



GAMESQUARE

GameSquare Holdings Inc. Strategic Update Conference Call Transcript

Date: July 16th, 2025

Time: 12:00 PM ET

Speakers: **Justin Kenna**
Chief Executive Officer, GameSquare

Ryan Zurrer
Founder, Dialectic

Rhydun Lee
Managing Director, Goff Capital



Operator:

Good afternoon and thank you for joining us for the GameSquare's conference call to review its \$100 million Ethereum treasury strategy.

On the call today, we have Justin Kenna, GameSquare's CEO, Ryan Zurrer of Dialectic, and Rhydon Lee of Goff Capital. During today's webcast, all participants are in a listen-only mode. Today's presenters will be referring to a presentation that is also available on the Company's IR website.

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 refer to the Company's Securities and Exchange Commission's filings.

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

Justin Kenna:

Thank you, and good afternoon to everyone joining us on today's call.

It's a very exciting time at GameSquare. Before I turn the call over to Ryan and Rhydon to review our Ethereum-based treasury management strategy, I want to quickly introduce GameSquare to those who are new to our story.

Since our founding in August of 2020, we have followed a strategic plan focused on quickly building a next-generation media, entertainment, and technology business to help connect fans, brands, creators, and publishers at scale. In a little over four years, our operations have quickly grown to achieve over \$100 million in pro forma annual revenue. Today, our technology serves the top video game publishers. Our creative and media services provide various solutions to drive brand engagement with global brands including McDonald's, Nike, Porsche, General Mills, P&G, and many others. Finally, we own FaZe Clan Esports, the most recognizable global esports brand.

Since our founding, we have worked with leading companies in the crypto space, and many of our brand partners have developed crypto and web-free business strategies. As a result, we have been



watching the market grow and began developing a strategy to take advantage of the trends we saw emerging. Pursuing a crypto-based treasury strategy is a natural evolution for a digital company like GameSquare that focuses on media, entertainment, and technology markets. We believe this strategy will support our next phase of growth, take our Company to the next level, and create significant long-term value for our shareholders.

Through our relationship with Goff Capital and Rhydon Lee, we were introduced to Ryan Zurrer at Dialectic, and we saw the meaningful potential and alignment an Ethereum-based treasury management strategy could have to support our existing operations strategies. As legislative clarity around stablecoins, DeFi protocols, and digital assets began to emerge, we thought the timing was right to formally launch our treasury management strategy supported by Rhydon Lee at Goff Capital Management who has become a strategic advisor to GameSquare, and Ryan Zurrer at Dialectic who is managing our Ethereum-native treasury strategy.

For those of you that are unfamiliar with Ryan, he is a long-time crypto pioneer and early investor in projects including Ethereum, MakerDAO, Solana, Avalanche, and Filecoin. He was the first partner at Polychain Capital, co-wrote the MakerDAO white paper that grandfathered in the DeFi ecosystem and has been a key liquidity provider to leading DeFi protocols through his yielding team at Dialectic. We are extremely excited by the potential of Dialectic's strategy.

Last week our board approved a \$100 million Ethereum-focused treasury program that is designed to generate sustainable on-chain yields through decentralized finance protocols and Ethereum ecosystem assets. We are uniquely positioned to differentiate ourselves from other companies just buying Ethereum for appreciation and staging strategies. We believe GameSquare's strategy creates outsized value by targeting best-in-class on-chain yields of 8% to 14%, plus staking opportunities and potential Ethereum appreciation.

As a result, once fully implemented, we believe our current strategy can drive over \$10 million of incremental annual profitability that we intend to deploy on additional Ethereum asset purchases, funding potential share repurchases, and reinvesting in our growth initiatives. It is important to note that our treasury management strategy complements our existing business, and we intend to continue to pursue strategic growth opportunities to expand our media, entertainment, and technology assets.



For those that actually can't see the Dialectic deck in your webinar, you can also access it on the GameSquare Investor page.

With this overview, let me turn the call over to Ryan to provide more information on our treasury strategy. Thanks.

Ryan Zurrer:

Thanks, Justin, and I share your enthusiasm for GameSquare's thesis and strategy here. I think this is very compelling and that's why we decided to get involved.

I'll start by walking through what Dialectic is all about and where we've come from our track record and things like that, and then dive into the weeds on our focus on risk management and security, as well as where we get the yields from so that a non-crypto native can sort of understand how these yields are being generated consistently over the last four years.

For about four and a half years now, we have been the leading yielding player in the DeFi ecosystem. For example, our 2024 returns on U.S. dollar were 26.99%, on Ether 14.02%, and on Bitcoin they were 6.12%. We yield in these three categories, but I myself am most excited about our ETH yielding because ETH represents the most compelling asset in the space today.

Of the six use cases that have actually captured traction and zeitgeist in crypto, five of them exist on Ethereum. So, the six use cases are non-sovereign store of value, which is Bitcoin; stablecoins, which is more than 60% on Ethereum; decentralized capital formation, also known as ICOs, which is primarily on Ethereum; provenance of digital wealth, and—sorry, well, I'll come back to this.

Ethereum represents the most compelling use case in my view, and given that upside that the underlying asset has, along with the DeFi primarily existing on Ethereum, you're able to generate the most yield. In fact, DeFi is that last final use case for decentralized debt. That's where we focus—is DeFi.

You can think of DeFi as thousands of small Lombard microloans being issued on-chain. So, somebody will have, say, some Ethereum or some Bitcoin, they'll over-collateralize a loan in order to go and take a directional position. In reality, there are many other strategies in DeFi, but ultimately that's an



emblematic use case for yielding. So, we act as a lender in that case, and they're always short-duration loans, kind of one week or less, and usually ultra-high interest rates. Then what we do is we use hyper-diversification to create a portfolio effect to help control risk. Obviously, there are significant risks in crypto, and as a result, you should only have bits at risk in each opportunity that you're seeking, each yielding opportunity.

Because we've built out this automated machine that we call Medici, it's able to handle the risk management and evaluation, the deployment and execution, harvesting, converting back to base currency, and compounding. We've also built out a machine-learning-driven alerts mechanism that allows us to exit pools that are at high risk or have indicators of a risk event in place. Over the course of our history, we have successfully exited about a dozen risk events prior to them occurring, sometimes by minutes, sometimes by hours. Most famously, we front-ran the curve attack in 2023 in an automated format during the evening.

What am I trying to get at with all this? To do DeFi in today's environment, you must be doing it in an automated fashion. You must have infrastructure built out. You cannot do it in a manual fashion. Somebody who is doing DeFi or yielding manually today, frankly, we are eating their lunch. They cannot produce the returns that we produce, and on a risk-adjusted basis, we have no peers. There are people who are taking excessive concentration risks and able to capture returns that are somewhere in the area of ours. But on a risk-adjusted basis, there is nobody, to my knowledge, taking the automated risk-controlled first approach that we do. As a result, over the course of the last three years, we have zero down months, and that really is the mantra. No down months, compounding is the strongest force in the universe, and if you can just compound the best on the highest quality assets, you will perform the best over time.

In this current environment, where over the last sort of 18 months, Bitcoin captured most of the zeitgeist, we think that Ethereum is very well positioned to capture both upside in an underlying asset, along with the superior yield. Again, DeFi exists primarily in Ethereum.

Along with that, we have added a number of other layers of risk management and control and security to our ecosystem. Everything we do is on-chain, so we use Gnosis Safe and Fireblocks and Utila and other on-chain activities. That is about being crypto-native, about being in the weeds, about being in the know in the deep understanding of our space, because the best yields exist on-chain. Yields and ARB



(phonetic 12:10) opportunities that exist in centralized exchanges are fine, but they're just not as compelling as on-chain yields. That's because the information asymmetry that is enabled by a crypto-native know-how that our team has allows us to play in greener spaces than overcrowded centralized exchanges. So, we tend towards most of our activity, if not all of our activity, being on-chain and thusly being verifiable. GameSquare can verify where their capital is at, at any given time, verify through their dashboard, their own diversification in their capital, and understand what their overall risk profile is in deploying capital with us.

We build up our yielding machine in layers, and we start with deep due diligence. Our automated machine tracks more than 30,000 pools at any given time, creates an algorithmic risk scoring from these pools. Our engineering team does due diligence on the code base of every single pool that we will deploy capital into. From there, we're using hyper-diversification as a primary risk management tool. In any given moment, we're in somewhere between 150 and 250 pools, and then in any given other moment, and certainly over the course of 60 to 90 days, we'll be in another 150 to 250 different pools.

The automation that we have, especially with the machine learning team that we've had since 2021, driving our early warning alerts mechanism, driving our risk framework, and using what I understand to be the most complete data set in all of DeFi. Anybody who is following AI knows that advantage comes from either data or compute, and we certainly have the data advantage when it comes to using machine learning for DeFi.

On top of that, there's a number of other different layers, but one that I will highlight is an insurance package that we have with Nexus Mutual. It's been about 18 months that we've been running this full fund coverage insurance, covering up to 20% drawdown with a 3% deductible on our Nexus Mutual insurance. Their actuarial team decided that it was a better risk-adjusted reward for them to cover our entire fund rather than cover individual pools.

When we created this mechanism nearly 18 months ago, I would have thought that by now there would be a handful of other DeFi yielding funds that would also have fund coverage insurance. Today, to my knowledge, we are still the only fund in the space that has full fund coverage insurance of a drawdown of as high as 20%. Never had a drawdown close to that in the history of our fund, and as I mentioned, zero in the last three years. But it is certainly a good data point that indicates that the best actuarial scientists in the space have evaluated our team to be the best risk-adjusted yielding team in the space.

Ultimately, all of this is designed to compound on these assets. Dialectic was founded on the thesis that compound interest is the strongest force in the universe. We know this in nature with the golden ratio. We know this to be true in finance with compound returns. But Dialectic has also proven that it is true of relationships, of skill development, and of code base. We have an incredibly talented crypto-native team with us that remains intact since day one. We have been building and aggregating lessons learned and applying this sort of stoic process of constant never-ending improvement to our yielding machine.

As a result, the yielding machine is now building on itself, and our code base has grown substantially, in fact, exponentially, as we've been adding new layers with the data science and machine learning team that we've had for a number of years. This is not something that we sort of ran after post OpenAI ChatGPT 4. We've been applying the data science and machine learning to our everyday activities again since 2021.

Overall, I could not be more excited to support this yielding strategy of GameSquare. I personally think that there's upside beyond the range that has been communicated in terms of generating yield. But I think that's a very achievable range given the track record and capabilities of our machine. I've been very impressed with GameSquare's ability to execute quickly. Upon having a few initial conversations about this, Justin identified the opportunity and moved on it. I think we've seen market sentiment reward that. So, we couldn't be more excited to be partnering with GameSquare and continuing our longstanding relationship with the Goff family, led by Rhydon Lee. This is a very natural partnership for us, and we are deeply committed to generating the best for suggested yields in the space for GameSquare.

Rhydon, I don't know if you want to add anything further to that.

Rhydon Lee:

Yes, happy to.

Ryan Zurrer:

Or if I missed anything you guys would like to go over.



Rhydon Lee:

No, I think you touched on all the highlights of the yield generation component. But just to wrap on my end—one of the reasons I was just so excited about the opportunity with Dialectic and GameSquare is to me that GameSquare is already a digitally native company. It may be focused on media or gaming or entertainment, but I think it's a natural evolution to other digital assets, whether it's cryptocurrencies like specifically Ethereum or crypto assets in general or other use cases within crypto. GameSquare is specifically focused on Ethereum ecosystem assets.

When you look at crypto treasuries, many companies are focused on Bitcoin, and there's really only one use case for Bitcoin, which is holding. Now, with Ethereum strategies, you see more productive use cases where you can put your capital to work, like earning, somewhat staking and now higher yield opportunities with the GameSquare and Dialectic partnership. To me, there's many more use cases within Ethereum as well, which Ryan highlighted earlier, whether it's DeFi, NFTs or stable coins, prediction markets, identity. I expect GameSquare to explore many of those theses and how the Company can generate real returns in excess of just holding Ether within the entirety of the Ethereum ecosystem. Partnering with Dialectic and Ryan, who's an expert in all those areas, I think gives GameSquare a real leg up on how to achieve those real returns.

Justin Kenna:

Amazing. Thank you, Ryan, and thanks, Rhydon. Thank you to all the GameSquare shareholders for joining today. We really do appreciate the support.

As mentioned, we are extremely excited to partner with Dialectic here. We think that it gives us a significant advantage out here in these treasury strategies. We are extremely bullish and we're going to be really aggressively pursuing this strategy while continuing to grow a profitable next generation media company. So, we're incredibly excited. We really appreciate the support today, and we're looking forward to giving the market continued updates. Thank you all.

Operator:

This concludes today's webcast. Thank you for participating and have a pleasant day.