



GameSquare Esports Reports +97% Year-over-Year Revenue Growth in Q1 2021 As Esports Engagement Sets Global Records

TORONTO, April 28, 2021 (GLOBE NEWSWIRE) -- GameSquare Esports Inc. (CSE: GSQ; FRA: 29Q1) (“**GameSquare**”, “**GameSquare Esports**” or the “**Company**”), an international gaming and esports company, today announced its results for the first quarter ended February 28, 2021 (all amounts in CDN dollars, unless otherwise indicated). The Company has scheduled a conference call to discuss its Q1 2021 financial results and provide a business update today at 5:00pm ET (2:00pm PT). A complete set of Financial Statements and Management’s Discussion & Analysis for the three months ended February 28, 2021 are accessible on SEDAR at www.sedar.com under GameSquare’s profile.

Q1 FY2021 Highlights

- Core asset Code Red generated sales of \$1,045,255, representing an increase of +97% versus the comparable year-ago quarter⁽¹⁾ and GameSquare reported a total comprehensive loss of (\$572,977) or (\$0.01) per share;
- Signed a definitive agreement to acquire Reciprocity, which includes earn outs for performance of up to US\$7 million of revenue and US\$1.4 million of EBITDA in the 12 months following the closing of the transaction;
- Appointed Justin Kenna, former CFO of FaZe Clan, as CEO of GameSquare Esports;
- Named Jan Neumeister, formerly at FaZe Clan and City Football Group, as Head of European Operations; and
- Announced an upsized \$7 million bought deal private placement.

“Code Red made exceptional progress in our first full quarter following the completion of GameSquare’s reverse takeover,” said Justin Kenna, CEO of GameSquare. “In late 2019, Code Red increased its focus on the influencer segment which, in the midst of a global pandemic, resulted in accelerated sales, generating +97% year-over-year growth. We nearly doubled year-over-year total sales in the influencer segment during Q1 2021, +44% growth over Q1 2020, and excellent billings within the esports consulting business. While management is not prepared to provide guidance in this quarter, we would reiterate the confidence that Reciprocity management has in delivering against its US\$7 million earn-out with a minimum of US\$1.4 million of EBITDA.”

“Our first quarter results demonstrate that our business is moving in the right direction,” added Justin Kenna. “We have announced a couple of great deals in the short time since acquiring Reciprocity, and the sales pipeline at the Gaming Community Network (“**GCN**”) and Code Red is robust with good progress on sales conversion. We are in talks with some of the most recognizable brands in the world and we look forward to making public announcements as contractually allowed.”

“On the M&A front, the Company has initiated discussions with a number of attractive acquisition targets,” said Kevin Wright, President of GameSquare. “We have a specific set of criteria that we consider, and we are at various stages with companies that would be tremendous additions to the GameSquare family of companies. We continue to build our pipeline and to progress conversations with esports businesses, and more broadly sports and entertainment businesses, that have shown high growth with a focus on profitability. In 2021, we believe that we can add more great companies that operate in the digital agency vertical or are complementary to what we view as one of the most attractive areas of the esports ecosystem.”

Subsequent Events

- Provided a loan to GCN, prior to closing of the acquisition of Reciprocity, to accelerate organic growth;
- Closed the acquisition of Reciprocity;
- Announced major contract win with Van Wagner, a leading full-service sports and entertainment firm serving top professional and college teams, leagues, brands and properties;
- Appointed new auditor as part of the Company’s OTCQB listing initiative;
- Named Paul LeBreux to its Board of Directors;
- GCN hired Chris Kindt, as CMO, and Drew Brunson, as VP Partnerships and Activations;
- Reciprocity awarded *Best Start-up* by the Association of Chinese Canadian Entrepreneurs; and
- GCN entered an expanded commercial relationship with Dexerto as strategic partner NCAA esports series.

Financial Review

For the period ended February 28, 2021, GameSquare’s revenues were \$1,045,255, a (+97%) increase from the same period one year earlier. Talent management, at \$175,785 (+1%), was flat compared to the same period a year ago, while the influencer promotional fees of \$465,035 (+44%) represented 44% of total revenue versus 60% in Q1 2020. Revenue from consulting fees of \$413,435 grew from \$33,191, related partly to increased billings associated with Bud Light Europe. Subsequent to the quarter end, the Company closed its \$7,000,000 private placement on March 4, 2021 and also completed its acquisition of Reciprocity on March 16, 2021 which will be reflected in the Q2 2021 financial reporting period but is not included in Q1 2021 results.

	Three months ended February 28, 2021	Three months ended February 29, 2020
(\$ Canadian)		
Revenues		

Talent management service	\$	175,785	\$	-
Influencer promotional fees		456,035		-
Consulting fees		413,435		-
Total Revenues		1,045,255		-
Cost of sales		926,235		-
Gross profit		119,020		-
Other income				
Interest income		427		-
Total other income		427		-
Expenses				
Consulting and management fees		524,212		84,213
Professional fees		50,166		7,500
General office expenses		73,764		964
Travel expenses		261		-
Shareholder communications and filing fees		56,671		1,135
Interest expense		34		-
Foreign exchange loss		21,414		-
Change in provision for reclamation deposit		(95,288)		-
Share-based compensation		93,349		-
Amortization		123,504		-
Total expenses		848,087		93,812
Loss for the period before income taxes		(728,640)		(93,812)
Income tax (recovery)		(39,044)		-
Loss for the period		(689,596)		(93,812)
Other comprehensive income				
<i>Items that will subsequently be reclassified to operations:</i>				
Foreign currency translation		116,619		-
Total comprehensive loss for the period	\$	(572,977)	\$	(93,812)
Basic and diluted net loss per share	\$	(0.01)	\$	(0.005)

Weighted average number of common shares outstanding - basic and diluted

52,167,059

20,000,000

(1) Code Red Esports Ltd. revenues were \$531,343 and a net loss of \$13,556 in its quarter-end ended February 28, 2021. This information is not presented in the previous table as GameSquare only acquired Code Red on October 2, 2020 as part of the Company's reverse takeover that completed on the same date and thus did not consolidate Code Red at February 28, 2021.

Conference Call Details

CEO Justin Kenna and President Kevin Wright will host a conference call for the investment community to discuss the financial results for the three months ended February 28, 2021. Analysts and interested investors can join the call via the details below:

Date: Wednesday, April 28, 2021

Time: 5:00pm ET (2:00pm PT)

Phone: 800-319-4610 (Toll-free, USA and Canada); 604-638-5340 (Canada); 0808-101-2791 (UK)

A replay will be available until May 12, 2021 by dialing 1-800-319-6413 or 1-604-638-9010 and entering passcode 6727.

About GameSquare Esports Inc.

GameSquare Esports Inc. is an international gaming and esports company headquartered in Toronto, Canada. The Company is seeking to acquire additional assets and entities serving the gaming and esports markets and, more broadly, in sports and entertainment. GameSquare's acquisition of Code Red Esports Ltd. ("**Code Red**"), an esports talent agency, provided an initial foothold in Europe through its UK operations. Code Red represents leading on-screen talent, players and influencers and works with leading global brands to develop influencer campaigns and esports marketing strategies. The Company's second acquisition of Reciprocity Corp. ("**Reciprocity**") provides access to Asia, Latin America and North America. Its gaming and esports assets include: a CrossFire franchise in China that it owns with its partner LGD Gaming, a 40% interest in a League of Legends team that competes in Latin America, and, its wholly owned subsidiary corporation, GCN, a digital media company focusing on the gaming and esports audience based in Los Angeles, USA.

Contact

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Forward-Looking Information

*This news release contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate, among other things, to: Reciprocity's expectations of delivering against its earn-outs, the Company's anticipated future announcements of relationships with recognizable brands, the expected content of our Q2 2021 financial report, the content of the conference call, the business and operations of the Company, and the Company's ability to execute its business plan, including its ability to acquire other digital agencies or companies that are complementary to the esports ecosystem. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, GameSquare assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.*

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