



GameSquare Esports Inc. Enters into Letter of Intent to Acquire Reciprocity Corp. to Build a Leading Canadian Gaming and Esports Company

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TORONTO, Nov. 25, 2020 -- GameSquare Esports Inc. (CSE: GSQ; FRA: 29Q1) ("**GameSquare**" or the "**Company**"), a Canadian gaming and esports company, is pleased to announce that it has signed a Letter of Intent ("**LOI**") to acquire (the "**Acquisition**") 100% of the issued and outstanding shares in Reciprocity Corp. ("**Reciprocity**"), a privately held gaming and esports company. Under the terms of the LOI, GameSquare Esports will issue 43,750,000 common shares of GameSquare to the shareholders of Reciprocity. Under the terms of the LOI, Reciprocity shareholders will receive 10 million additional GameSquare common shares if the Reciprocity business generates a minimum of US\$5 million of revenue and US\$1 million of EBITDA within 12 months of closing and an additional 10 million GameSquare common shares if the Reciprocity business generates a minimum of US\$7 million of revenue and US\$1.4 million of EBITDA within 12 months of closing. The Acquisition remains subject to, among other things, the parties entering into a definitive agreement, applicable shareholder and regulatory approvals. The combination of GameSquare and Reciprocity is expected to significantly increase the revenue profile of the combined entity and to result in a company that generates positive EBITDA in the twelve months following the close of the transaction.

"The acquisition of Reciprocity is another step toward building Canada's leading esports company," said Kevin Wright, CEO of GameSquare. "The team at Reciprocity has built a great organization that I believe will change the way the market looks at esports investing. Reciprocity and its wholly owned subsidiary GCN, Inc. ("**GCN**") are led by industry veterans that understand the convergence of media, entertainment, sports and finance as shown by the top tier clients that GCN works with, while committing to growing an EBITDA positive business. I have high expectations of the leadership at Reciprocity and believe this will prove to be a transformative moment for GameSquare. We also believe the acquisition shows there is tremendous opportunity to acquire other companies serving the esports market that can benefit greatly as part of the GameSquare group of companies."

"The acquisition by GameSquare is the start of another exciting chapter for Reciprocity," added David Fawcett, CEO of Reciprocity. "We have identified a highly scalable vertical within esports and I believe that bridging the gap between brands, gamers and esports is the path to high revenue growth, EBITDA and the creation of tremendous shareholder value. We work with top tier global brands and see fantastic synergies between our North American operations and GameSquare's presence in the UK and EU through Code Red Esports. The opportunity to become part of the GameSquare group of companies is anticipated to accelerate our revenue growth and help us to realize our long-term vision of building a significant gaming and esports digital media company."

Reciprocity is a leading Canadian gaming and esports company; its main asset, wholly owned subsidiary GCN, bridges the gap between leading global brands and the gaming and esports community by developing and distributing world-class marketing activations. Additionally, Reciprocity owns 49% of a CrossFire franchise in China with its partner LGD Gaming and 40% of a League of Legends team in LATAM, Rainbow 7; both teams won their respective championships in 2020. GameSquare continues to build its pipeline of potential acquisitions to accelerate growth and scale with a focus on companies with a proven track record of high growth and profitability.

The Acquisition rationale includes:

- **High revenue growth profile.** Code Red and Reciprocity have shown strong revenue growth as esports engagement and viewership has increased. Based on current performance and its strong sales pipeline, Reciprocity management expects to receive the full Earn out payment.
- **Access to the largest esports market.** GCN is headquartered in Los Angeles providing access to the highly lucrative US market. Reciprocity and GCN have built relationships with household brands and Fortune 500 companies. Entry to the US market represents a positive milestone for GameSquare.
- **Revenue synergies through cross selling.** Following the proposed transaction, GameSquare will strengthen relationships with global brands through its subsidiaries based in the US and UK. It is expected that Code Red and GCN will benefit from cross selling opportunities across the network. Customer overlap between the two companies is estimated at less than 5%, presenting a significant opportunity for synergistic revenue growth.
- **Experienced management and alignment with shareholders.** Reciprocity has a strong leadership team throughout its organization. GCN is led by experienced professionals with senior management experience at leading companies including Time Inc, Red Bull, Amazon / Twitch, Fox Sports, UFC, and Learfield Sports. Following the transaction, Reciprocity shareholders will be well aligned with ownership of approximately 40% on a fully diluted shares on a pro-forma basis. Management of Reciprocity, through the Earnout provision and compensation based upon financial performance, will be aligned with shareholders of GameSquare Esports.

In addition, GameSquare announces the grant of a total of 2,000,000 stock options to various directors, officers, and consultants of the Company. The options vest immediately, have an exercise price of \$0.48 and expire five years from the date of grant. The grant of options remains subject to approval by the Canadian Securities Exchange.

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, 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.

About Reciprocity Corp.

Reciprocity is a gaming and esports company headquartered in Toronto, Canada and has been operating since 2017. Reciprocity owns three gaming and esports assets: 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, Inc., a digital media company focusing on the gaming and esports audience based in Los Angeles, USA.

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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: the business and operations of Reciprocity and GCN, the proposed synergies among GameSquare and Reciprocity, revenue or EBITDA forecasts, the Company's ability to execute its business plan, and other statements with respect to the proposed transaction among GameSquare and Reciprocity. 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.

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

¹ Non-GAAP measure. EBITDA, as used in this press release, represents net earnings before financing expenses, taxes, and amortization