GameSquare Holdings Inc.
Third Quarter 2026 Results Conference Call Transcript

Date: **November 16, 2026**

Time: **11:00 AM ET**

Speakers: **Justin Kenna**
Chief Executive Officer

Mike Munoz
Chief Financial Officer

Operator:
Good day and thank you for joining us for the GameSquare Holdings 2026 Third Quarter Conference Call.

On the call today, we have Justin Kenna, GameSquare CEO, and Mike Munoz, CFO.

During the call, all participants are in listen-only mode. Following the presentation, we will conduct a question-and-answer session.

Before management discusses the results, I'd like to remind everyone that certain statements in this call may be forward-looking in nature. These include statements involving known and unknown risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements. For information about forward-looking statements and risk factors, please see our 10-K for the quarter ended September 30, 2026, which will be available on the Company's website or with the Securities and Exchange Commission.

I will now turn the call over to GameSquare CEO Justin Kenna. Justin, please go ahead.

Justin Kenna:
Thank you and good morning to everyone joining us on today's call.

We believe 2026 is shaping up to be an important turning point in our history as the actions we pursued to optimize our operations, integrate our business, and improve our cost structure are translating into stronger underlying profitability. As a result, our focus has shifted from assembling an integrated ecosystem of end-to-end capabilities for the creator economy to demonstrating the earnings power of our platform.

The third quarter of 2026 marked our second consecutive quarter of positive Adjusted EBITDA. That milestone, together with a significant year-over-year improvement in profitability, gives us the confidence that we're establishing the foundation for sustainable operating profitability going forward.

Commercial progress is broadening across our technology, talent, agency, and owned and operated IP platform. During the quarter, we supported engagements with leading brands and entertainment

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properties, including Disney, Marvel Rivals, and Red Bull, highlighting our ability to deliver integrated marketing, content, and gaming experiences for some of the world's most recognizable brands. We also expanded our relationship with Azuki, brought Hungryboy Hot Sauce to Walmart's online marketplace, partnered with Chartis on campaign measurement, launched Hatchet's AI-powered creator intelligence platform, and celebrated another international championship for FaZe Esports.

All these are tangible examples of GameSquare's growing reach and momentum. We are increasingly going to market as one GameSquare, combining strategy, creative execution, talent, distribution, and measurement to solve broader client needs. That integration provides a differentiated moat around our business and provides GameSquare with more ways to deepen existing relationships and drive higher revenue per client.

While third quarter revenue was softer than we expected, it was up significantly both year-over-year and sequentially. The conflict in the Middle East disrupted customer engagements, while certain brands delayed gaming marketing commitments ahead of a major anticipated title launch. These timing issues affected third quarter revenue but did not derail our operating progress. As a result, we entered the seasonally strong fourth quarter with encouraging activity across the platform.

Our platform continues to validate the integrated GameSquare model. Agency of record relationships achieved a 100% renewal rate for 2027, providing valuable recurring revenue and visibility and reinforcing our role as a long-term strategic partner to clients.

Content is tracking toward approximately doubling revenue in 2026, driven by work for HyperX, Baylor Scott & White, and Roblox.

Dairy MAX's Milk campaign had generated tens of millions of views, and our first major South American Roblox developer event convened more than 300 members of Brazil's developer community. These engagements are not only high-profile wins but illustrate the range of services clients increasingly source from us, from always-on social creative to original events and community experiences. That diversification helps us build stronger client relationships and a more durable revenue base.

Click also made important progress during the quarter, expanding its international footprint with the launch of an Asia Pacific division and the addition of new client engagements across the region. The

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team executed campaigns for recognizable consumer brands, including KFC and McDonald's, further demonstrating its ability to deliver culturally relevant marketing campaigns across international markets. We believe this expansion creates additional opportunities to deepen our relationship with global brands and extend our integrated capabilities into new markets.

During the third quarter of 2026, we delivered major activations for Marvel Rivals and Red Bull, including the SypherPK Showdown. SypherPK demonstrates how our talent, creative, and events capabilities work together across multiple client relationships. Publisher tournaments and in-platform events we supported also reached audiences in the tens of millions this year. Across our integrated model, a single client or talent relationship can support campaigns, production, sponsorship activations, and analytics. We see that cross-selling opportunity as an important part of our long-term growth strategy, particularly as brands seek measurable engagement with younger audiences.

We continue to invest on technology, innovation, and AI to strengthen GameSquare's offerings. During the third quarter, Hatchet was selected for the second consecutive year as a data and insights provider for the Esports World Cup, one of the world's largest competitive gaming events. This relationship reinforces Hatchet's leadership in gaming and creator analytics and demonstrates the value of our proprietary data and measurement capabilities.

Hatchet is a leading source of intelligence on gaming audiences and emerging consumer trends. Our recent research highlighted the rapid growth of TikTok Live, where gaming viewership increased 96% year-over-year to approximately 2.5 billion hours watched during the first half of 2026. We also published our Grand Theft Auto VI Effect Report, examining the anticipated impact of one of gaming's most significant entertainment launches on consumer behaviour, spending, and broader culture. That research attracted coverage from major media outlets, including Fast Company, helping expand GameSquare's visibility beyond the gaming industry.

Importantly, these insights are more than thought leadership. They demonstrate the depth of our proprietary data and our ability to help brands understand where audiences are moving, how they engage, and where marketing opportunities are emerging.

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We continue to invest in advancing our technology offerings, and during the quarter we introduced Hatchet's next-generation AI-powered creator intelligence platform, leveraging more than a decade of proprietary data, covering over 55 million creators across more than 30 platforms.

Meanwhile, TubeBuddy's new AI-powered video ideation tool is showing encouraging early results, with users activating the feature converting to paid subscriptions at approximately 10X the rate of non-activated users.

Together with our Chartis partnership, these initiatives demonstrate how we are leveraging proprietary data, AI, and technology to deliver measurable value to customers while creating opportunities for higher margin recurring revenue.

Across owned and operated IP, our Azuki partnership, Hungryboy's online retail expansion, and FaZe's continued success further demonstrate how widely we can activate our platform and the opportunities we are pursuing to engage and monetize global audiences. In fact, just yesterday, FaZe Esports captured the Rainbow Six Championship at the Osaka Major in Japan, sweeping DarkZero 3-0 and earning a $200,000 first-place prize that we expect to contribute to fourth quarter revenue. This marks another major milestone for FaZe, following its 2025 and 2026 6 Invitational titles and 2026 Esports World Cup Championship. Beyond the prize winnings, these victories reinforce the global strength of the FaZe brand and create additional opportunities to deepen fan engagement and expand commercial partnerships.

Importantly, we are pursuing that growth with an increasingly disciplined operating model. Fourth quarter activity remains encouraging across brand campaigns, events, publisher programs, and our recurring client base. We are focused on converting this pipeline into recognized revenue while protecting margins.

As we look to expand our ability to monetize premium IP and deepen our relationships with passionate fan communities, the recently completed FanEngine transaction represents an important next step in our strategy.

With this overview, I want to review FanEngine in more detail and how we believe it can expand GameSquare's long-term growth and earnings potential.

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Historically, GameSquare has helped leading brands and publishers reach and monetize audiences. FanEngine allows us to monetize premium IP more directly through memberships, experiences, content, merchandise, and partnerships. By combining those rights with our existing capabilities, we can pursue a higher margin mix and capture more of the value created by fan engagement.

We've already delivered programs involving Fortnite, Roblox, SpongeBob, Teenage Mutant Ninja Turtles, and Marvel Rivals. FanEngine lets us apply that expertise to an expanded portfolio of entertainment, sports, and media IP without duplicating a large fixed-cost infrastructure.

Peaky Blinders is our first major launch. Its planned digital fan experience, beginning with the Peaky Blinders Pass, creates opportunities across rewards, content, gaming, merchandise, and brand activations. We expect seven figures of high-margin revenue from this initiative in Q4, with a materially larger opportunity in 2027. This is the beginning of a broader IP monetization roadmap. The goal is to turn a recognized entertainment brand into an ongoing fan relationship program. Our core platform can support everything from creator activations to publishing relationships and measurement, providing a coordinated route to market as additional experiences are introduced.

Simon's Cat provides a useful proof point, having generated approximately $50 million in cumulative transactional revenue and $9 million in cumulative profits since 2024. FanEngine also expands our reach into sports, media, and talent, creating opportunities across sponsorship, content, and experiences. We see these as complementary models, as established entertainment properties can drive digital community monetization while sports and media rights can support branded content, live formats, and recurring sponsorship relationships. Both fit naturally alongside the capabilities already within GameSquare.

Our aim is to build a repeatable sales platform for activating recognizable IP and deepening direct fan relationships. We expect additional initiatives through 2027, with launches sequenced to sustain engagement and commercial momentum.

The larger point is that we're doing a more profitable core platform while adding a new scalable monetization model. Our second consecutive positive Adjusted EBITDA quarter shows that the changes to our business are having an impact even as we remain focused on the work ahead.

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We had also anticipated approximately $5 million of treasury-related yield that has not materialized as originally expected. Even so, momentum across our operating businesses and the expected contribution from FanEngine underpin our confidence in our 2026 pro forma guidance. Our emphasis is increasingly on generating earnings from the businesses and intellectual property that we control rather than relying on market-sensitive treasury income.

As GameSquare's operating platform continues to scale and generate improving profitability, our capital allocation strategy is also evolving. Our objective is to allocate capital toward the opportunities we believe offer the most attractive risk-adjusted returns and the greatest potential to create long-term shareholder value.

We remain constructive on the long-term potential of ETH and other digital assets, as well as revenue opportunities from a growing pipeline of Web3 and on-chain customers. At the same time, we recognize that digital asset values can be volatile and are largely influenced by external market conditions. As a result, we continued to opportunistically monetize our ETH position in the third quarter. We expect additional opportunistic sales going forward as we are prioritizing cash and stablecoins where appropriate to reduce volatility and preserve balance sheet flexibility.

In August, we completed a 1-for-8 reverse stock split. This was an important step in addressing Nasdaq's minimum bid price requirement and supporting our continued listing. The split did not change the fundamentals of GameSquare or our strategy. Our focus remains on building the earnings power, operating consistency, and investor confidence that can support long-term shareholder value.

We also remain disciplined on capital allocation and share repurchases. Through November 13, we have repurchased approximately 1.6 million shares for nearly $5.6 million since the launch of he program in October of 2025, including approximately 214,000 shares in the fourth quarter to date. With approximately $9.4 million remaining under the current authorization, we retain flexibility to repurchase shares when we believe doing so represents an attractive use of capital alongside investments in our operating businesses.

In short, the third quarter of 2026 was another step forward with strong revenue growth and positive Adjusted EBITDA. We enter the fourth quarter focused on translating commercial momentum and the integration of the FanEngine transaction into sustainable profitability and shareholder value.

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With this overview, I'd like to turn the call over to Mike to review our 2026 third quarter financial results. Mike.

Mike Munoz:
Thanks, Justin.

The reported results for the third quarter of 2026 reflect the strategies underway to drive profitable growth.

Total revenue was $19.0 million compared to $10.7 million in the prior year period. The 77% year-over-year increase was primarily driven by the acquisitions of Click and TubeBuddy, as well as growth across our marketing and talent agencies and esports and IP operating segments.

Reported gross profit for the 2026 third quarter was $9.0 million, or 47.5% of sales, compared to $5.0 million, or 46.7% of sales, for the same period last year. The significant increase in gross profit and gross margin reflects a mix of higher margin sales and our ongoing focus on profitability.

Net income from Continuing Operations for the third quarter was $10.1 million compared to $5.9 million in the same period last year. These results include realized and changes in unrealized gains on digital assets of $14.2 million and $8.1 million, respectively. While digital asset gains contributed significantly to reported net income in both periods, we believe Adjusted EBITDA provides additional insight into the underlying operating performance of our business.

Adjusted EBITDA for the 2026 third quarter was positive $0.6 million compared to an Adjusted EBITDA loss of $0.6 million for the same period last year. The $1.2 million improvement reflects a combination of profitable revenue growth, higher gross margin, and greater leverage of fixed operating expenses.

Looking at our year-to-date performance on a pro forma basis, which includes our recently acquired businesses, revenue for the first nine months of 2026 was $53.3 million with gross profit of $24.9 million, representing a gross margin of 46.7%. Pro forma Adjusted EBITDA was positive $0.9 million, or 1.7% of revenue. These results reflect the progress we are making in strengthening our operating model, improving profitability, and positioning GameSquare for continued growth.

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At September 30, 2026, we had cash and cash equivalents and digital asset treasury assets of $31.2 million, or $2.38 per share.

I am pleased with the progress we are making in growing sales and improving profitability.

With this overview, I'll turn the call back over to Justin.

Justin Kenna:
Thanks, Mike.

Based on the momentum we see across the platform, our confidence remains strong and we are encouraged by how 2026 is shaping up.

On a pro forma basis, which reflects our plans for both the TubeBuddy and FanEngine businesses, we are reiterating our previously announced annual guidance for fiscal year 2026. We expect revenue in the range of $85 million to $90 million, with gross margins of 35% to 40% and Adjusted EBITDA of over $5 million.

Our outlook reflects continued growth and improving year-over-year profitability. With the successful closing and integration of the FanEngine transaction, strong demand and operating discipline now embedded across the organization, we believe that we are well positioned to scale profitability as the business grows.

Our focus remains on executing against our booked pipeline, successfully rolling out the Peaky Blinders IP, converting growth into sustained positive Adjusted EBITDA and cash flow, and allocating capital toward the opportunities we believe offer the highest return for shareholders.

With this overview, Mike and I are happy to take your questions. Operator, please open the call to questions. Thanks.

Operator:
Thank you. We will now begin the analyst question-and-answer session. To join the question queue, you may press star, then one on your telephone keypad. You will hear a tone acknowledging your

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request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two.

The first question comes from Jack Vander Aarde with Maxim Group. Please go ahead.

Jack Vander Aarde:
Okay, thanks. Good morning, everyone.

Hey, Justin. Great update. Thanks for giving us the whole rundown of, I guess, the pro forma guidance reiterated with the acquisition as well, so that's good to see.

I guess you're set up for a pretty strong fourth quarter now, given that you reiterated the 2026 guidance as well. I guess what I would like to ask you is, what do you think this acquisition does contribute to the fourth quarter? It's kind of a tougher question. If you were to back that out, what would you say is kind of the biggest slowdown of the original guidance without the acquisition? Thanks.

Justin Kenna:
No worries, Jack. I think a couple of things are important to note. You look at last year's numbers, Q4 was our largest quarter by some way, not only from a revenue perspective, but an EBITDA perspective. If you look at last year's numbers, we were north of $20 million of revenue and $2 million of EBITDA, and that's obviously before FanEngine. I think, as you can see, year on year Q on Q growth has been impressive, so we feel really strong going into Q4.

I think there were a couple of factors with Q3. As we mentioned in the call, we thought the Q3 revenue would be slightly higher than where it ended up, but I think given market conditions, we're really happy with the quarter and certainly how we're tracking. I think, number one, as we mentioned, the conflict in the Middle East has certainly slowed things down. I think we updated on the Q2 call around our sort of partnership that we had in MENA and being an approved government gaming vendor over there. We had a number of very deep conversations going on with a large automobile company and an airline, so that slowed down a little bit, as well as—I think many people in this space will understand—the launch of GTA VI, which is coming this week. There's been a lot of publishers and brands kind of sitting on their hands a little bit waiting for that launch, and we're well positioned. We expect the floodgates to open here.

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So, pipeline's really strong. Revenue hasn't gone away at all, but there was probably a little bit of a delay due to some of those factors in Q3. Really pleased that we were still able to post a profitable EBITDA quarter and certainly expect EBITDA to be really strong in Q4.

Another factor, I think, Jack, that we mentioned is we did have a significant amount of yield built into our original plan. That is no longer. We are liquidating our ETH, as we discussed. Our priority is really around solidifying balance sheet. Our priority is around our operating business. So there is some lost revenue on the yield there, but we're certainly more than making up for that through performance in our operating business.

And then finally, on FanEngine. Your question around how much do we expect FanEngine to contribute, we mentioned there seven figures of high-margin revenue. If all things went extremely well in Q4, there's a world in which that's eight figures of revenue, but I would say high seven figures, low eight figures of potential revenue into Q4.

Make no mistake, we're building this for long-term success, and we understand the importance of execution now. We're set up really well. We expect Q4 to be really large and put us in good stead to not only hit our 2026 numbers, but more importantly, give the market great confidence going into 2027.

Jack Vander Aarde:
Okay, great. I appreciate all the colour there. That makes sense.

I guess, since this is going to be your first year as you head into 2027, not to skip Q4, but as you head into 2027 with this pretty, I guess, positive guidance relative to the company's history, how much visibility do you feel like you have, I guess, at this point in time as you head into 2027 with this new team, this integration, all these new assets and projects that are going on? It's pretty hard to pinpoint, I'm sure, but do you feel like it's going to be a typical seasonality as you enter the year with these assets and to be profitable out of the gate?

Justin Kenna:
Yes, great question, Jack.

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There's really two parts to this. I think the easiest way to think about that guidance and how we can get to $150 million in revenue in 2027, because I know that's a large number and may scare some. The easiest way to break that up is if you look at GameSquare around that $85 million of revenue for 2026, we expect GameSquare to grow organically around 20%. So really, GameSquare, that core business prior to FanEngine coming in, is around $100 million of revenue and $10 million of EBITDA, which we think is extremely achievable. In fact, I'd say the pleasing part of that is that growing recurring base. We did mention on the call there was a little bit of a softening of some spend during the quarter, but the pleasing part is our 100% renewal rate on these AOR relationships—Dairy MAX, Jack in the Box, Roblox on retainer, these world-class brands and publishers. So I'd say we've got 70%-ish of that kind of revenue locked in pretty quickly, which in the past, that number's been a lot lower. So we feel really good on the GameSquare side.

That obviously leaves around $50 million of revenue and $20 million of EBITDA on the FanEngine side. Again, mentioned on the call, I think a really good proof point there is Simon's Cat. Again, for those who don't know, Simon's Cat's a cartoon YouTube cat, but the FanEngine team was able to monetize in a really material way a far smaller IP from an audience perspective than Peaky Blinders, was able to do $50 million of revenue and $9 million of profit. We think that's a great proof point. Certainly as FanEngine plugs into the GameSquare capabilities—again, areas that they were previously outsourcing, from gamification, content, live events, merch and consumer products.

So we think that this is a marriage made in heaven. Now it's about execution, but I think on that side, $50 million of revenue, $20 million of EBITDA might seem like large numbers on the FanEngine side. This is a low fixed-cost business. Just spoke about the ability to monetize a smaller IP in Simon's Cat. We have plans around the Peaky launch, which hopefully people saw the recent announcement. There's going to be some real catalysts to come there that you'll be able to see here moving forward. There's close to a $5 million MG on Simon's Cat. So of that $50 million of revenue and $20 million of EBITDA, it's actually $45 million of revenue and $15 million of EBITDA with those locked in numbers already, with plans around Peaky Blinders and other larger pieces of IP.

So while the numbers might seem large, when you break them down and understand historical monetization, they're not.

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We understand how undervalued we are. We're equally frustrated as I know shareholders are, but we're really excited to get these combined numbers out to market for Q4 and certainly Q1 and beyond. We feel really good about our ability to execute and deliver those numbers.

Jack Vander Aarde:
Excellent. Then I guess just if I could follow up on the balance sheet questions. You should be generating cash, it seems like, going forward, and what you do with that cash could be share buybacks, debt repayment and other strategic growth opportunities. But it looks like the debt did come down, that you've been repaying, and you still had a healthy chunk of digital assets on hand at the end of the quarter. Obviously, those prices aren't doing well today, but is the plan to liquidate the Ethereum for share repurchases by the end of this year? Or are you being opportunistic with it truly and there's no target of getting rid of it just for the sake of getting rid of it?

Justin Kenna:
Yes. A little bit to unpack there.

I think on the first part, just in relation, I'll sort of address sort of cash position. I think that perception of cash burn in Q3 is a little unfair in terms of, as you mentioned, the transactions that we've undergone. I think you'll see smoothing out there, and moving forward the operating business is profitable. Certainly, we believe with execution in Q4, we will be generating cash in Q4, and certainly for 2027 as a full financial year. I'd say that AR was a little locked up at end of 9/30, and we paid down quite a bit of AP, so we felt really good about the position that we're in.

I do think, again, there's misconception in market if you haven't done the work and you're just looking at a Bloomberg terminal and you see cash position that doesn't include ETH. Obviously, we're in a much healthier position once you include ETH and cash.

We are liquidating it, Jack. I would say that we'll have—not sort of indicating that we'll be completely out by year end, but I'd say we'll be very close to. The reality was that this was an opportunity for us at a point in time. We were able to get off quite a large raise at that point in time. We paid off our long-term debt. To your point, we had some short-term debt that we're paying down. We expect that to be completely paid off by year end. We expect to be generating cash and really having runway.

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So, there's no need for a financing. There's no plan for a financing. We're extremely cognizant of dilution.

For us now, we feel that we're in a really good position. We've done the work. Now it's really about execution. As I mentioned, proving out and getting these combined numbers out in market, which we think will provide real shareholder value, start to generate real cash, and be really clear with the market as we liquidate our ETH position that we have a solidified balance sheet, we've got runway and we don't need to raise money.

Jack Vander Aarde:
Okay, great. That's very clear. I appreciate the time, Justin, and wish you best of luck. I'll hop back in the queue.

Operator:
This concludes the question-and-answer session. I would like to turn the conference back over to Justin Kenna for any closing remarks. Please go ahead.

Justin Kenna:
Thank you. I just wanted to thank everyone for joining today's call and sort of reiterate the fact that we're also frustrated with current share price, but again, we are here to really provide and prove out long-term shareholder value. We are very much on track. Q4, we expect to be generating cash and, as I mentioned, generating cash in 2027.

It's been great progress from the Company. Really proud of all of our people in a very sort of tricky quarter from a market and macro standpoint. You navigated those markets and relationships really well. As mentioned, we're set up really well to deliver and execute here in Q4.

I'm really excited to connect with everybody again next year around sort of our next quarterly results, which will have combined numbers that we're really excited about. But you'll hear from me before then. There's plenty of catalysts coming through the end of the year, and we expect share price to react to those catalysts, and really looking forward to providing further updates.

Thanks again for the support. Really appreciate it. Cheers.

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Operator:

This brings to a close GameSquare's 2026 Third Quarter Financial Results Conference Call. You may disconnect your lines. Thank you for participating and have a pleasant day.

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