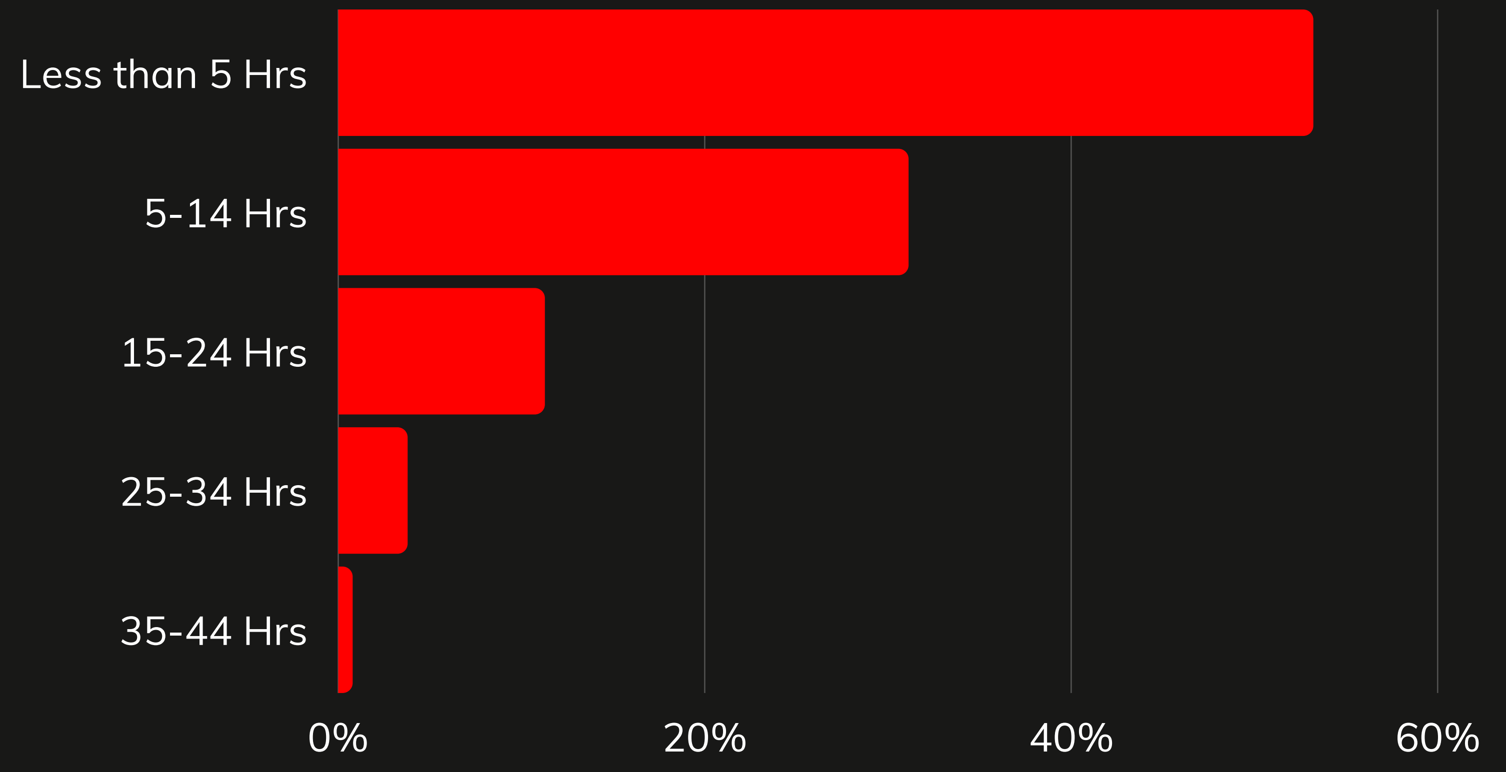
DO YOU GAME ON A SMARTPHONE

Yes - 268
No - 203

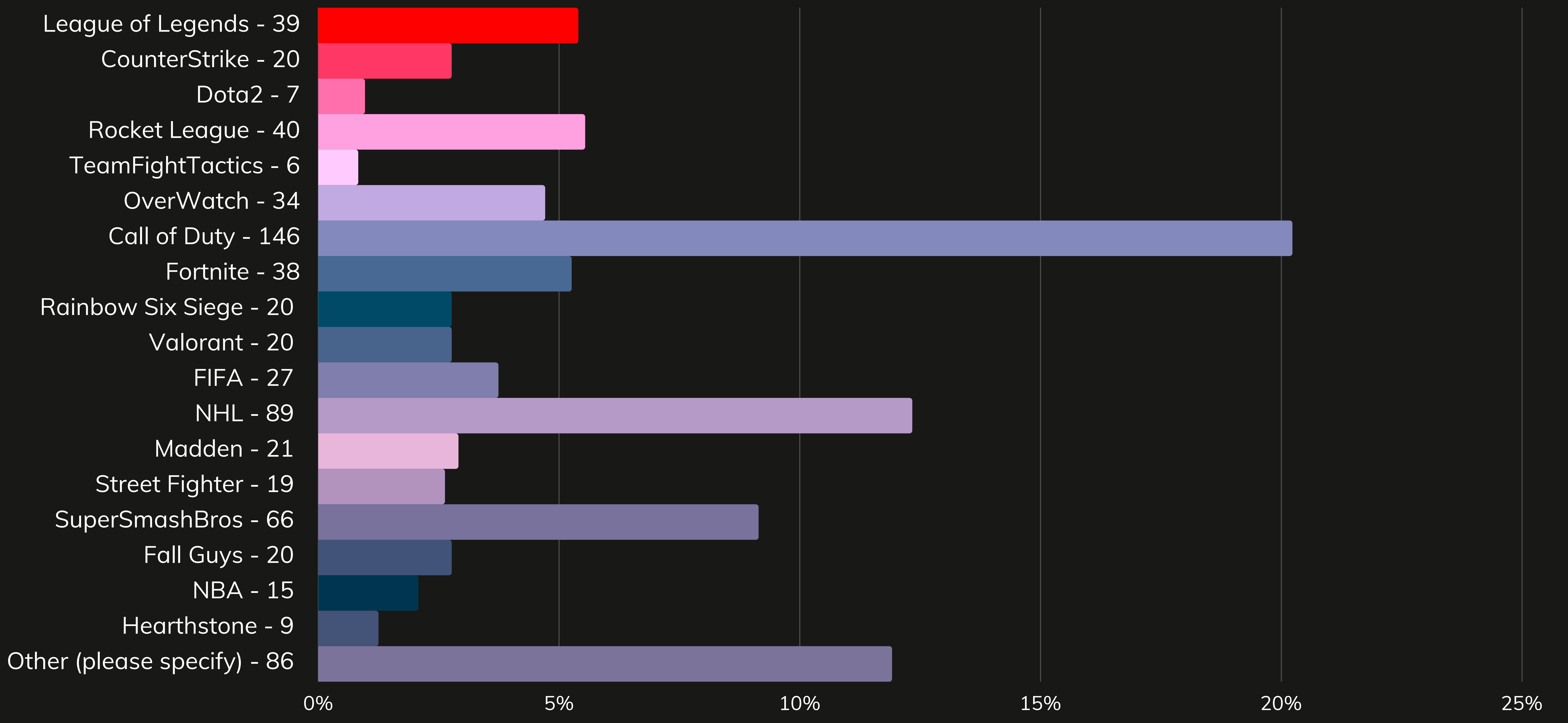


- SINCE YOU RESPONDED YES, HOW OFTEN DO YOU PLAY GAMES ON YOUR PHONE EACH WEEK

Less than 5 Hrs - 142
5-14 Hrs - 83
15-24 Hrs - 30
25-34 Hrs - 10
35-44 Hrs - 2

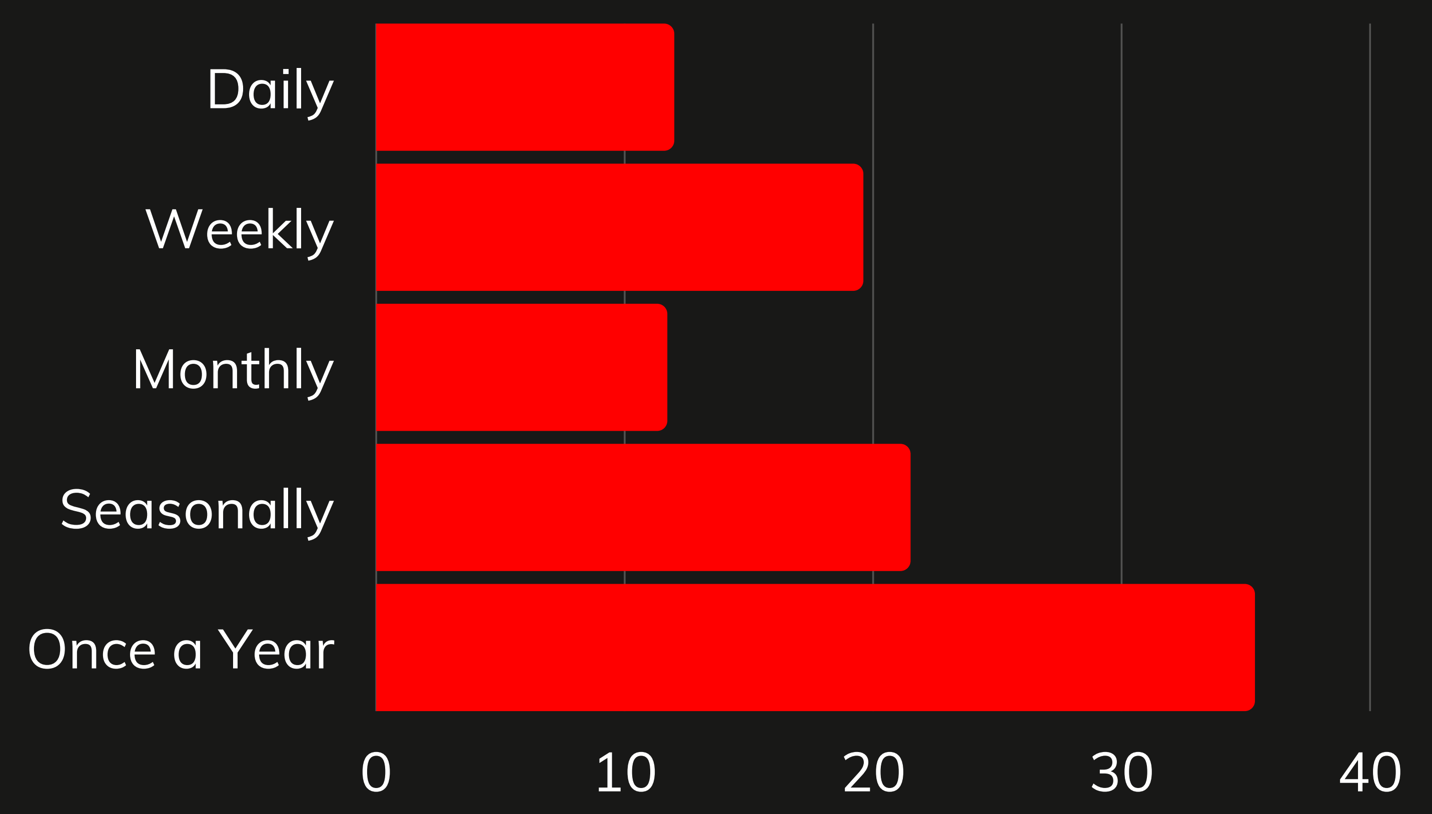


WHAT LOCAL COMPETITIVE GAMING TITLES ARE YOU MOST INVOLVED WITH, IN YOUR LOCAL REGION



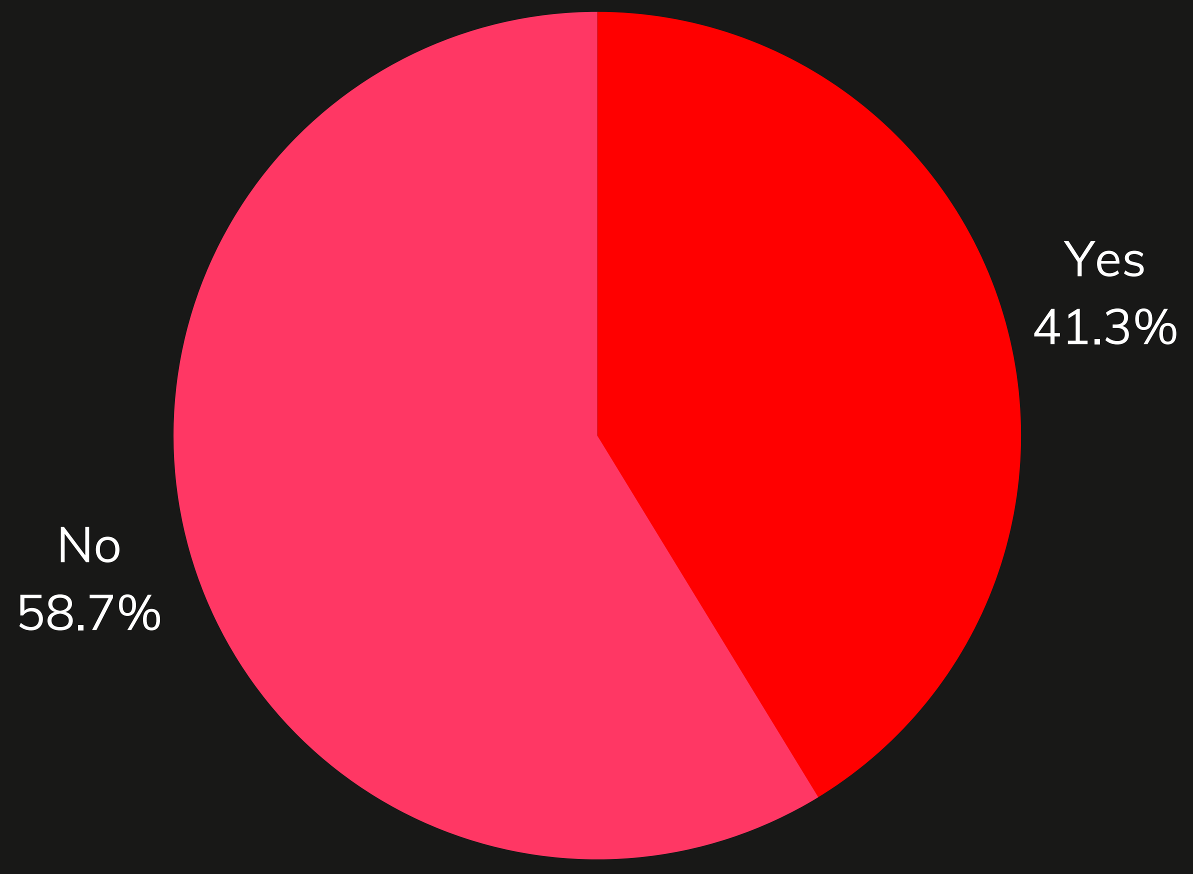
HOW OFTEN DO YOU INTERACT WITH YOUR LOCAL ESPORTS COMMUNITY

Daily - 44
Weekly - 72
Monthly - 43
Seasonally - 79
Once a Year - 130



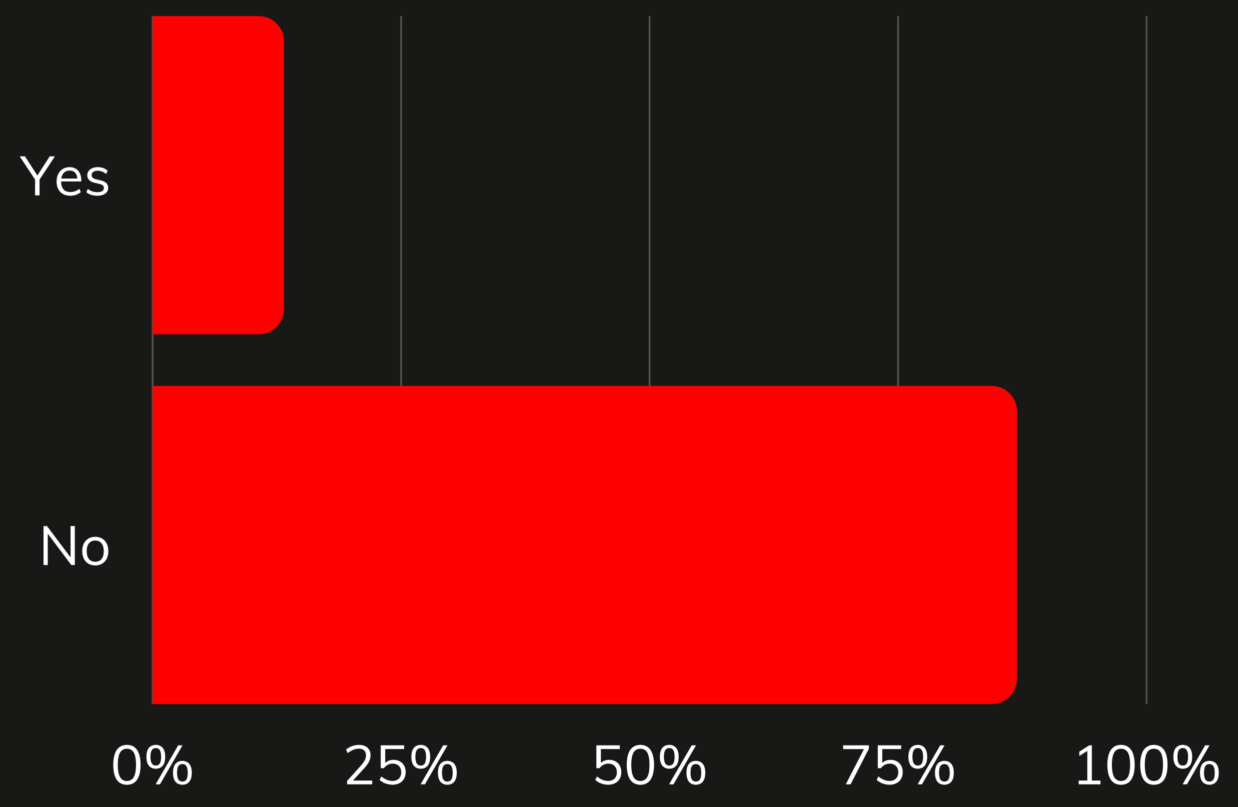
DO YOU INTERACT WITH YOUR LOCAL ESPORTS COMMUNITIES THROUGH SOCIAL MEDIA, SUCH AS DISCORD, TWITTER, ETC

Yes - 189
No - 269



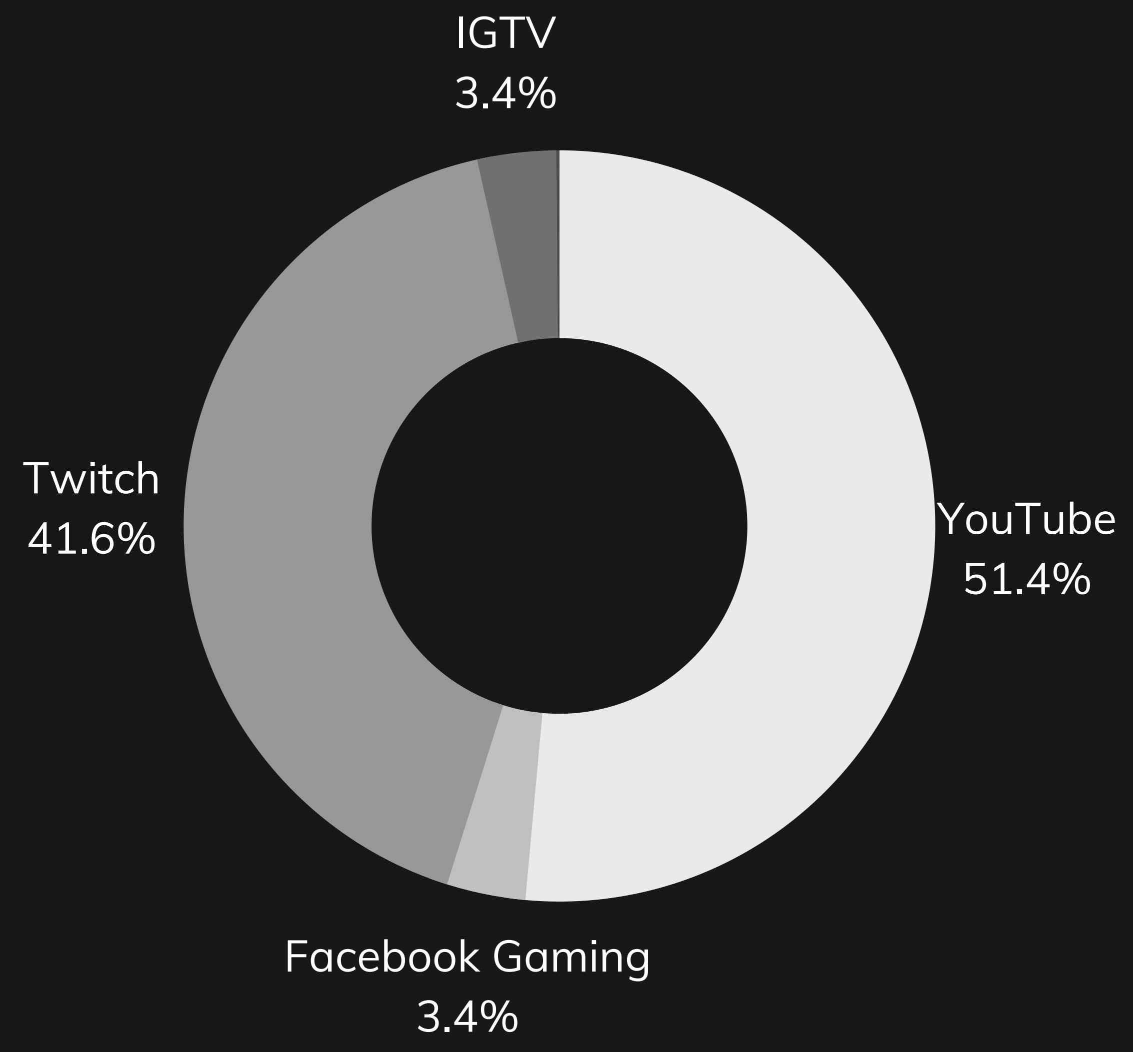
DOES YOUR LOCAL ESPORTS COMMMUNITY HAVE ANY CENTRAL MEETING LOCATIONS

Yes - 55
No - 364



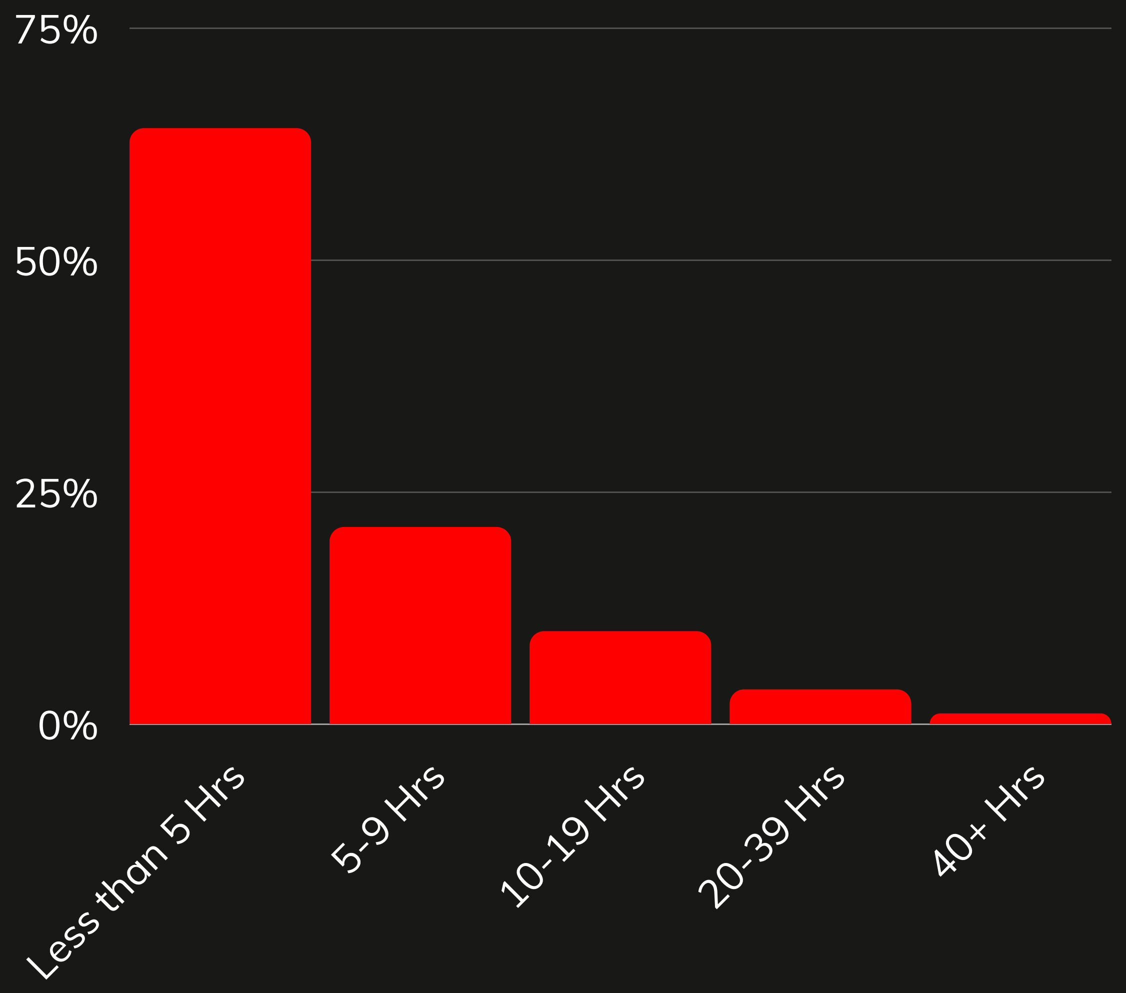
WHEN WATCHING ESPORTS & GAMING STREAMS, WHICH OF THE FOLLOWING SITES DO YOU ENGAGE WITH

YouTube - 394
Facebook Gaming - 26
Twitch - 319
IGTV (Instagram TV) - 26
juked.gg - 1



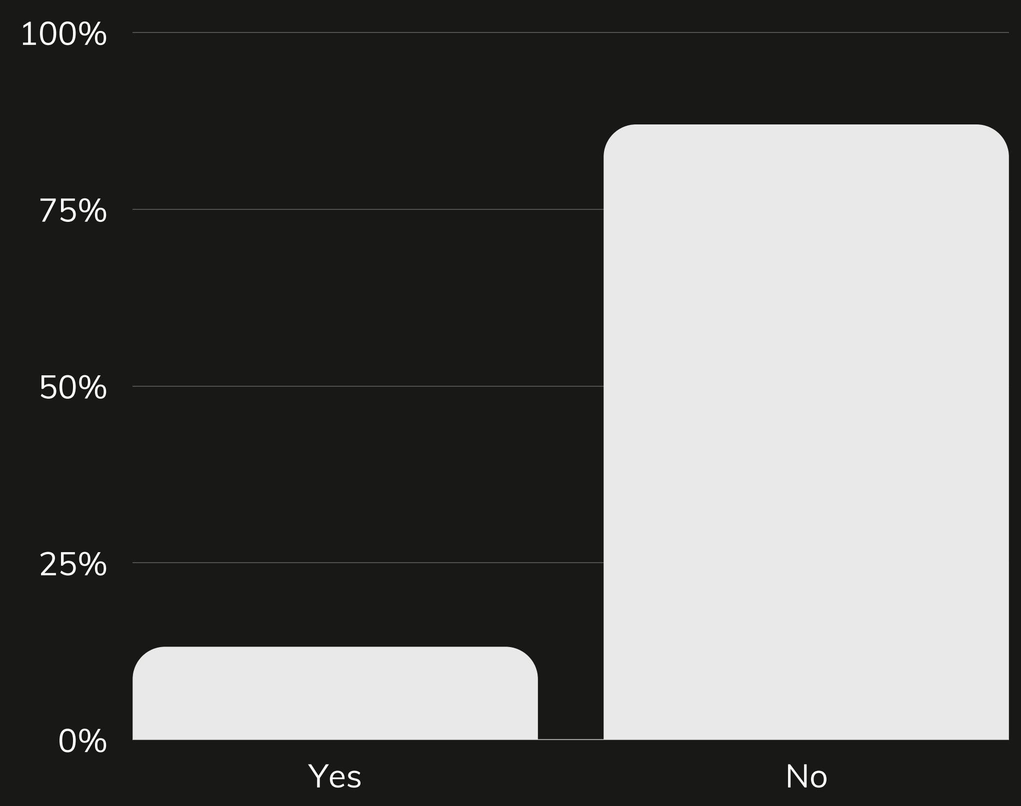
ON AVERAGE, HOW MANY HOURS A WEEK DO YOU WATCH ESPORTS & GAMING CONTENT

Less than 5 Hours - 297
5-9 Hrs - 98
10-19 Hrs - 46
20-39 Hrs - 17
40+ Hrs - 5

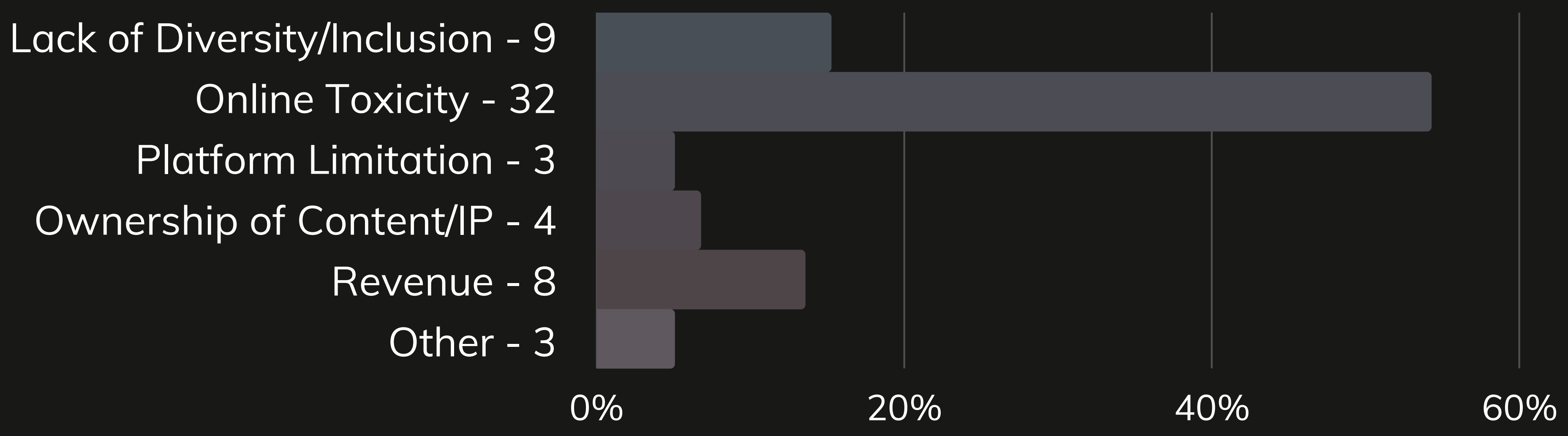


ARE YOU A CONTENT CREATOR

Yes - 61
No - 406

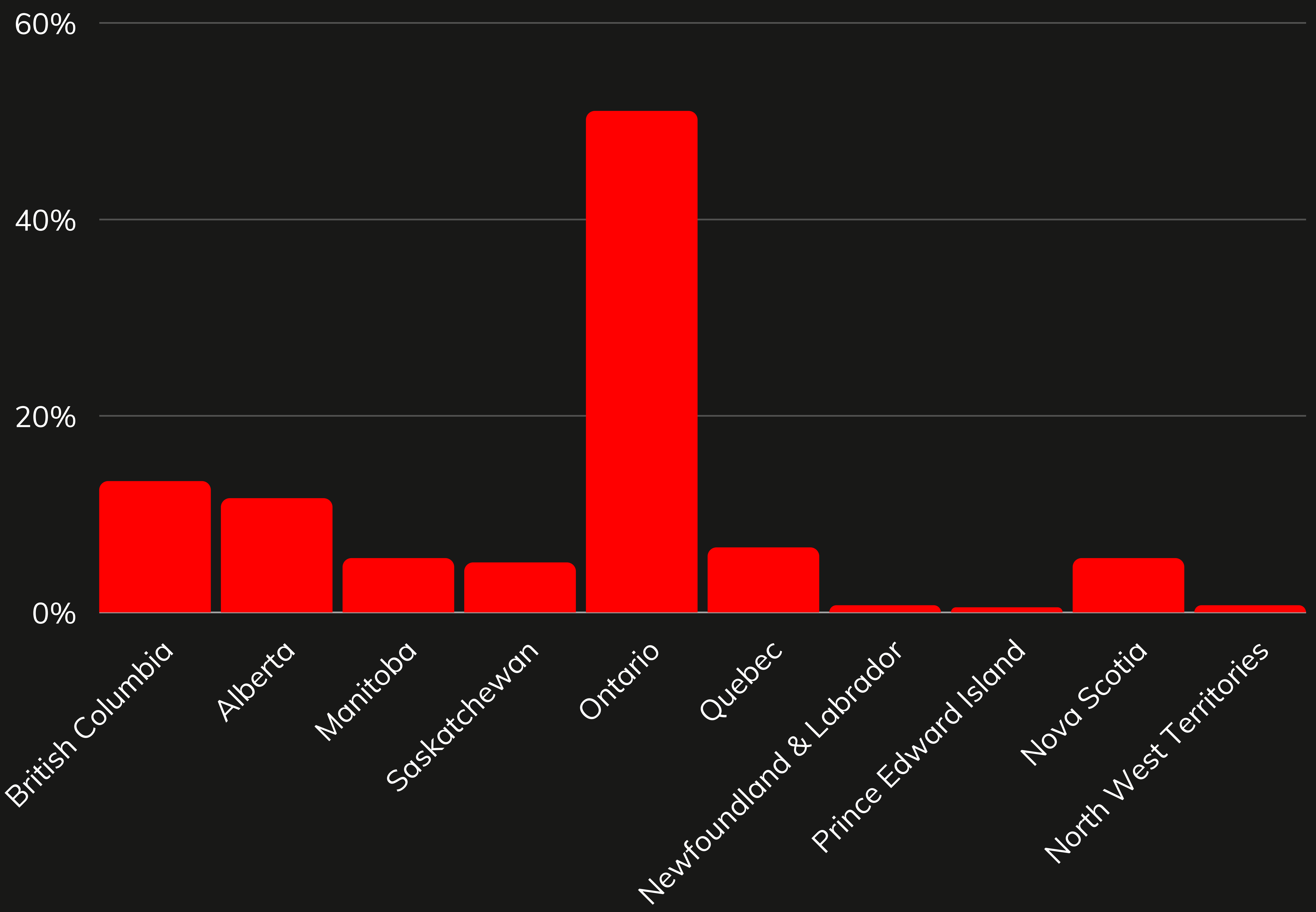


AS A CONTENT CREATOR, WHAT ARE YOUR CONCERNS REGARDING THE ESPORTS/GAMING CONTENT CREATION SPACE



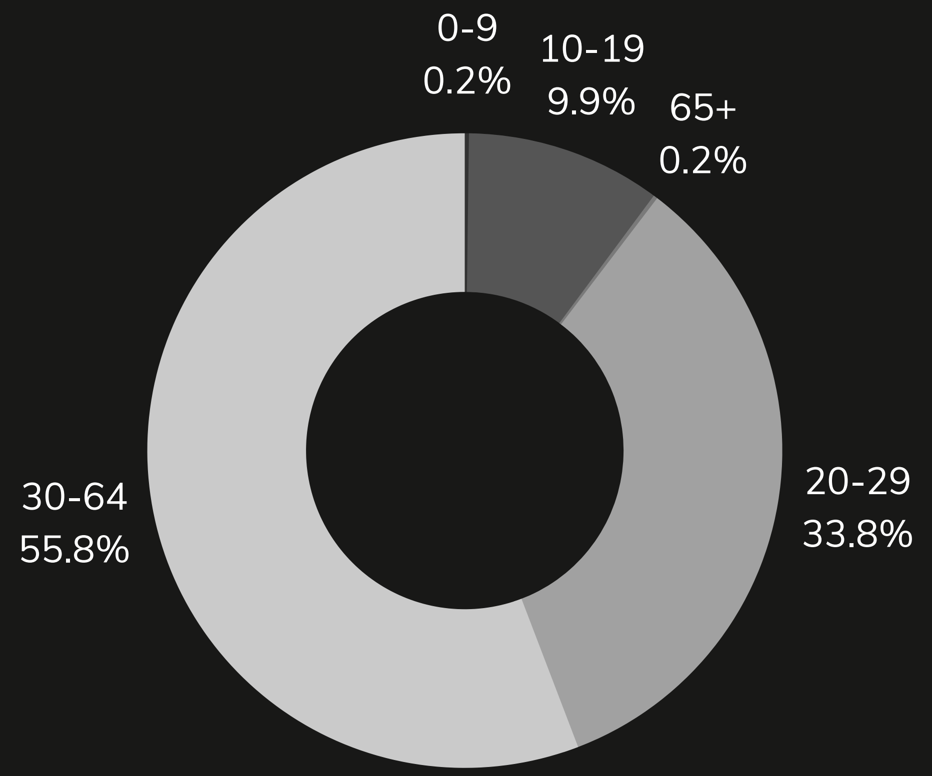
WHAT PROVINCE/TERRITORY ARE YOU FROM

British Columbia - 61
Alberta - 53
Manitoba - 25
Saskatchewan - 23
Ontario - 234
Quebec - 30
Newfoundland & Labrador - 3
Prince Edward Island - 2
Nova Scotia - 25
North West Territories - 3



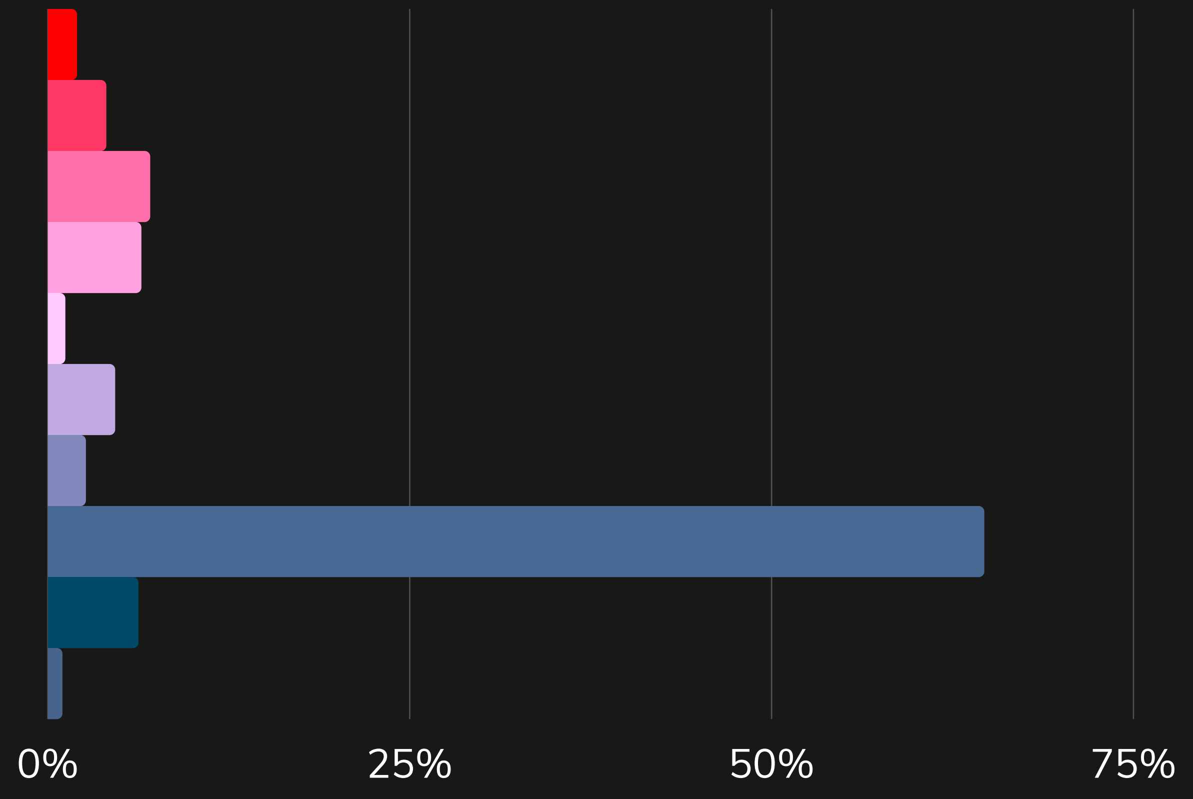
WHAT IS YOUR AGE

0-9 - 1
10-19 - 47
20-29 - 160
30-64 - 264
65+ - 1



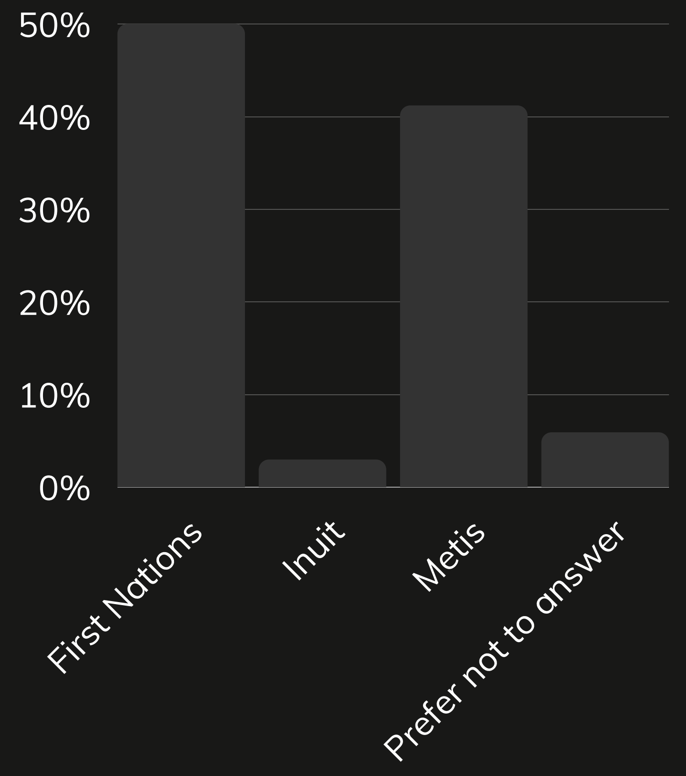
PEOPLE OFTEN DESCRIBE THEMSELVES BY THEIR RACE OR RACIAL BACKGROUND. FOR EXAMPLE, SOME PEOPLE CONSIDER THEMSELVES "BLACK"."WHITE" OR "EAST ASIAN"

Arab, Middle Eastern or West Asian - 10
Black - 20
East Asian - 35
First Nations - 32
Latin American - 6
South Asian or Indo-Caribbean - 23
Southeast Asian - 13
White - 320
Prefer not to answer - 31
Not listed - 5

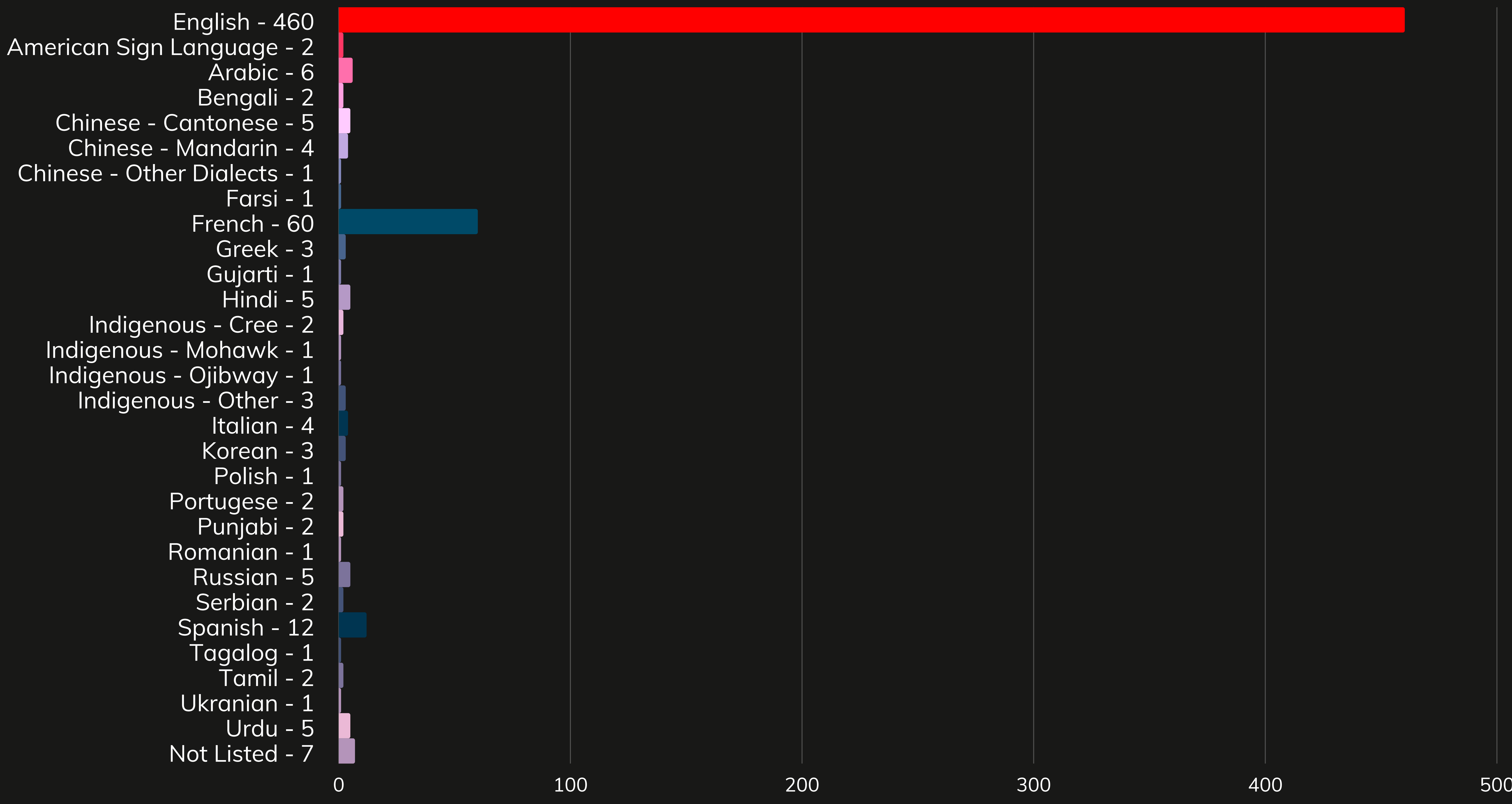


IF YOU IDENTIFY AS INDIGENOUS IN CANADA, PLEASE SELECT ALL THAT APPLY TO YOUR IDENTITY

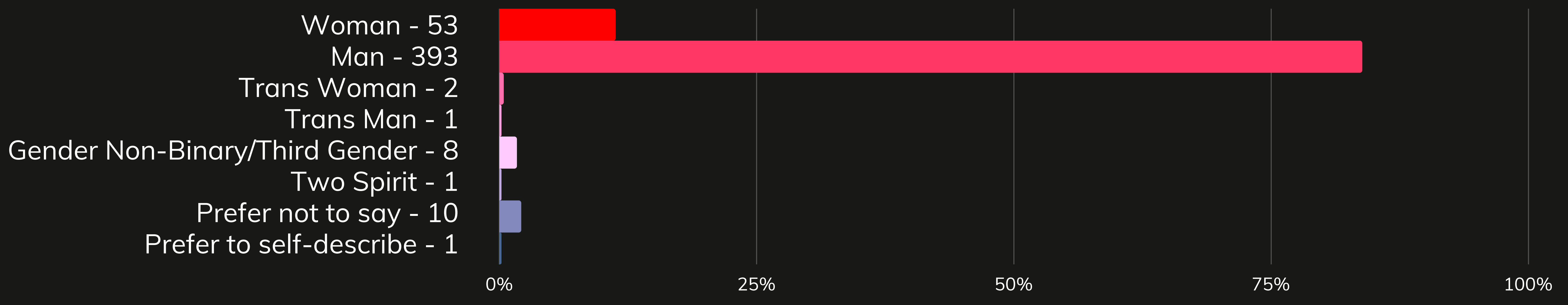
First Nations - 17
Inuit - 1
Metis - 14
Prefer not to answer - 2



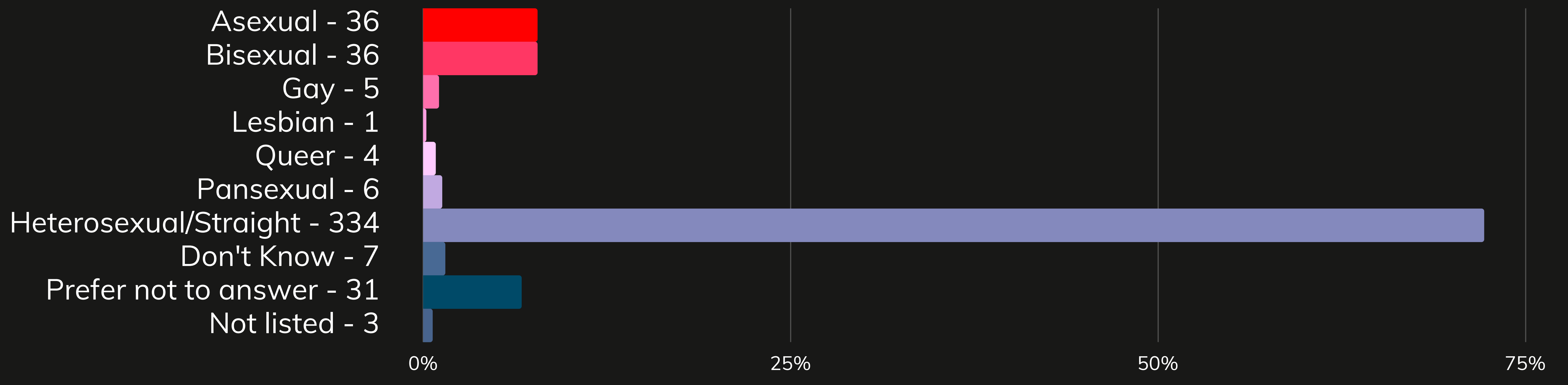
WHAT LANGUAGE(S) DO YOU PREFER SPEAKING



GENDER IDENTITY IS THE GENDER THAT PEOPLE IDENTITFY WITH OR HOW THEY PERCEIVE THEMSELVES, WHICH MAY BE DIFFERENT FROM THEIR BIRTH-ASSIGNED SEX. WHAT BEST DESCRIBES YOUR GENDER

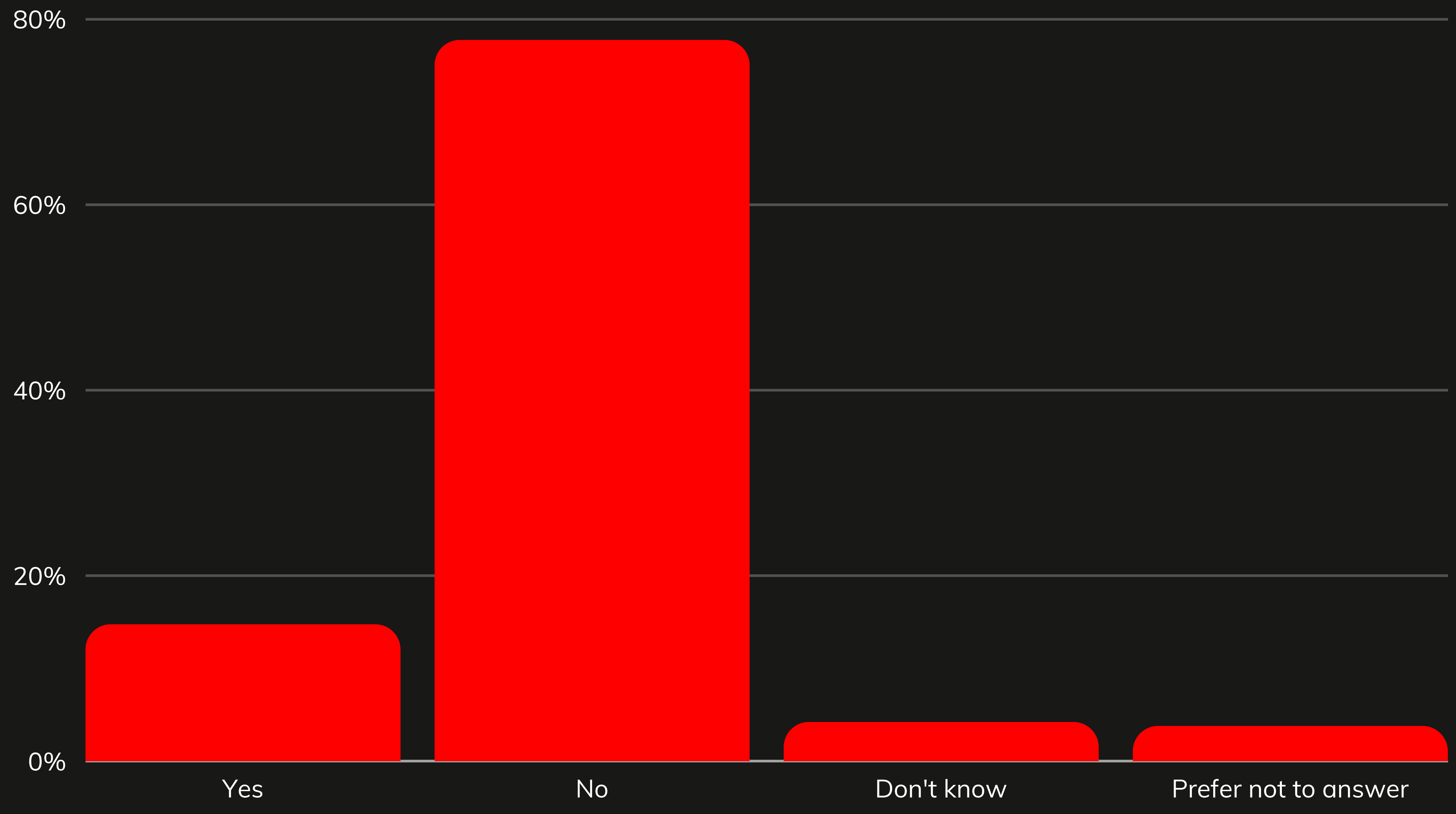


SEXUAL ORIENTATION DESCRIBES A PERSON'S EMOTIONAL, PHYSICAL, ROMANTIC, AND/OR SEXUAL ATTRACTION TO OTHER PEOPLE. WHAT BEST DESCRIBES YOUR CURRENT SEXUAL ORIENTATION



DISABILITY IS UNDERSTOOD AS A PHYSICAL, MENTAL, DEVELOPMENTAL, COGNITIVE, LEARNING, COMMUNICATION, SIGHT, HEARING OR FUNCTIONAL LIMITATION THAT, INTERACTION WITH A BARRIER, HINDERS A PERSON'S FULL AND EQUAL PARTICIPATION IN SOCIETY. A DISABILITY CAN BE PERMANENT, TEMPORARY, EPISODIC, VISIBLE OR INVISIBLE. DO YOU IDENTIFY AS A PERSON WITH A DISABILITY

Yes - 68
No - 361
Don't know - 19
Prefer not to answer - 17



06

RESEARCH INSIGHTS

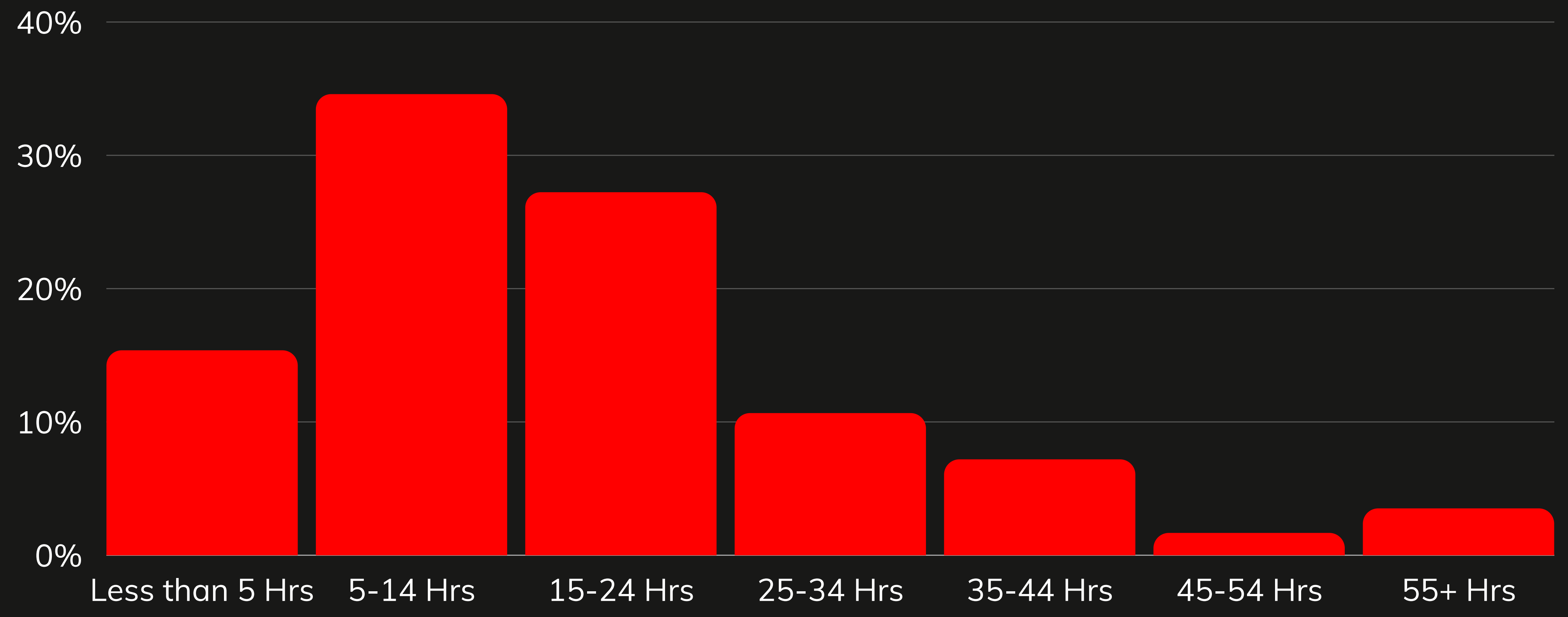
During the recent Covid-19 pandemic, the number of Canadian video gamers has grown. This trend was already in motion before the lockdown; however, that trend was accelerated due to gaming being an activity one can safely do indoors while maintaining the necessary social activity/engagement.

As gaming has matured over the last decade, interest in esports has grown significantly. Esports is the culmination of the competitive nature of video games, their ability to generate engaging content, and while doing so, the ability to connect with a community to build a personal network.

Canadian esports are community driven, and although nascent, the industry itself is highly talented. The following trends and insights will help TELUS understand the opportunities within the authentic and motivated esport community, as well as the industry as it continues to mature.

REGULAR GAMING HABITS

Number of hours of games played per week by Canadian Gamers

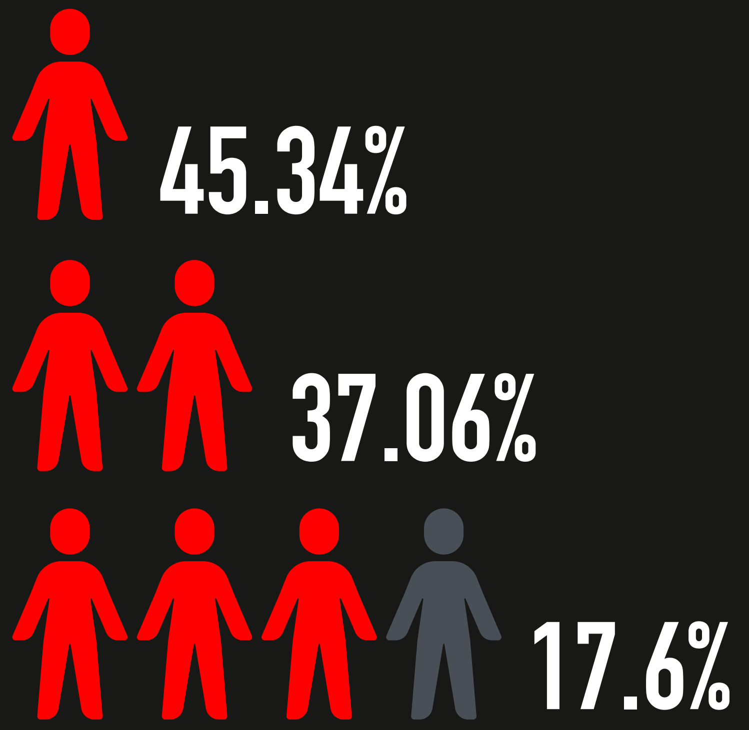


During the pandemic, over a third of Canadian gamers were gaming 5-14 hours a week, with just under another third playing 15-24 hours a week, with the next largest chunk being the crowd playing under 5 hours a week.

Insight: Canadian gamers are playing anywhere from 5-24 hours, with a massive range in the middle for 5-14 (35%)

REGULAR GAMING HABITS

Number of gamers in Canadian Households



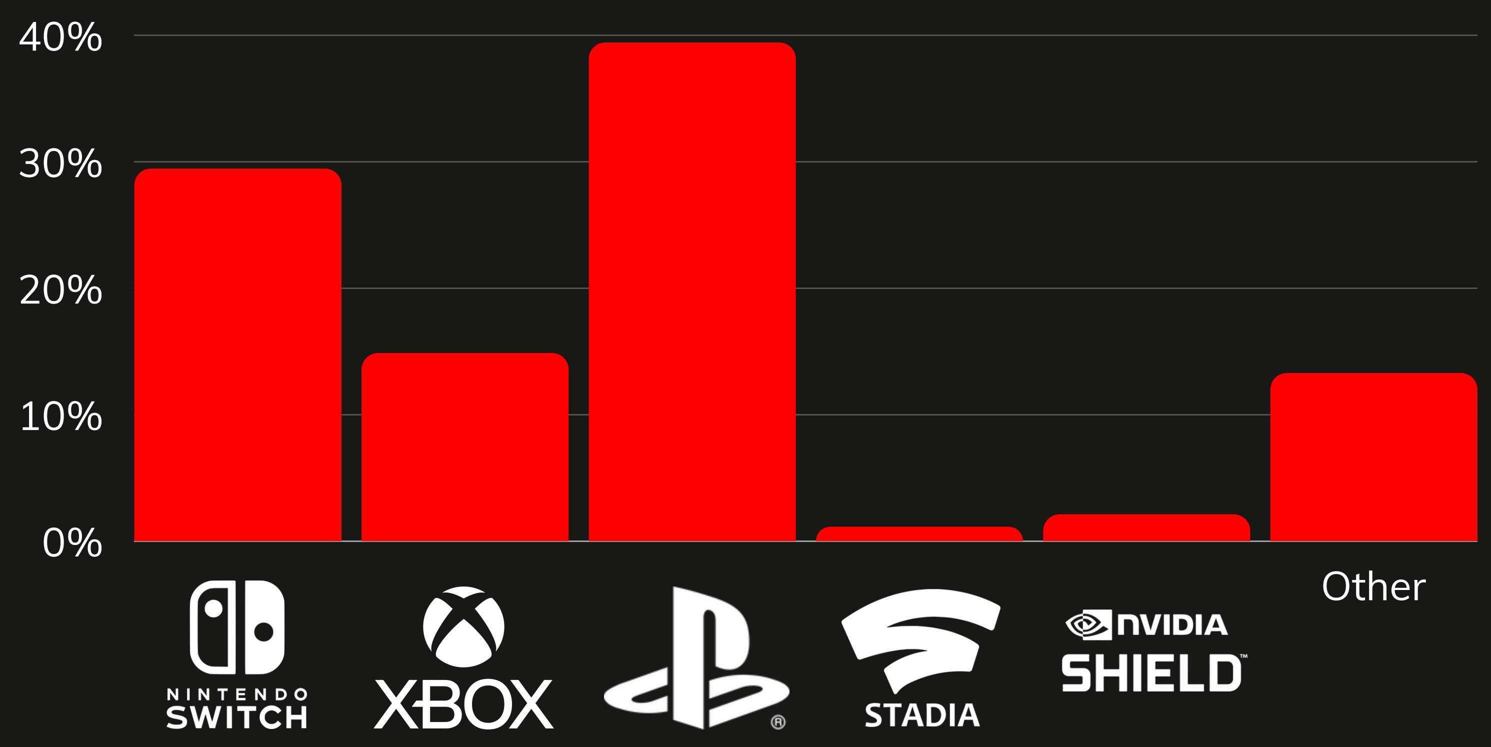
The majority of households have at least one gamer (45%), with two gamers (37%) being the next largest chunk. 3 or more gamers within one household is rarer, meaning that Telus should focus on solo gamers who play online, or seldomly with another person.

Close to half of respondents have 3+ or more consoles (not including PCs or Phones).

- With 1-2 identical in proportion, meaning that 1-2 range is a standard area if you don't own 3+.

REGULAR GAMING HABITS

- The Playstation is the leading console ecosystem, with Nintendo Switch as the runner up.
- 60% of gamers have at least 1 PC at home, with almost a quarter of respondents having access to 2 at home.
- 57% of respondents gamed on a smartphone.
- With the majority gaming less than 5 hours a week, meaning that these are small, reward driven or login driven moments.



KEY INSIGHT 1

The majority of Canadian gamers surveyed play a healthy 5-14 hours per week, with those hours varying with each gamer. However, hours generally don't exceed 24 hours per week on average, meaning that home gaming vs mobile gaming takes the majority of their screen time for games.

When players are gaming on mobile devices they are playing unknown titles but interacting up to 5 hours per week on the majority with that title; this is often with games like PMGO, World of Tanks, Clash of Clans and Candy Crush.

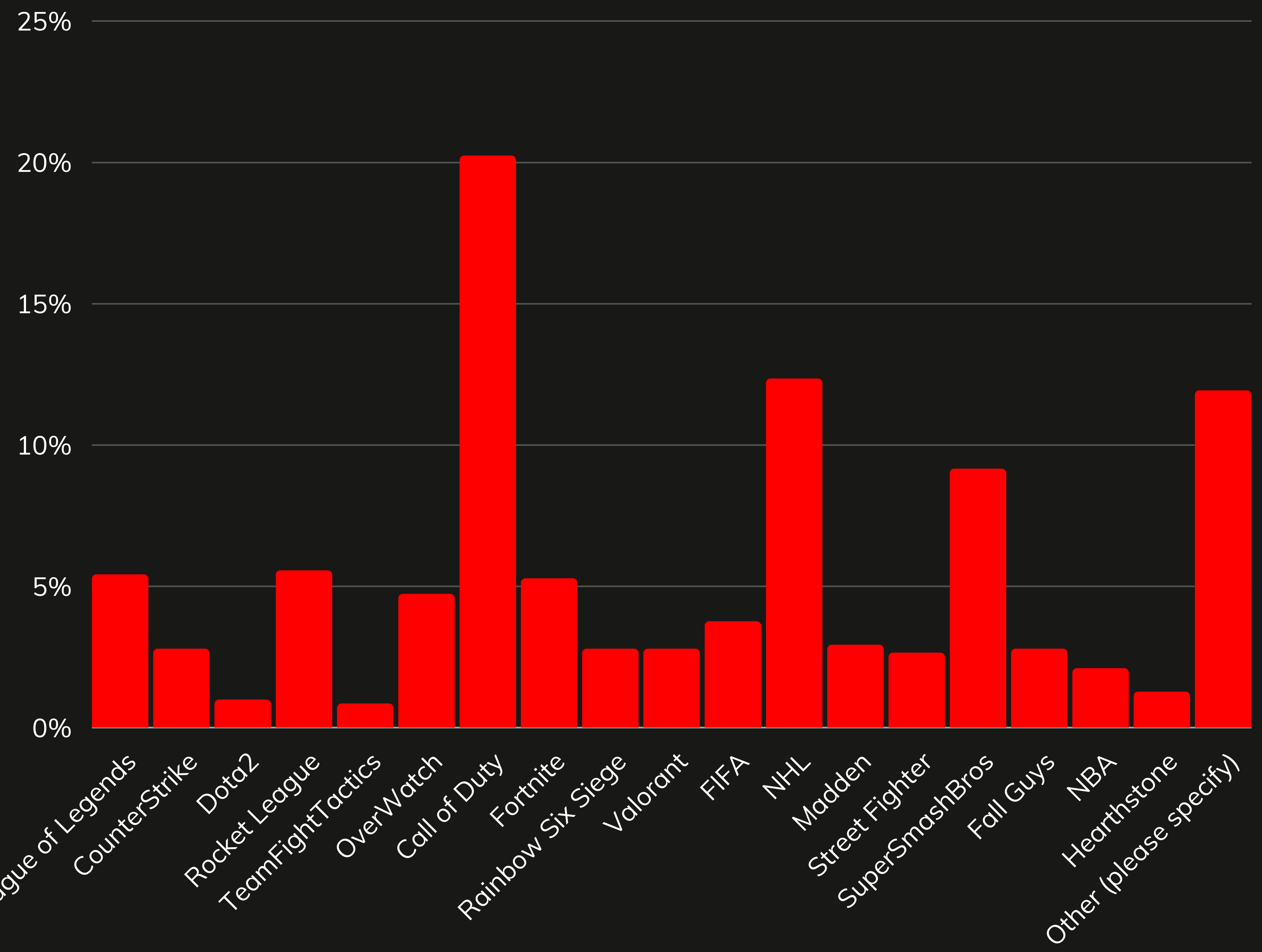
It s clear that mobile gaming is a blue ocean that no carrier/ISP is involved in.

PC gaming seems to be the most accessible opportunity; console gamers who responded generally have PS4/5 ecosystem buy-in, however, given that we are mid-gen, this data will be insignificant in the near future for current activations.

Saying that, TELUS can use this information to find viable partners for future promotions(Sony X TELUS programming).

COMPETITIVE PLAY HABITS

Percentage Distribution of Competitive Titles in Canadian Landscape

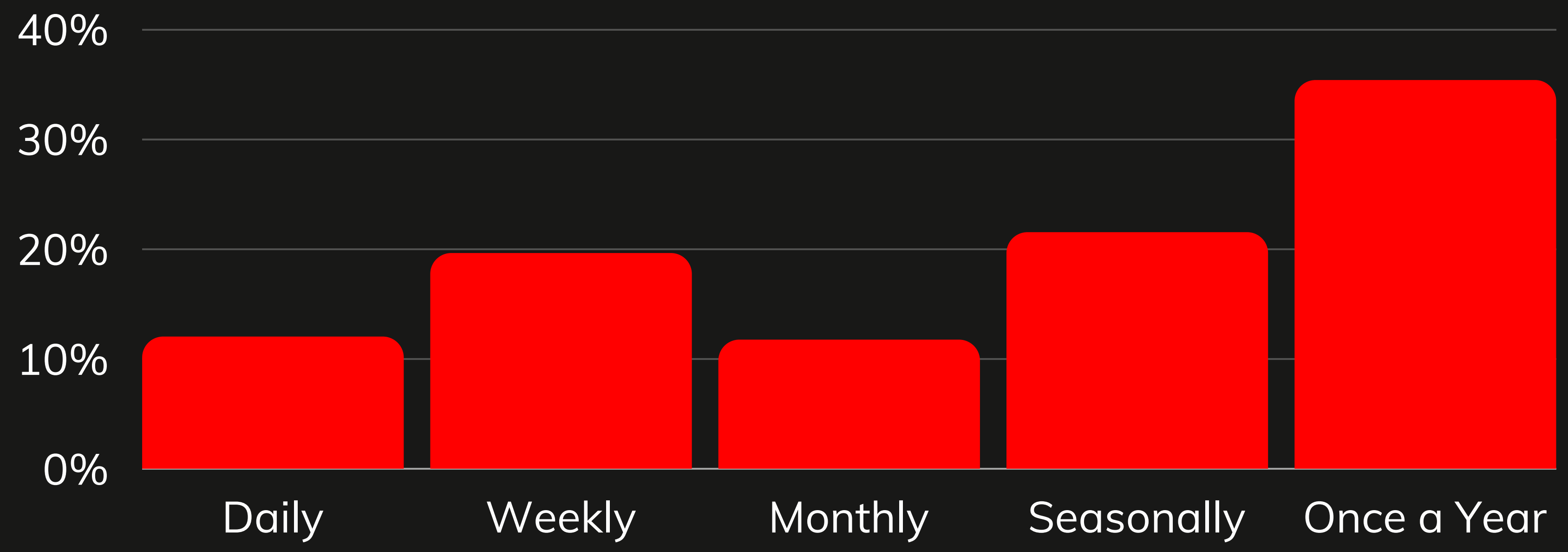


TOP 3 ESPORTS TO RESPONDENTS

- COD - FPS.
- NHL - Sports.
- Smash Bros – Platform. Fighting/Nintendo.
- Other: included a mix of smaller, niche games that are either FPS or sport, or FGC.

COMPETITIVE GAMING HABITS

Percentage Distribution of Frequency of Individual Communication with Community



The interactions per year for a majority of respondents is once a year:

- Could be attributed to a major event or LAN or online gather.
- Seasonally, 21% of respondents were engaged with their local community.
- 20% engaged with their community weekly.
- However, 59% of respondents were not interacting with an esports community digitally.
- On top of that, with spaces and places, 87% of respondents reported having NO physical meeting space for anyone.

Spaces seem to be either a school esports club (high priority partnership), a local esports arena, a public space like a community centre or a larger event venue, like a hotel.

KEY INSIGHT 2

FPS based COD was the most popular game, which makes sense as it's played on both the PS4/PS5, XBOX, and PC. Further, EA's NHL series is also a favourite with the PS4/PS5/XBOX crowd, so bundling with these titles will be very helpful for Telus to further engage its targeted audience.

Telus' move to continue doing NSW sales will be effective as Smash Bros is an exceptionally popular title amongst users this late into the console's life.

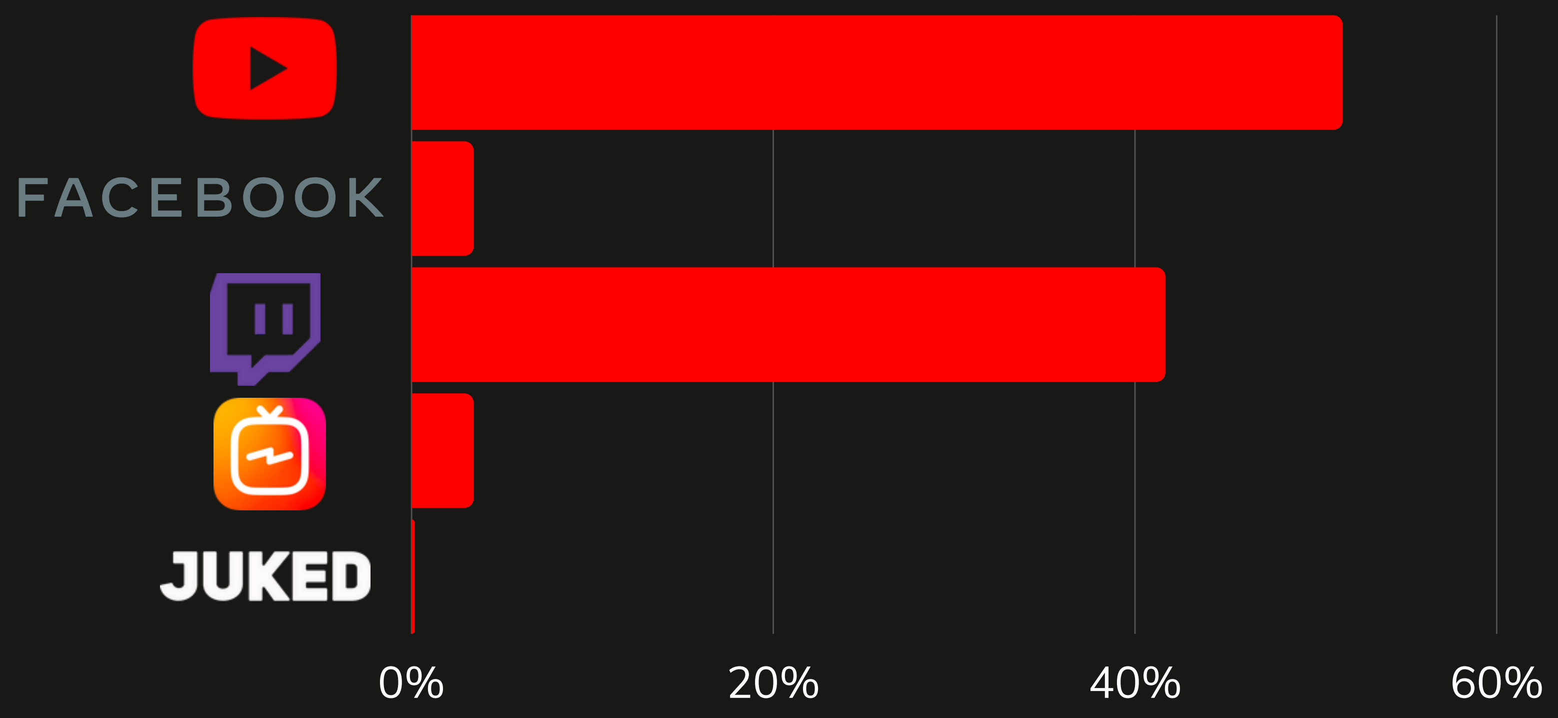
In regards to esports however, there is an emphasis on either weekly smaller interactions (such as weekly events, small tournaments etc) or big yearly one-off interactions (These could be major events, leagues or circuits that are larger scale).

In non-pandemic settings, spaces and places seem to fall under 4 categories: (1) public community spaces, (2) scholastic spaces, (3) private esports-endemic spaces, and (4) private non-endemic spaces.

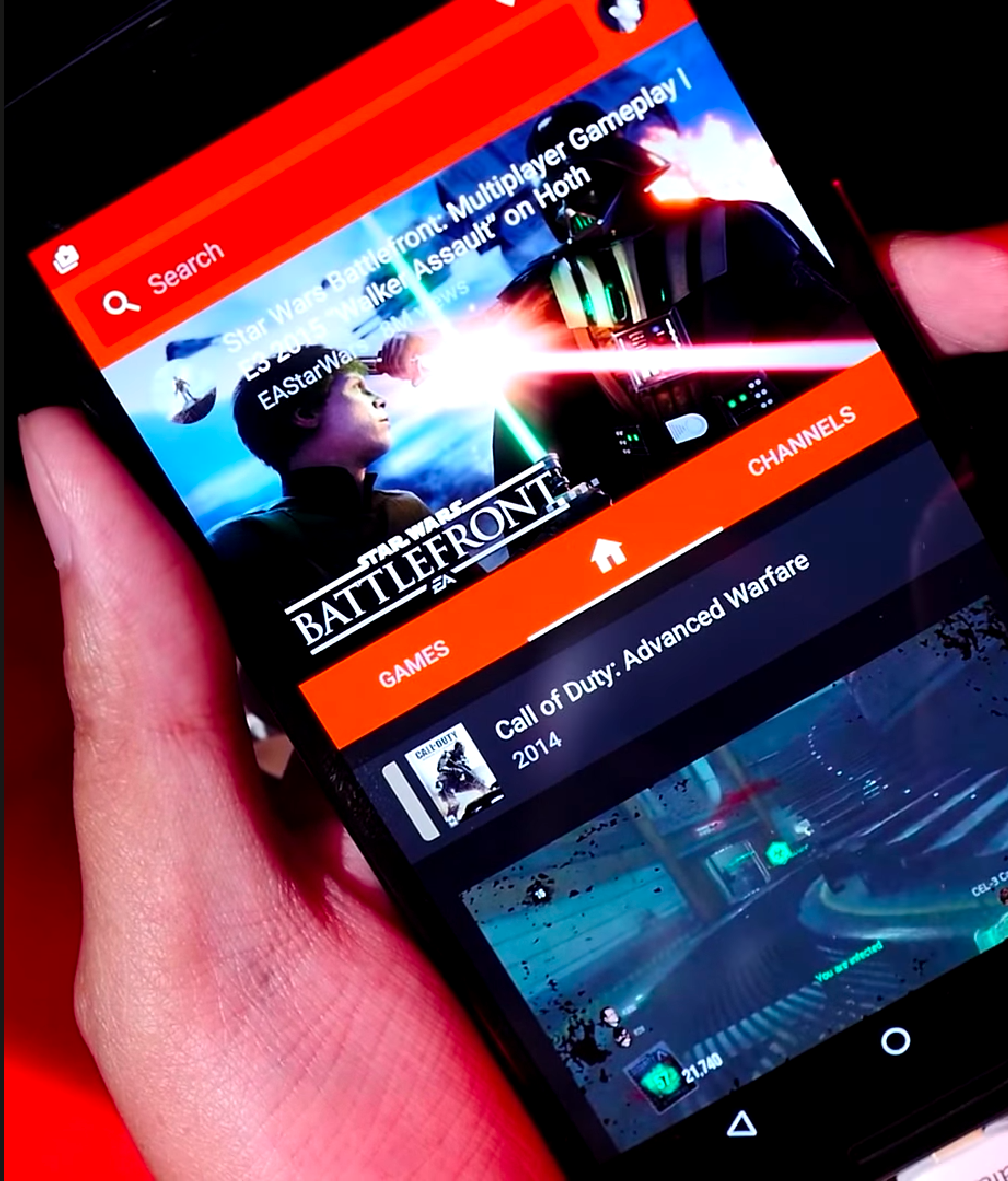
The low hanging fruit for Telus is the scholastic and community spaces, as these are more blue ocean than the two private spaces.

CONTENT HABITS

Percentage Distribution of Content Hub Viewership



- YouTube is the most popular content platform.
- Twitch is the next biggest.
- 64% responded that content is watched less than 5 hours per week.
  - It is a decreasing trend, where smaller percentage watch higher content amounts.
- Only 13% of respondents identify as a content creator.
  - Their largest concern? Online Toxicity.
  - Revenue and Diversity are the next biggest concerns.



KEY INSIGHT 3

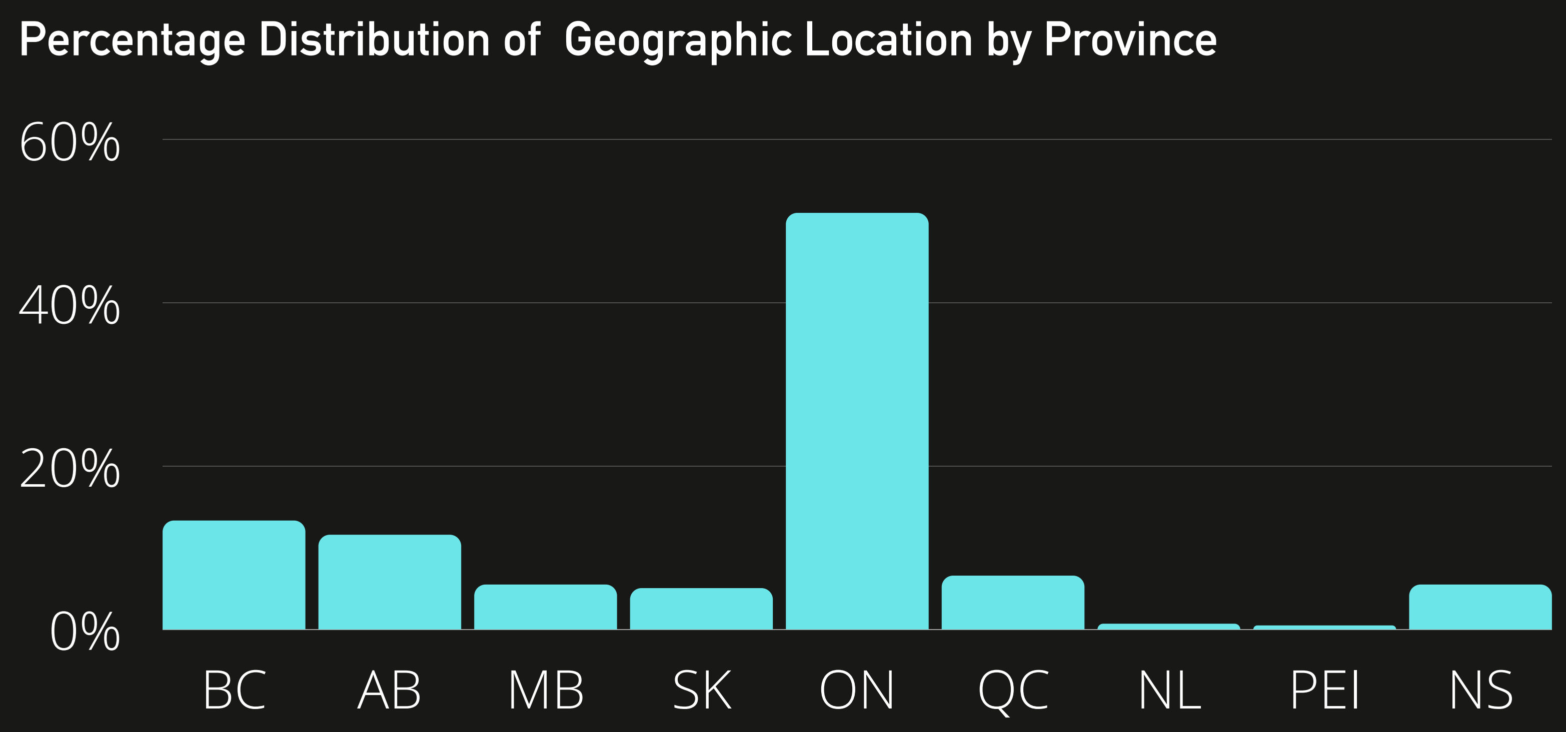
These insights are highly predictable and fall in line with current trends. The only unique concept about the platform of choice is that Youtube provides greater “quality, edited content” that should have an effect on the content being consumed. Follow-up in this area may be needed for depth.

Interestingly, with the majority of gamers watching less than 5 hours of content per week, the discrepancy between Youtube's influence and the amount of time engaging content doesn’t add up with the ESAC or Statista stats. Maybe respondents thought it was “Esports” content per week?

Additional insight here is that the toxicity of Youtube is still the biggest concern for content creators as well as opportunities for revenue generation and diversity in the space.

Content creators continue to make up a small amount of the space but, given the engagement driven by them and the value and effectiveness of word-of-mouth marketing, they are still a worthwhile demographic to target.

DEMOGRAPHICS

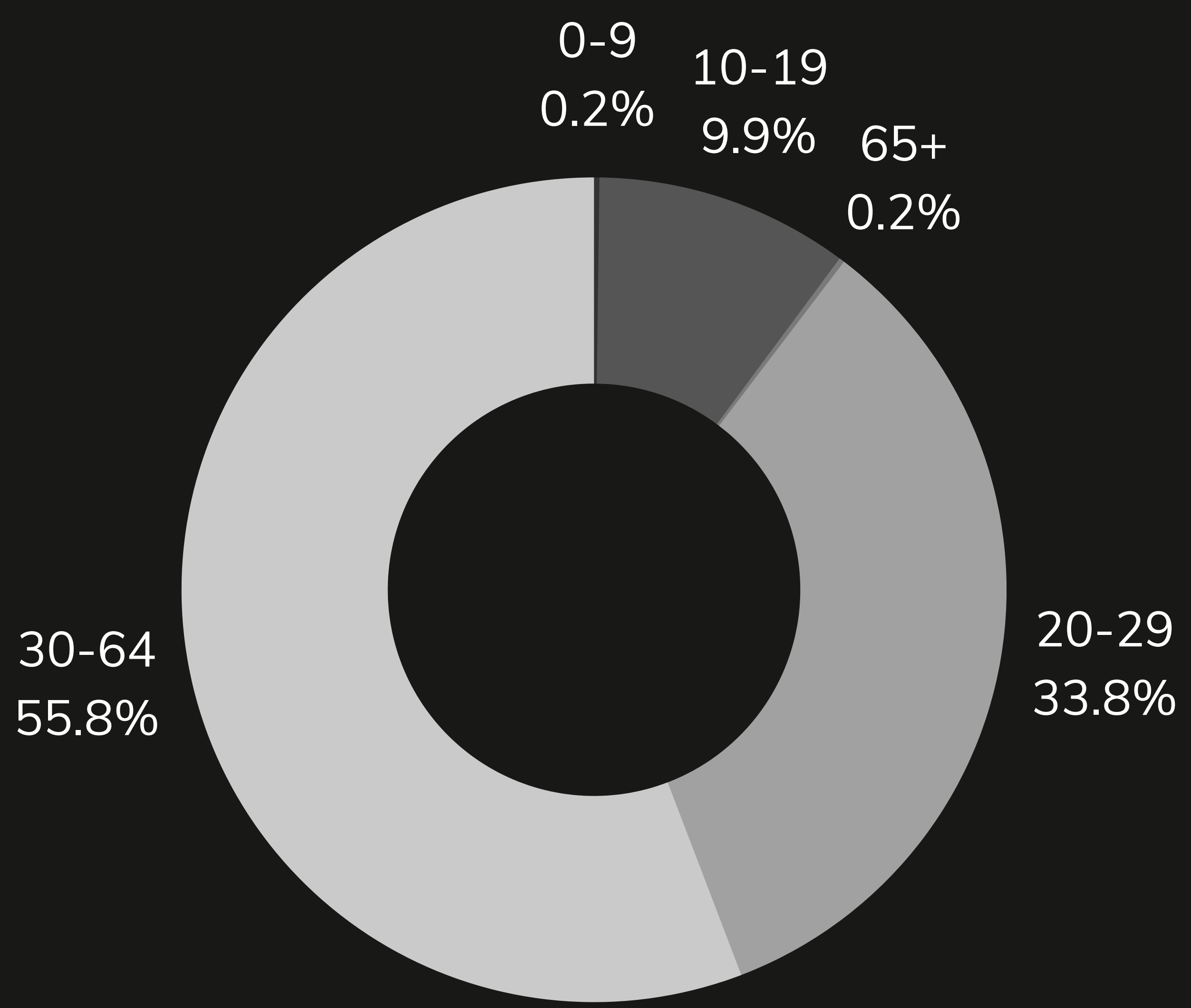


Staying true with esports populations, Ontario held 50% of the representation of our survey, with BC and AB close behind.

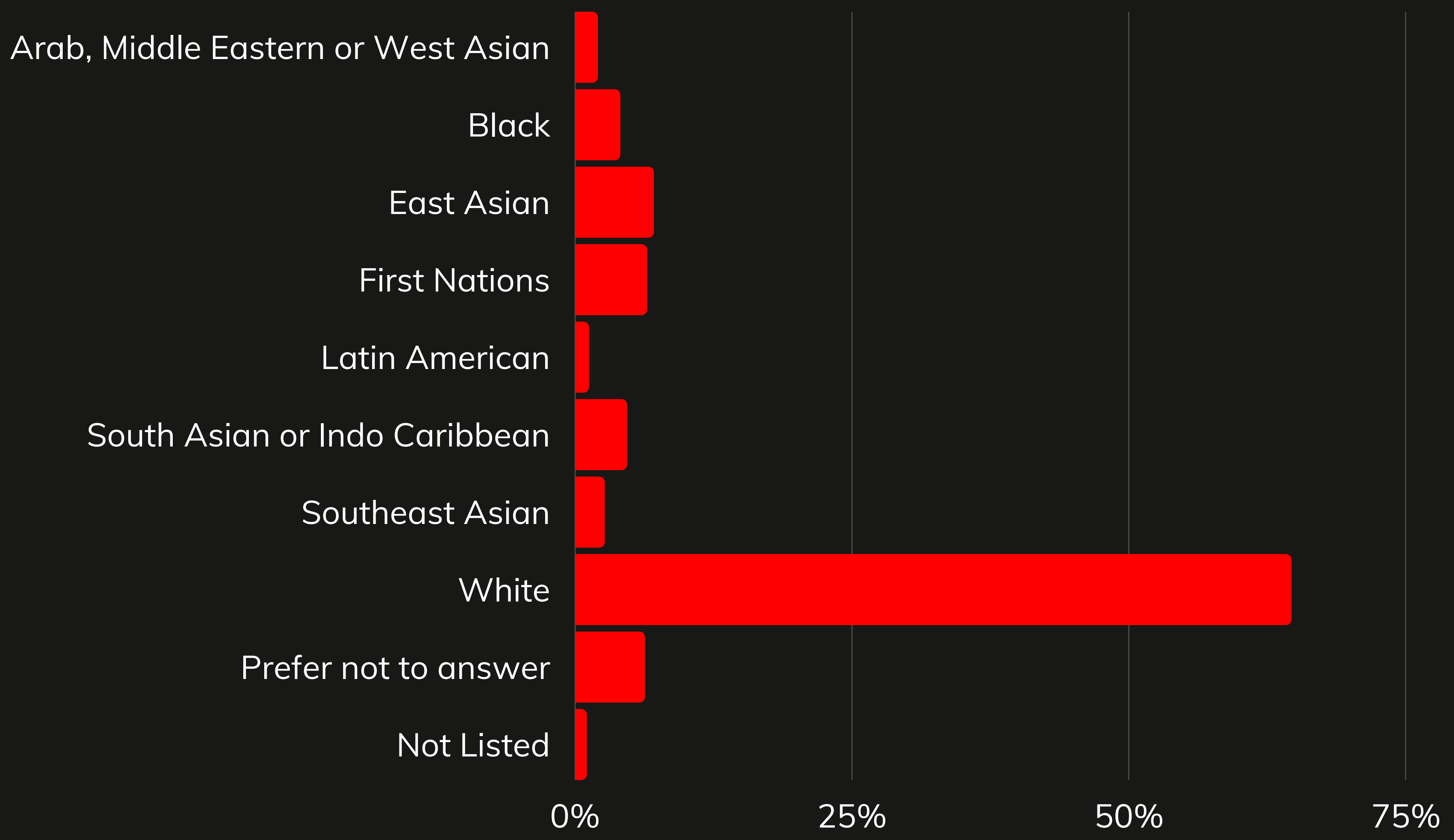
As an interesting aside, these proportional representations very closely mirror the revenue proposition of esports funding/investment in Canada, with Ontario holding the majority, BC second, and AB third. Within this, there lies a unique oppportunity for Telus in identifying what the blue ocean regions are for esports development and making investments into those regions pursuant to its insight.

DEMOGRAPHICS

Percentage Distribution of Respondent Age



Percentage Distribution of Racial Background Diversity

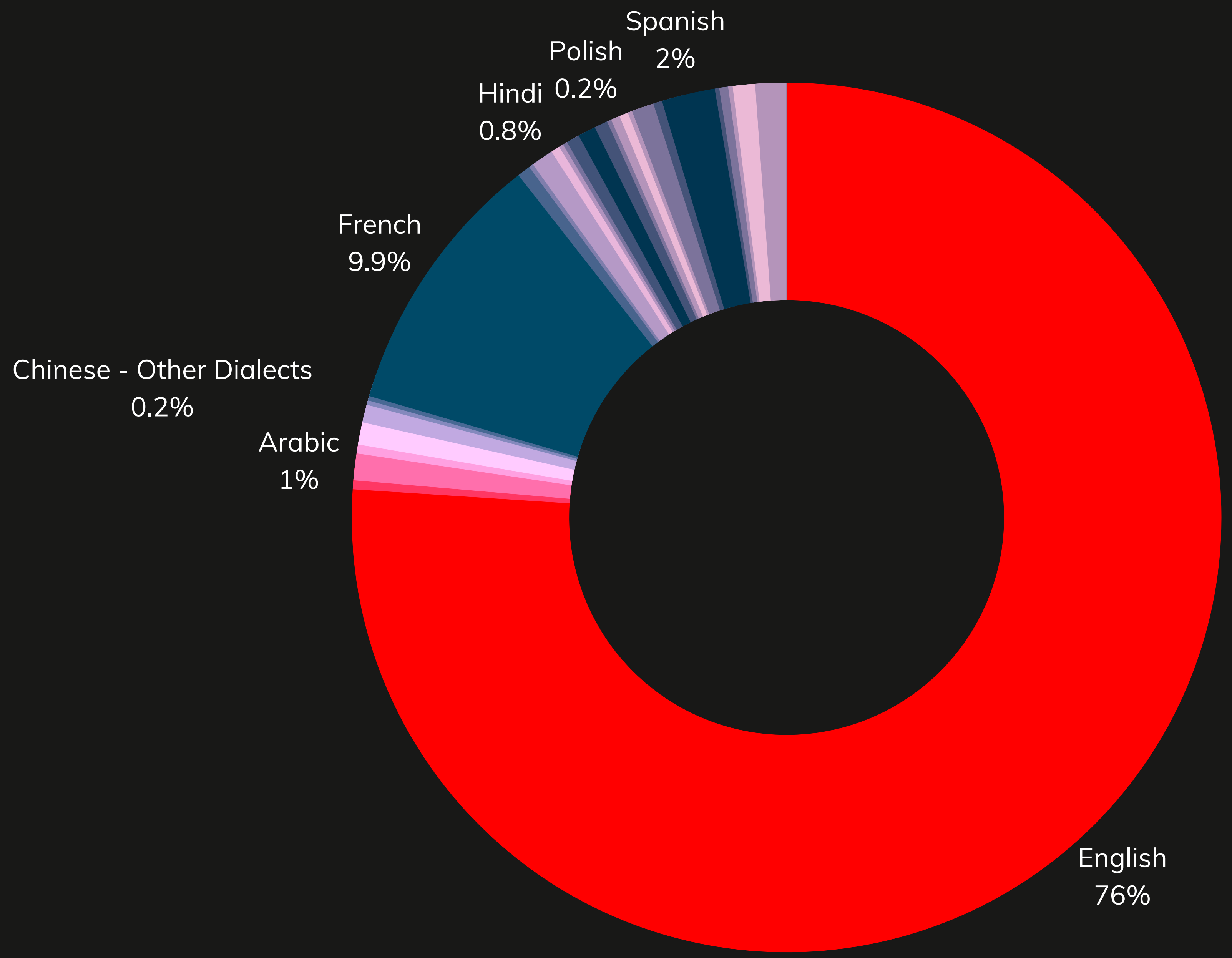


- Over half of respondents were adults, 30-64 (established).
- A third was young adult, 20-29 (collegiate aged).
- Less than 10% was 10-19 (High School aged).

- 64% of respondents were white, with minority groups represented in the single digits.
- Indigenous represented 6.4% of survey.
  - Of that, 50% identified First Nations, whilst 41% was Metis, 5.8% preferred not to answer, and 2.9 was Inuit.

DEMOGRAPHICS

Percentage Distribution of Dominant Languages



- English was the dominant language, with French second for preferred spoken language.

Percentage Distribution of Gender Identificaiton

- 84% identified as male, 11% as female, leaving a small, under 2% representation for other options
- Additionally, 72.1% was straight/hetero, while 8% representation for both asexual and bisexual, and small representation for the LGBTQ2AI+.

- Over 3/4s of respondents identified as not having a disability, 15% did however.

KEY INSIGHT 4

It's clear the battle for engagement is in Ontario, and the blue ocean opportunities are in BC and AB. We recommend that Telus identifies and engages with strategic partners in both those provinces to capture core audiences in the 20s-30s - focusing on public spaces and schools for the 20s, and more private areas for 30s+.

The Straight White Male is the most represented in the esports space, and this is reinforced in our findings. This gap is an opportunity for TELUS; women in gaming, LGBTQ2ASI+, BIPOC in gaming activations are key to balance this out in the next few years. Once again, engage in the public spaces and schools for accessibility.

CONTACT US

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