



Interim financial statements

G-Loot Global Esports AB

APRIL – JUNE 2021



CEO's words on the **development** of the business

During the second quarter we have continued our transformational journey to reach positive unit economics. We have held back on marketing spend while putting all of our efforts on improving the G-Loot platform and diversifying revenue streams. We have released features such as achievements, real-time game data and segmentation, driving higher engagement and improving KPIs across the platform. Most of the work, however, has gone unnoticed to the end user, as we are developing completely new features that will be released during the next few months.

In addition to improving our product offering I am glad to finally introduce our new CFO, Michael Hedman, who has been passed the torch by his predecessor Jan Benjaminson. Michael joined the G-Loot team in June and quickly got up to speed. During this short period of time, Michael has already proven to be a great addition to the G-Loot team. Jan continues to support the company as a Senior Financial Advisor until his retirement next year.

By the end of Q2 we launched the new segmentation functionality on the G-Loot platform. Segmentation allows us to deliver a tailored experience for each user and is tightly connected to our analytics platform, allowing us to quickly iterate and improve the experience. We have seen a big improvement and this will be key to our continued expansion of the platform. Segmentation of challenges has not only improved payer retention substantially but also improved overall player engagement. As segmentation support was released at the end of Q2, the full effect of the improvements will be visible during Q3.

Despite the improvements made during the quarter, the low margin of the Pay-2-Enter business model continues to be a challenge in reaching positive unit economics. We are now putting more energy into alternative revenue streams and we expect that in the long term, Pay-2-Enter will play a smaller role in our product offering. During the second half of 2021 we will release many new features supporting this new direction. We are very excited about this and believe that it will allow us to overcome many of our challenges and unlock profitable growth on the platform.

During Q2 we also expanded our game portfolio by adding support for Call of Duty: Warzone. It's one of the most popular shooters on the market and a great addition to the platform. The support for multiple games is one of the key strengths of G-Loot and something we continuously work on.

We will continue to hold back on marketing spend until the launch of our new product offering. We are transitioning towards influencer marketing which continues to overperform compared to other paid channels such as Youtube and Google. We expect to maintain a more conservative marketing budget during Q3 and prepare to ramp up at the end of the year.

We are on the right path. G-Loot is a company consisting of extraordinary competence and experience with a deeply rooted passion for gaming. Combining this with our new direction makes this journey an exciting one to be part of.



JOHAN PERSSON
CEO

Financial development

Revenue for the period is down from last year as a result of the decision taken to lower marketing spend, focus on core markets and scale down the unprofitable products. Total revenue is at the same level as in Q1. We continue to evaluate the current product offering to ensure that we move forward with a product that will scale profitably. The conclusion is that we need to further develop the product before we can accelerate our growth.

During the quarter we have launched segmentation that makes it possible to optimize the profitability on a user level, this will help us improve our margins going forward.

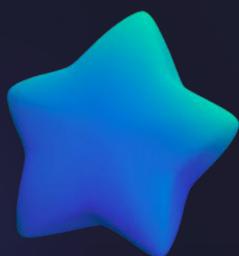
Operational expenses are down from last year as an effect of lower marketing and promotions. Cost is affected with a one-off cost of 11,7msek related to the former CEO, severance payment of 7,6msek and 4,1msek in retroactive pension cost and saved vacation. Excluding the on-off cost the operational costs are at the same level as in Q1 and in line with plan.

Marketing spend has stabilized at a lower level but we are shifting focus from paid traffic to influencer marketing where we see a higher return on investment.

We have continued to transition consultants to full time employees, securing key competence while also reducing costs.

The company signed a new office in June and will move in the beginning of October.

Cash at hand as of the end of June 2021 amounted to SEK 283 million. The quarter's decrease in cash amounted to SEK 49 million. The business generated SEK -54 million and had positive change in working capital of SEK 5 million.



2021**APRIL - JUNE**

| | |
|--|------------------------|
| Net sales amounted to | 3 990 (18 700) KSEK |
| Operating profit amounted to | -54 125 (-62 189) KSEK |
| Profit before tax | -54 134 (-62 371) KSEK |
| Earnings per share before and after dilution amounted to | -15 (-25) SEK |

Profit & loss

| | Q2 2021 | Q2 2020 |
|--|----------------|----------------|
| Operating income | | |
| Net Sales | 3 990 | 18 700 |
| Other operating income | 9 | 142 |
| Total income | 3 999 | 18 842 |
| Operating expenses | | |
| Direct costs | -6 205 | -29 212 |
| Other external expenses | -18 515 | -32 377 |
| Personnel costs | -33 402 | -19 282 |
| <i>Adjusted personnel costs¹</i> | -21 750 | |
| Depreciations of: | | |
| – tangible fixed assets | 83 | -131 |
| Other operating expenses | -84 | -28 |
| Total operating expenses | -58 124 | -81 030 |
| Operating profit | -54 125 | -62 189 |
| Adjusted operational profit¹ | -42 425 | -62 189 |

1. Excluding one-off personnel costs of 11,7MSEK

All amounts in SEK thousands





Assets

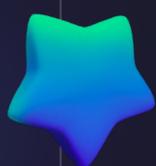
All amounts in SEK thousands

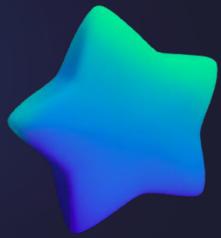
| | June 31 2021 | June 31 2020 | Dec 31 2020 |
|------------------------------------|----------------|---------------|----------------|
| Fixed assets | | | |
| <i>Tangible assets</i> | | | |
| Fixtures, tools and installations | 1 848 | 2 064 | 1 810 |
| Right-of-use assets | - | - | 1 010 |
| Total tangible assets | 1 848 | 2 064 | 2 820 |
| <i>Financial assets</i> | | | |
| Other financial assets | 9 564 | 9 564 | 9 564 |
| Financial assets, depositions rent | 69 | 69 | 69 |
| Total financial assets | 9 633 | 9 633 | 9 633 |
| Total fixed assets | 11 482 | 11 670 | 12 453 |
| Current assets | | | |
| Accounts receivable | 245 | 8 062 | 9 |
| Other receivables | 19 433 | 8 325 | 3 401 |
| Prepayments and accrued income | 2 371 | 2 726 | 2 880 |
| Cash and cash equivalents | 282 725 | 51 170 | 383 244 |
| Total current assets | 304 773 | 70 283 | 389 533 |
| Total assets | 316 255 | 81 983 | 401 987 |

Equity & liabilities

All amounts in SEK thousands

| | June 31 2021 | June 31 2020 | Dec 31 2020 |
|---|----------------|---------------|----------------|
| Equity | | | |
| Share capital | 1 134 | 815 | 1 134 |
| Other contributed capital | - | 374 364 | 834 337 |
| Retained earnings including loss for the year | 253 145 | -367 033 | -486 273 |
| Total equity | 254 279 | 8 145 | 349 198 |
| Provisions | | | |
| Other provisions | 2 312 | - | 2 312 |
| Total provisions | 2 312 | - | 2 312 |
| Non-current liabilities | | | |
| Lease liabilities | - | - | 150 |
| Total non-current liabilities | - | - | 150 |
| Liabilities | | | |
| <i>Current liabilities</i> | | | |
| Advance payment from customers | - | 10 | 10 |
| Account payables | 26 481 | 21 936 | 14 825 |
| Current tax liabilities | - | - | - |
| Leasing liabilities | - | - | 877 |
| Other current liabilities | 21 650 | 31 597 | 22 555 |
| Accrued expenses and prepaid income | 11 533 | 20 294 | 12 060 |
| Total current assets | 59 644 | 73 837 | 50 328 |
| Total liabilities | 59 664 | 73 837 | 50 477 |
| Total equity & liabilities | 316 255 | 81 983 | 401 987 |





About G-Loot's reporting

This report is an abridged version of the company's internal interim report.

The complete interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Furthermore, the preparation has taken place in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Audit

This report has not been subject to a review by the auditor.

This is how G-Loot works

G-Loot's platform allows users to compete online in challenges in games they already own.

While playing, G-Loot's PC app runs in the background. It registers game statistics such as Kills, Wins, Loss as well as details regarding point security and which weapon was used. When a player participates in a G-Loot challenge, it is this data that determines the ranking and selects winners.

G-Loot users never compete directly with each other, but all compete on equal terms, regardless of skill level. Players can choose to compete against others (either one-on-one or in an open tournament) or test themselves in various solo challenges.

G-Loot charges a registration fee for each challenge and a percentage of the prize money.



For further information contact

Johan Persson **CEO**
johan@gloom.com

Michael Hedman **CFO**
michael.hedman@gloom.com

