

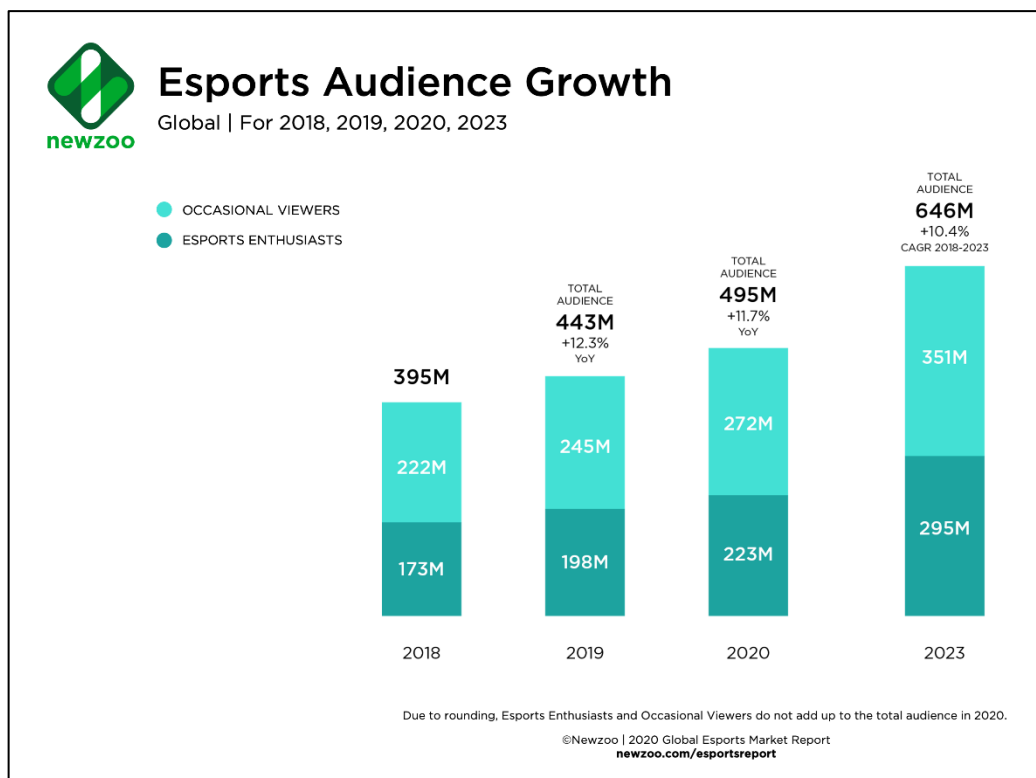


Esports industry

Esports is a video game competition between people. Although many games have a competitive component, not all of them are related to esports. In order for a game to be considered esports, it must meet a number of criteria: "be plotless, short-session and provide players with initially equal conditions"*. From our point of view, there is another factor that allows us to consider a particular video game as part of esports: it must be popular, it must have a high user and audience interest, which creates a significant part of the media and entertainment industry from esports. Esports games are often referred to as "disciplines".

The most popular esports games among the Russian-speaking audience (CIS region) are Dota 2 and Counter-Strike: Global Offensive. In the world, the highest level of audience interest is enjoyed by League of Legends, popular competitions for Call of Duty, Overwatch, Tom Clancy's Rainbow Six Siege and Valorant. Games of the Battle Royal genre — Fortnite and PlayerUnknown's Battlegrounds (PUBG) — gather a significant number of players and viewers both in the CIS and in the world. Mobile esports (for example, Free Fire and Clash Royale) is rapidly gaining its audience. In the Asian region and the United States, fighting games (Tekken 7, etc.) are popular. Major competitions are also held in StarCraft 2, Hearthstone, Quake Champions and Rocket League.

According to the results of 2020, the global esports market is estimated at \$950 million, the global audience is 495 million people (data from the Newzoo analytical company). The Russian esports market is \$28.6 million (PwC data), the Russian audience is 12 million people (Nielsen Sport data).

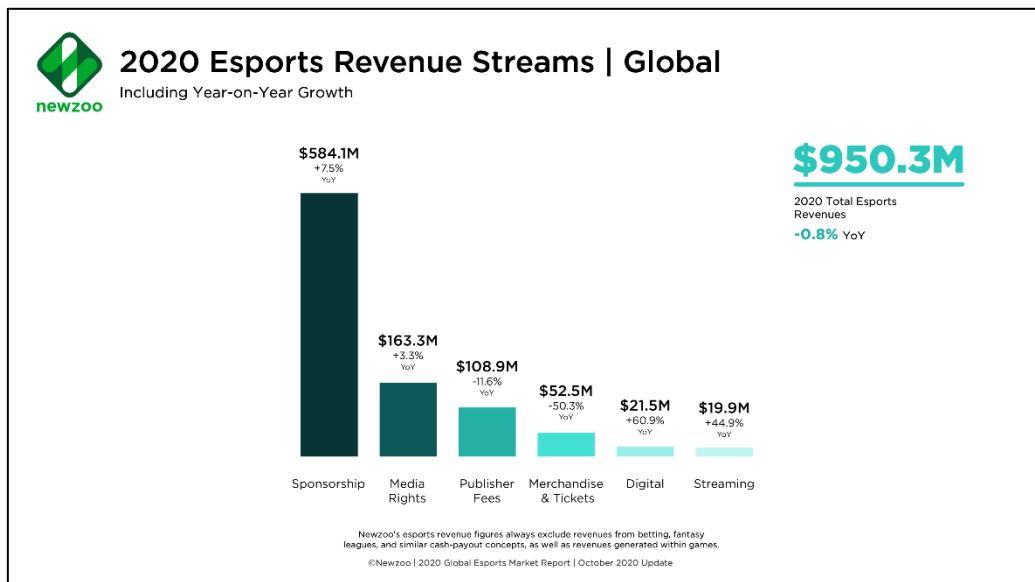




The main participants of the esports industry are:

- **Game publishers** (Valve, Riot Games, Activision Blizzard, Ubisoft, etc.) are the copyright holders and owners of intellectual property. esports for them is a tool for marketing promotion of games. Publishers' revenues from esports are taken into account in the assessment not of the esports market (\$950 million), but of the gaming market (\$140 billion).
- **Esports clubs** are sports organizations that unite players in various esports disciplines (similar to Zenit and Real Madrid with football and basketball teams). ESforce esports club is Virtus.pro.
- **Tournament operators** are companies that organize online and offline esports tournaments. ESforce tournament operator is Epic Esports Events.
- **Broadcast studios** are companies that conduct live broadcasts and organize coverage of tournaments. Similar to sports TV channels, they buy media channels for major tournaments and show them to their audience. ESforce broadcast studio is RuHub.
- **Esports media** are sites and channels covering esports news and events. ESforce esports media is Cybersport.ru.
- **Streaming platforms** are portals and applications where tournaments are broadcast. We can say that these are "global TV channels" with millions of different programs, hosts and content authors in which video game players act. esports for them is not the main, but an important component of the "program grid". The largest gaming streaming platform is Twitch, Husha is popular in China, and YouTube and social networks (Facebook, VKontakte, Odnoklassniki, etc.) are also actively developing streaming functionality.
- **Esports federations** are similar to those in "traditional" sports, these public organizations are responsible for the mass esports development, building the appropriate infrastructure and working at the state level. Russian Esports Federation works effectively in the Russian Federation.

The main sources of profit in esports are sponsorship and advertising, media advertising for tournament broadcasts, payments to game publishers, computer equipment sales and tickets.





Esports today is a unique industry at the intersection of sports, media, show business and technology. Esports, including Russian, has its own world-class stars, who are loved by millions of fans. Therefore, it is not surprising that the main source of income is sponsorship and advertising. And if earlier the audience of esports was mainly interested in "endemic" brands of manufacturers of computer equipment and accessories, now food and restaurants, the automotive industry, pharmaceuticals, insurance services, FMCG, perfumes, telecommunications and representatives of many other industries enter this territory.

Welcome to esports!

** The Russian Esports Federation definition*

*** PwC classification*