



# GAMESQUARE

## GameSquare Holdings Inc. GameSquare's Treasury Management Strategy Conference Call Transcript

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**Time:** 12:00 PM ET

**Speakers:** **Justin Kenna**  
Chief Executive Officer, GameSquare Holdings Inc.

**Robert Leshner**  
Chief Executive Officer, Superstate Funds

**Ryan Zurrer**  
Founder, Dialectic Group

**Rhydun Lee**  
Managing Director, Goff Capital



**Operator:**

Good afternoon, and thank you for joining us for GameSquare Holdings' livestream to review its \$250 million on-chain treasury strategy.

With us today, we have Justin Kenna, GameSquare's CEO, Ryan Zurrer of Dialectic, Robert Leshner of Superstate, and Rhydon Lee of Goff Capital.

During today's livestream, all participants will be in listen-only mode. Viewers are encouraged to advance the slides at their own pace, and a copy of the slide presentation is also available on the Company's IR website.

I'd like to remind everyone that certain statements made during the livestream 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 & Exchange Commission's filings.

I will now turn the conference 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.

Some of you may be new to GameSquare, and we want to thank you for taking interest in our business. It's a very exciting time at GameSquare. The goal of today's call is to provide our investors with a front-row seat to what we've been up to the past few weeks, and also to give you an idea of what's next.

In less than two weeks since our last chat, we raised a total of \$80.4 million in fresh capital, purchased the legendary Cowboy Ape CryptoPunk, one of the absolute crown jewels of NFTs, and brought on Robert Leshner, the visionary Founder of Compound and CEO of Superstate, as a key strategic investor. These aren't just wins; they are bold steps in our mission to bring digital-native fluency to public markets, and we're committed to doing that with a razor-sharp strategy rooted in culture and credibility.



I'm excited to be joined today by three trailblazers in decentralized finance that also serve as strategic advisors and investors in GameSquare. Before I turn the call over to Robert, Ryan, and Rhydon to review our crypto treasury strategy, I think it's important to bring any newcomers up to speed on who we are and the powerhouse business that we've created.

In first launching GameSquare in August of 2020, we filed a strategic plan focused on quickly building a next-generation media, entertainment, and technology ecosystem designed to connect hard-to-reach digital-native audiences to brands, creators, and publishers at scale. In just over four years, our operations have quickly grown to over \$100 million in pro forma annual revenues. Our tech powers the biggest video game publishers in the world, our creative and media services drive brand engagement with iconic brands like McDonald's, Nike, Porsche, General Mills, P&G, and more; and let's not forget, we own FaZe Clan, the most recognizable eSports brand in the world.

One consistent approach that's been instrumental in our success has always been building with the best in the game, people who've earned trust in digital-native culture. That's how we've helped brands into gaming, and it's how we're approaching crypto, which makes our differentiated treasury program a natural extension of our core business. It isn't just about yield, it's a way to lead the public markets into a deeper understanding of on-chain ecosystems from the lens of those shaping them.

GameSquare isn't just another e-treasury company. We have a very successful core business that was built by connecting mainstream players with digital-native audiences and educating the traditional marketplace on Internet culture. We operate as a market-leading digital company, providing services across advanced technology and data solutions, Internet-first creative and production agencies, and we develop and execute the most authentic content and live experiences that uniquely serve Internet-native audiences. The reason we've expanded our financial strategy into crypto is because this is an expansion on our ecosystem that is truly authentic.

At the heart of this expansion is our strategic partnership with Dialectic, crypto investing legends who have engineered Medici, a cutting-edge platform that cranks out on-chain yields of 8% to 14%. That's miles ahead of the standard 3% to 4% from basic e-staking. Using smart machine learning, automated optimization, and multi-layered risk controls, Medici delivers what we see as the gold standard in risk-adjusted returns in decentralized finance. Picture this: 8% to 14% yields on top of the Ethereum



appreciation, and staking rewards on an authorized strategy of \$250 million. We are set up to deliver a meaningful amount of annual income for GameSquare and our shareholders.

In addition to our higher-than-market yields, we will also be able to utilize significant carry-forward tax losses from prior acquisitions that will ensure that we keep more of the upside in-house. We will be kicking off our yield strategy with Dialectic this Friday, and for reference around these, please see Slide 19 in the Dialectic deck, of which GameSquare gets a third, or 25%, discount.

Right now, our e-Treasury holdings are now approximately \$55 million, inclusive of \$5 million in unrealized gains, and we have significant cash on our balance sheet to fund future purchases of on-chain assets, and continue to grow our business operations. With 99 million common shares outstanding, our stock is currently trading at approximately 1.19x our ETH and cash asset value. This valuation doesn't take into consideration the value of our operations or expected future cash flows generated by our yielding strategies, let alone the potential appreciation of our ETH holdings. When looking at a NAV yield, our operating business and cash, we are trading well below our peers.

A couple of weeks ago, we had a call, first introducing our crypto treasury strategy, and since then, we have expanded that strategy to include an NFT yield program. As you may have seen in the headlines last week, we purchased the iconic Cowboy Ape CryptoPunk NFT, which is one of only 24 Ape CryptoPunks in existence and is widely regarded as one of the most desirable CryptoPunks of the 10,000-piece collection, as well as NFTs in general.

Acquiring CryptoPunks showcases our belief in the long-term value of digital identity, decentralized ownership, and cultural capital on-chain. This was done through a strategic preferred stock swap transaction with no dividends, interest payments, or further adjustments, in the preferred to common exchange at \$1.50 per share.

Our NFT strategy diversifies our Treasury program by targeting an expected annual return of 6% to 10%. This is another factor that sets GameSquare apart from other e-Treasury companies. Our strategic advisor, Ryan Zurrer, is a leading authority on digital art, and he is the only digital-focused member on the Board of Trustees at the Museum of Modern Art in New York. His firm, 1OF1 AG, is managing GameSquare's NFT yield strategy, and will custody the asset for yield generation purposes.



As you can see, we are not just scaling, we are pioneering the most dynamic, high-octane, on-chain treasury in the public markets, designed to crush outdated approaches and deliver outsized wins. If you're sizing us up on our NAV multiple, don't forget to layer on an expected 8% to 14% yield, like a P/E multiple. It paints a far brighter picture of our true potential. We're all about transparency and sharing the journey, so let's hear straight from the experts that are shaping it.

I'll first kick it over to Robert, who can do a bit of an intro to. I think it's the first time Robert's met our investor base. Then, Robert will pass it over to Ryan and Rhydon to do a deeper dive on our Treasury strategy.

Thanks, all.

**Robert Leshner:**

Hi, this is Robert Leshner. I had the pleasure of being able to work with the GameSquare team to sell to the Company a CryptoPunk, which I have been a collector of for many years. I originally purchased the work a few years ago, with the knowledge that it's one of the most important pieces of art in the crypto ecosystem and always would be. For years, I've really waited for the opportunity for somebody, or some company, to put it to use as part of our collection and as part of the grand identity of something bigger.

This wasn't a piece of art that I had the ability to scale; it really was GameSquare coming along with the vision to add this to a crypto Treasury strategy, and to make it the face of their social presence has really compelled me to work with them, to exchange this truly important piece of work for preferred stock in the Company. The compelling thing for me was that they have an NFT strategy that is about collecting important works of art which will appreciate, and not just that, but to put them to work in the crypto ecosystem as well, for yield; for myself, knowing that I'd be exchanging art for shares, this was a compelling proposition.

My background, beyond being a collector, is I was the founder of one of the first DeFi protocols, Compound, and I'm an active investor in the space of Robot Ventures, where we've invested in hundreds of early and middle-stage crypto companies as one of the more key investors. I bring, as a shareholder, a perspective to both its art, but as well, the opportunities on blockchains for yield, and for a crypto Treasury strategy to be put to work.



I'm excited to be joined by everyone, and I'll pass the line.

**Ryan Zurrer:**

Great. Thanks, Robert.

My name is Ryan Zurrer, and I will walk through a little bit of how Dialectic generates a consistently differentiated yield that we're able to produce on ETH, Bitcoin, and U.S. dollar stables.

But first quickly on the item of crypto culture and digital art; I am a collector that has a collection called 1OF1, and this collection, 1OF1, is specifically designed to help digital artists take their rightful place in art canon. I wanted to design sustainability into that collection by being able to use the tool that Dialectic has in our high-yield machine, Medici, to be able to produce a cash flow on top of these important capital assets, these iconic, cultural works, in order to be able to fund the works that we do with museums, with artists, and with the broader art community.

There's a range of experiments that we've been able to execute. I think the one that most people are most familiar with us for is the Refik Anadol exhibition of the Machine Hallucinations at MoMA, which broke a number of records, more than three million visitors, and helped bring MoMA back to pre-COVID levels of traffic earlier than most other major institutions.

Core to 1OF1's activities is this art yielding, whereby we're able to take a conservative loan-to-value loan on some of these iconic works, like HUMAN-1 or CryptoPunks, and then put them to work in our yielding machine. Our yielding machine has—you've known, either from these slides or from last call, last year we produced 26.99 on U.S. dollar stables, of 14.02 on ETH. With that kind of high-yield opportunity, we get really significant spreads against the art debt, which is sort of in the mid single-digit range, which is depending on the work of art. That point, therein lies the advantage of CryptoPunks. Working with art lenders, we have observed that, because of the efficiency of crypto, CryptoPunks are able to get higher loans-to-value than even other iconic works of contemporary art, like Picassos or Rothkos or Warhols, because of the efficiency of on-chain and the transparency there.

Then, with that higher loan-to-value and higher yields from DeFi, we're able to capture much better spreads on these capital assets, and for the first time, allow these important, iconic cultural assets to yield in a compelling fashion. Somebody had been doing art lending and then yielding with traditional



contemporary art; until 1OF1 came along, you were looking at usually 1% to 2% on the net asset. 1OF1 is able to significantly outperform that by a multiple of 3% to 6% on that range, and consistently produce double-digit spreads on our portfolio.

That's the interesting thing about 1OF1 and how it sits as an application on top of the protocol that is Medici. That machine of being able to produce high yields allows us to do other things that are intellectually and financially compelling, such as produce interesting yields on top of cultural assets like contemporary digital art for the first time.

With that context in mind, and that's really why this CryptoPunk purchase actually dovetails very well with the ETH strategy; CryptoPunks are denominated in ETH, are highly correlated to ETH throughout the history of the project, and in fact often quite a bit more elastic in ETH in bull markets, which very clearly we're in right now, where CryptoPunks have outperformed Ethereum in certain periods along their trajectory. We do look at this as a very coherent addition to the Ethereum Treasury that GameSquare is building, and really in line with their ability to construct a differentiated position as a public Treasury of crypto assets.

With the rest of the time that I have, I'll walk through just a little bit of how we generate the yields that is this underlying machine that drives all this forward, and a little bit about how much time and care we put into risk management. To our knowledge, Dialectic produces the best risk-adjusted yields in DeFi, due to hyper-diversification, due to our insurance mechanisms, due to just the general professionalism and automation that we've built.

(Audio interference 16:52). As I said, we yield in three categories, or three different assets: U.S. dollar with Chronograph, ETH with Moonphase, and Bitcoin with Calatrava. One of the key drivers is, our automation allows for hyper-diversification. Here on Slide 5, you can see, this is just a snapshot of one of the funds in one moment, where we're in 72 strategies. At any given moment, we're in somewhere between 115 to 250 strategies, and in any given other moment, we could be in 150, 250 other strategies. You must execute DeFi in an automated fashion, with the necessary infrastructure and risk management. As a result, again, last year, 26.9 on U.S. dollar, 14.02 on ETH. How do we automate the process? There's various steps, from scouting, due diligence, risk scoring that the algorithm produces, but our due diligence is also complemented by engineers who are directly looking at code bases.



From there, the algorithm will create limits on sizing, and then execute the on-chain transactions, converting back into base currency. We use a lot of data and analytics, and an early warning alerts mechanism that will give us signals of when something should be exited, and often we'll pre-empt attacks in that regard. Then, we've really been using machine learning in a deep fashion since 2021, since the inception of the fund.

The way we're using this highly automated machine that can look across the entire ecosystem, track 30,000 pools all at once; we track hundreds of different smart money wallets. Robert, I hate to break it to you, but we do track your wallets here as well, and it's one of the smartest money wallets out there, certainly. Then, we break down the risk. Our advanced analytics, with AI, is able to pose risk across a number of different categories, of governments, and from our contract risk, economic risk and so on and so forth, and then look at intra-dependencies of those risks.

On top of that, we overlay a full fund coverage of insurance with Nexus Mutual, so this deep commitment to ensuring that you have no down months, that this is a compounding machine. Dialectic was founded and built on the idea that compound interest is the strongest force in the universe. If you just compound on these compelling assets the longest, you will win. That is the strategy that GameSquare is undertaking.

I'm happy to walk through any questions or anything anybody else would like to add.

Rhydon, I don't know if you'd like to add anything further on that.

**Rhydon Lee:**

Yes, I just have a couple comments. I think GAME is in a very unique position, not only as an Ethereum accumulator, but it's also an Ethereum integrator. GAME has become a unique way to integrate many crypto-native activities into a digitally-native Company. There are many more things to do in Ethereum beyond just hold. There are ways to grow your quantity of crypto, or ETH on a balance sheet, and it doesn't just have to be common equity issuances.

Bitcoin Treasury companies are doing this by accessing multiple parts of capital markets; GAME can too. It has, with its equity and recent preferred issuance with Robert. Other ETH Treasury companies grow their ETH quantity by staking, and re-staking to escape inflation. GAME is utilizing DeFi primitives



and applications pioneered by innovative entrepreneurs like Robert, and managed by the best asset managers, like Ryan, to generate rates of return targeting more than 3x staking.

Investing in other segments of crypto and Ethereum specifically, like high-end crypto art or NFTs, allows for creating a productive yield-bearing asset, just like GAME's regular ETH holdings. However, certain NFT collections historically exhibit a property of increasing in dollar terms, and also ether-denominated terms during bull markets, thereby increasing the effective ETH quantity owned by GAME. You can think of it as almost a multiple expansion in traditional financial markets, like how a closed-end fund may see premium to NAV expansion in a bull market, or P/E's may expand for commodity companies in commodity bull markets.

Historically, in previous cycles, you have seen that multiple expansion, like property, occur in NFTs, and CryptoPunks specifically, as they are the apex asset in NFTs. Their NFT collections and CryptoPunks specifically set GAME's strategy of yield-generating productive assets while organically growing ETH quantity health.

There are many other segments and use cases in crypto and Ethereum beyond these mentioned today that will also allow for ETH accrual that our peers aren't focused on as holding companies, and I think you'll see synergies of GAME's operating business and how it integrates with traditional crypto businesses to become a service provider there, which will also benefit traditional growth metrics at the Company, as well as ETH growth metrics in its Treasury.

GAME is creating a very digitally-native business with its operating businesses, its growth initiatives and Ethereum ecosystem, exploration of stock tokenization with Superstate, as mentioned in the press release on the 24th, and more to come that will continue to differentiate itself from other digital asset treasury companies.

Justin?

**Justin Kenna:**

Thanks, Robert, thanks, Ryan, and thanks, Rhydon. That was awesome.



Really appreciate it. Look, I think from our end, we're clearly very bullish. We do feel that we have a really differentiated strategy here that's going to drive real value for shareholders. Again, we would reiterate the fact that we're knocking on the door here of profitability in the operating business, we've been very clear that we expect the back half of the year to represent profitability for our business. Certainly, now, with the yield that we believe that we can generate from our ETH holdings, it puts us in a really, really strong position to continue to acquire digital assets, to continue to invest in the growth of our operating business.

We've already found—and we've worked in the crypto space in a number of different ways. Our biggest sponsor, Rollbit at FaZe Sports, and a number of different blockchain gaming developers, to different platforms that we've held with content and marketing services, but the inbound on that front has been through the roof since we've announced this strategy. In essence, on the key piece here, this not only makes sense for the evolution of our Company, but from an operating standpoint, we're really benefiting in terms of a look from a revenue standpoint, and I'm sure you'll see a lot of announcements on that front as we continue to grow the core of our business. Our strategy there hasn't changed. This is giving us the ability to grow, and grow faster, to hit profitability sooner, and to really scale from there.

Thanks very much to Robert and Ryan and Rhydon, again, for their time today. To have them involved is just—it's a huge stamp of confidence, and obviously gives us huge credibility in the crypto space, so very, very grateful to them, grateful for everybody who made the time to join the call today. As I said, we're really bullish. We feel great about the trajectory that we're on. We're going to continue aggressively growing.

Again, appreciate the support, appreciate everyone jumping on. We'll continue to give clear updates to the market. We've got our earnings call coming up in a couple of weeks here, and excited to update everyone on the progress we're making. Thanks, everyone.

**Operator:**

This concludes today's livestream. Thank you for joining us.