



**Annual Report 2019**

**G-Loot's mission is to make it possible for anyone, anywhere in the world, to earn money from playing the games that they already love playing.**

## Contents

<b>05</b>	<b>G-LOOT 2019</b>	<b>33</b>	<b>ANNUAL AND CONSOLIDATED ACCOUNTS</b>
12	A word from the President	34	Contents
14	Esports continues to grow across the world	36	Administration report
20	Targets and strategy	45	Accounts
25	Partnership	57	Notes to the financial statements
26	Technology and data	100	Approval
28	Compliance	101	Multi-year summary
30	Culture and employees		



# Introduction

# This is G-Loot

G-Loot is the world's top operator in online esports for mobile and PC gaming, where gamers compete against each other for real money. The Company is democratising esports by enabling gamers throughout the world to participate in the same competitions in the games they already play and love.

G-Loot opened its gaming platform under the GLL brand in 2018, following up with the PC platform G-Loot in October 2019. GLL targets gamers aiming to develop into participants in major tournaments alongside esports professionals, whereas the games on G-Loot are faster and are designed for wider-scale participation. Both brands and arenas are open to all and offer real prize money.

G-Loot's ambition is to offer competitions in the world's most popular games. To do that EFFECTIVELY, G-Loot works with game developers. Today, the Company has strategic partnerships with, for example, the USA's Electronic Arts, China's Tencent Games and South Korea's PUBG Corp.

"Our job now is to make sure that esports is simple and fun for all, at every level, wherever you are." Patrik Nybladh President and Founder

# 2019 in brief

- Income increased by 139 percent to SEK 33.4 million (14.0).
- The number of employees, including consultants, tripled to 120 from 40.
- A new share issue for SEK 225 million was carried out in association with Carnegie and Numis.

## The GLL and G-Loot platform

- The number of matches per month more than quadrupled from 1.17 million in January 2019, to 5.2 million in January 2020.
- GLL Grand Slam: PUBG Classic marked up a record audience of 52 million viewers via Twitch
- The G-Loot online arena opened in October 2019 – in March 2020, esports is offered via 28 titles



# Targets

- 12 million users by 2024
- USD 300 million in income by 2021 and USD 1.1 billion by 2024
- To reach at least 1 million users in 2020
- To increase the number of games on the platform to 49 during 2020
- To increase income to USD 30 million in 2020

**2.6** billion

active gamers on mobile, PC and console in 2019

**100** million

followers of the world's most celebrated YouTuber, gamer Felix Kjellberg, better known as PewDiePie.

**322,000**

hours spent by G-Loot since 2013 on developing its platform

**571** million

in-game events (shots, goals, win, loss etc.) on G-Loot's platform in March 2020



# We are setting our sights higher

**I thought that we were setting our sights high, but a year ago I realised that G-Loot's vision could reach much further than I had previously dared to hope. So, instead of doing what we had planned, I went home and agreed with management to shift to a higher gear – and up the tempo!**

In the meantime, things have moved fast.

Our sights were set on building the world's foremost digital esports arena for online games. Professional, skilled amateur or ordinary gamer – it shouldn't matter. G-Loot should have something for everyone. Across the entire world and on every platform – PC, mobile and console. The games that everyone already loves to play, competitions at all levels and with real money up for grabs.

On reflection, it's obvious. Games have become part of everyday life for people all over the world, on PCs but even more commonly on mobiles. The third of the world's population who challenge themselves via games of skill can enhance their experience by adding an element of competition. It may be a simple challenge, a game with friends or a whole tournament played out in front of an audience in a large arena. Our job is now to ensure that esports are simple and fun for everyone, at all levels, wherever you are. We started the year by acquiring the means for making progress towards that goal.

In association with Carnegie and London-based Numis, in March 2019 we raised SEK 225 million. The money has been used primarily to get the platform into place. In the autumn, we opened G-Loot for online competitions in some of the best games in the world. We began operating services, at first cautiously then at a steadily increasing pace.

The response has been fantastic. The partners that we are working with in operating the service have been astounded. The clear evidence is that gamers are, on a broad front, genuinely attracted by the chance to compete in their favourite games.

At the same time, last year's major esports event GLL Grand Slam: PUBG Classic was a success. The final, which kicked off on 19–21 July at

Stockholmsmässan (Stockholm International Fairs) in front of just under a thousand spectators at the venue and 52 million viewers following the event live online, was won by FaZe Clan. The team is a combination of Nordic and Russian gamers who in our competition achieved their biggest-ever success.

In the wake of last year's successes, we are now seriously scaling up. From an offer of esports in six games, we now – in April 2020 – have a total of 28 games, and we aim to expand this gradually by adding one new game every other week over the next twelve months. My ambition is that everyone should be able to find several games they like on G-Loot, so that they want to come back to us time after time, to have fun and to earn money.

High activity and many competitions at different levels mean that a good supply of participants is needed. Against that background, in 2020 we will be focusing on building a solid and steadily growing base of gamers from all over the world.

It's going to be a fantastic journey. We have merely glimpsed the start of how esports will change the way we live and connect socially. The big stars of today, influencers and professionals, will in future become known to a wide public. A career as a professional esports player will be regarded as a positive on a person's CV. Not something that needs any explanation. With their own competitions, influencers will gain a new way of interacting with their followers. And it will not just be game developer companies that will arrange office tournaments in the most popular games. It will be done in all workplaces. Our job is to make it possible.

Stockholm, June 2020

**Patrik Nybladh, President**



# Esports continue to grow across the world

**The games sector overtook film and music in terms of value some time ago. In 2019, the games market was valued at USD 149 billion, 1.5 times as much as the film and music industries combined. All of 2.6 billion people play regularly, the vast majority on their mobile.**

## **Esport takes gaming to the next level**

Esports first broke through in Asia and South Korea in the early 2000s. It quickly emerged as a popular sport with two TV channels showing competitions and talk shows 24/7, sponsors, and hundreds of licensed professional gamers earning incomes on a par with stars of traditional sports. The same trend developed in China, while the pace was slower in Japan, where legislation had held participation back. Today, esports are established practically all over the world and is probably the fastest-growing sport. It has taken its place alongside football as the only global sports.

Esport consists of online gaming, multi-player competitions, with players participating individually or in teams. In the late 2000s, several factors came together in fuelling very sharp growth in esports. This growth continues. What happened

was that live streaming became established and available to a wider public. This led to several tournaments being streamed live, with bigger audiences, growing interest from game developers and the formation of professional teams. Since then, prize money has increased, player and audience numbers have grown and competitions have become more professional. More and more game developers are discovering the power of esports for attracting players, building commitment and, ultimately, increasing sales.

## **Biggest games dominate**

The most common esports genres are the multiplayer online battle arena (MOBA), first-person shooter (FPS), fighting, digital card games, Battle Royale and real-time strategy (RTS). The most popular competition franchises are League of Legends, Dota, Counter-Strike, Overwatch, PUBG, Fortnite, Call of Duty and StarCraft.

Tournaments, such as League of Legend's World Championship and Dota 2's The International, are among the most popular. However, there are also professional leagues that attract big audiences, such as Overwatch League. The prize money on offer in these competitions varies from a couple of hundred dollars to the biggest to date, USD 34 million for the 2019 The International in Dota 2.

### **From professionals to amateurs – esports are a draw for all**

Players come from a range of categories, from professionals and serious amateurs to gamers who compete for the enjoyment. Professional esports teams are in many cases funded by sponsors and pay salaries to players, trainers and coaches. Teams train full-time, and every game has a separate team line-up. Sponsors include gaming brands, internationally known consumer brands, IT companies and, nowadays, partnerships with established sporting clubs such as Paris Saint Germain and FC Barcelona.

In addition to the out-and-out professionals, there is also a large, heterogeneous group of players earning income on the side from esports. G-Loot estimates that around 76,000 players have earned more than 1 dollar from their gaming, but the figure may be higher. China, which last year recognised professional esports players as an occupation, estimates that in five years the number of registered professional gamers will increase to 2 million from 100,000 at mid-year 2019. Of the gaming world's influencers, the majority are esports professionals or former professionals, while other influencers use esports to connect to their followers.

### **Public interest increasingly important**

Finals of major tournaments and play-offs in league competitions often take place as offline events in LAN environments, but many are preceded by qualification rounds online. Better

internet connections have made real-time games possible in bigger and bigger regions, which is essential in assuring fair games. Minor competitions often take place wholly online. In addition, all multiplayer games have online matchmaking integrated into the games for player matching.

Esports attract big audiences above all to live streaming services such as Twitch and Youtube Gaming. The overall esports audience is growing fast. In 2019, Forbes estimated that it totalled 443 million participants, 12 percent higher than a year earlier. Audience figures are similar to those for the really big traditional sports. The final of League of Legends 2019 was followed by more than 100 million viewers.

The audience for esports is growing steadily and today consists of 85 percent men, the majority between 18 and 34 years of age. The current audience structure reflects that of players, but as player ages rise and more and more women are drawn to take part, this is also expected to become evident in the audience for esports. Overall, there remains great potential for continued growth, both among existing players and in new target groups.

The trend of audiences is so strong that games are being designed for effective live streaming. EA's Apex Legends was released without any traditional marketing and solely via influencers who streamed when they themselves were playing the game. Riot Games offers those looking at its new game Valorant a chance to access the beta version of the game. As a result, viewing figures at Twitch have shot to record highs.

The global esports market is estimated to generate annual sales of around USD 1 billion, equivalent to approximately SEK 10 billion. Revenue is earned mostly from sponsorship,



**“The overall esports audience is growing fast. In 2019, Forbes estimated that it totalled 443 million participants. This was 12 percent higher than in 2018.”**

advertising and media rights, for which fees are expected to rise. Advertising and media rights are less expensive in esports than in traditional sports, but many commentators assume that this is in the process of changing. Investment bank Goldman Sachs predicts that as early as in 2022 revenue in the sector will triple to USD 3 billion, mainly driven by rising fees for media rights.

### Operators

#### FaceIT

FaceIT, now a UK company but originally established in Italy in 2012, offers matchmaking for esports in PC games such as Counter Strike: Global Offensive and First Person Shooter. More than 8 million registered users.

#### G-Loot

G-Loot of Sweden was founded in 2013 and is alone in offering esports online for both PC and mobile. The Company has partnerships both with EA for Apex Legends and with PUBG for PUBG Classic and PUBG Mobile. Fewer registered users than the competition, but growing very fast.

#### MTG

Sweden's MTG arranges tournaments for PC, mainly offline, and above all via ESL which runs 13 major events every year for thousands of participants across five continents, and the DreamHack festival. The focus is on sponsorship and transmission rights, and sales for the esports vertical totalled SEK 1.7 billion in 2019.

#### PGL

PGL, established in Romania more than 15 years ago, arranges esports tournaments for major game developers such as EA, Microsoft and Valve.

#### Skillz

Skillz of the USA, founded in 2012, focuses solely on esports on mobile for broadly-based target groups. The company has more than 30 million registered users throughout the world and awards prizes of USD 60 million per month. Revenue of more than USD 400 million.

**“The global esports market is estimated to generate annual sales of around USD 1 billion. Investment bank Goldman Sachs predicts that by 2022, revenue in the sector will have tripled to USD 3 billion.”**





# Goals and strategy

G-Loot's vision is to be the world's leading company in online esports, and the standard-setter for the industry. G-Loot will lead developments in online esports by carefully analysing future trends in the market.

## Business model

G-Loot offers gamers the chance to compete in a range of games, via online platforms. The Company develops game formats and sets up rules for the various competitions, mostly in consultation with those who own the rights to the games. To attract players, G-Loot offers prize money to the winners. The competitions are open to all. Players participate in competitions by paying a fee.

G-Loot has low fixed costs for its organisation and for operating the platforms. The marginal

cost of arranging games on the different platforms is low except for prizes awarded, the size of which is determined by G-Loot from one case to another. Revenue is generated by games on several different platforms, as described below.

The business model is highly scalable and offers high potential profitability.

## Sources of income

G-Loot's business model is based primarily on three separate income streams:

- Players who take part in competitions pay a fee. The most commonly-used model is for players to pay to enter and then to be able to play again – or retry – in the same game, if permitted in the game. The fees are generally charged in equal amounts. The fees, less the

prize pools, create a surplus and a profit for G-Loot.

- The second source of income is subscriptions, in which the player pays a monthly fee for extra added value and benefits on the platform. This format is general in PCs, where games are played over a longer period.
- The third source of income consists of sales of sponsorship and media rights. Here, a third party pays for the right to transmit or stream from G-Loot's offline event. As yet, G-Loot receives minor amounts of income from media rights, but interest from advertisers is increasing steadily, in turn stimulating interest in, and the value of, media rights.



### **Strategy – games for all**

G-Loot will make it possible for anyone, wherever they are in the world, to earn money from playing the games they already love to play. G-Loot arranges online tournaments that are open to all and offer real prize money. Competitions are offered via two platforms; GLL, which targets a professional market, and G-Loot, which focuses on amateurs.

G-Loot has established itself in all major markets except China, and is present in a total of around 80 jurisdictions worldwide. Gamers can themselves choose whether to take part via mobile, tablet or PC. G-Loot also aims to be able to offer gamers the chance to participate on consoles.

Game formats and rules are designed so that as many people as possible will find the competitions both fun and fair. Competitions are also supervised to prevent cheating.

### **A platform for several games**

The purpose of G-Loot's platforms is to offer gamers the chance to participate in several of the major, popular games on its platforms. G-Loot is required to arrange new competitions in various games on a regular basis and has plans to considerably expand its offering of games to compete in. The offering of games changes over time, so players can always compete in the major, most popular games. This increases the attractiveness of the platforms among gamers and IP owners over time, which become established as esports destinations.

### **Partnership with IP owners**

G-Loot enters into partnerships with those who own the rights to games, so as to be able to offer the best game experience possible. These partnerships may embrace technology to give players a good experience, as well as marketing and the game concept.

### **Grow player base**

G-Loot operates a strategy to grow the player base on its platforms in order to establish the platforms as the most attractive online esports arenas. Popular platforms can offer gamers frequent competitions and bigger prize pools. At the same time, they become more attractive for IP owners to work with.

To grow its player base, G-Loot uses data-driven and targeted marketing and offers players the opportunity for free participation in tournaments for limited periods. The conversion rate for free play to pay-to-play is 5 percent for mobile and 10 percent for PC gaming. Offline tournaments are arranged, for example for global finals of major tournaments, primarily in order to increase the attractiveness of the tournaments and to strengthen their and G-Loot's brands.

### **A sound business**

G-Loot intends to operate in the esports market in the long term and on that basis focuses major efforts on ensuring that the business complies with relevant laws and regulations – in particular as regards game formats and payments – in the markets in which the Company operates.



# One platform – two brands

G-Loot has two esports brands: GLL, which targets professionals and serious amateurs, and G-Loot, which is aimed at a broader market.

## **GLL**

GLL, which started up in 2018, is now one of the world's biggest esports platforms. The first game on the platform, PUBG, remains the most popular game in the arena. In 2019, tournaments based on Apex Legends and Auto Chess were also launched with great success.

## **G-Loot**

G-Loot opened for business in October 2019. It offers fast competitions in popular games on both PC and mobile. In March 2020, a total of 3.2

million games were played on the platform, with more than 200,000 registered users.

To date, Apex Legends has been the most popular game on the platform, where many gamers also play Rainbow Six Siege and Counter-Strike: Global Offensive. G-Loot presents a constant supply of new challenges that enhance the players' experience of playing. Players also have access to statistics on their playing performance to aid their improvement. At the turn of the year 2019/2020, G-Loot offered esports in six different games, while 22 games were in beta testing and are scheduled for launch in 2020.

# Partnership

## **Partnership with IP owners**

G-Loot's ambition is to enter into partnership agreements with all owners of major titles so as to be able to offer high-quality tournaments in all popular games. Such agreements may vary in size and extend over technology, through marketing and arrangement of tournaments.

A link between the G-Loot platform and the user's game via an API is a prerequisite for delivering a good experience in the game during the competition. On that basis, access to the API is often a key element of the partnership agreements with those who own the rights to the games. However, not all games have built-in APIs, but are connected in some other way. For example, other technology partnerships may be based on access to server capacity.

Agreements may also stipulate how G-Loot is allowed to use the games in its marketing of esports events. Competitions may be arranged through cooperation between G-Loot and the game owner, with both parties contributing prize money and sharing the surplus.

## **PUBG**

G-Loot has been an official partner of South Korea's PUBG Corp. for the PUBG game since 2018. PUBG, launched in 2017, has established itself as one of the best-selling games of all time, with 60 million units sold on PC and console and more than 600 million downloads on mobile.

PUBG holds its tournaments on the G-Loot GLL platform and also works with G-Loot on the GLL Grand Slam: PUBG Classic tournament. In 2019, a total of 64 teams took part to compete for the 16 places in the final. The final, which kicked off live in Stockholm, was followed by around 1,000 spectators at the venue and 52 million via live streams online.

## **Electronic Arts**

Since 2019, G-Loot has been one of two global partners of Electronic Arts in competitions based on the latter's most popular game, Apex Legends. Apex Legends was launched in 2019 and in October of that year had more than 70 million players. G-Loot arranges five of the ten major esports events held annually for the game. Here, too, teams qualify for offline competitions via online games, in which G-Loot arranges the online part of the competition.





# Technology and data

Since 2013, G-Loot has invested 322,000 hours and USD 45 million in developing its technology platform, which now offers games on PC and mobile and is prepared for use on consoles. The platform offers all the functionality required to be able to offer esports in all games throughout the world. This includes various game formats, secure payment options, functions to detect cheating, data collection and several languages. It has been designed to handle very large volumes of data.

The platform can integrate esports into games via the games' APIs (application programming interface), but also into games without in-built APIs. By offering games without access to APIs, G-Loot can offer esports in new games within a few days of launch. However, the availability of APIs provides a higher-quality playing experience, which is often the preferred option. The platform itself detects which game the user is playing.

The platform enables players to seamlessly pay fees and obtain their winnings. G-Loot is the first esports company to be recognised by VISA for disbursement of winnings direct to the player's account, giving them access to their winnings within 30 minutes.

## Key functionality

- APIs
- Statistics
- Tournaments
- Leagues
- Matching
- Challenges
- Lists of results

## Payment services

- Know Your Customer (KYC)
- References
- Authentication
- Wallet
- Subscription
- Participant fees

## Data stack

- **Player data**  
Securely registers, tidies and delivers player data to other tools
- **Interaction data**  
Visualises player behaviour to illustrate interaction and highlight challenges in the players' movements
- **Player behaviour**  
Analyses player behaviour for marketing purposes
- **Player experience**  
Optimises player experience by testing how players interact with different options
- **Engagement**  
To reach players in a personal way in all channels
- **Player insight**  
In-depth understanding of players

# Compliance

G-Loot has had legal aspects of its business scrutinised in more than 80 countries throughout the world to ensure that the esports offered on the platform are legal for participation. Most countries have a legal framework for luck-based games such as casino and traditional card games, whereas skill-based games – which applies to most esports – are often unregulated.

In most cases, the distinction between luck- and skill-based games is very clear, but sometimes it is fluid and so judgements in certain jurisdictions may be delicate. G-Loot estimates that its business today is wholly legal in 85 percent of countries worldwide.

Players based in regions where esports are not legal are blocked from G-Loot's services, for example via geo-fencing. This applies to certain states in the USA, as well as in Argentina, certain countries in Asia and parts of Australia. G-Loot regularly classifies all games offered on the platform to ensure that they are suitable for categorisation as skill-based games.

Another legal issue is that G-Loot handles payments to and from players. To be able to do so correctly, the Company uses KYC procedures and partnerships to secure accurate customer knowledge and to detect suspected money laundering and financing of terrorism.

This is achieved through a combination of third-party suppliers and in-house routines. The Company has on its own initiative introduced a limit of EUR 30 on daily deposits. In addition, people need to be more than 18 years of age to deposit funds via the site. However, youngsters aged 13 years and above are allowed to compete on the platform.

Another important aspect of compliance is to prevent cheating by players in the competitions. This is mainly done by players using particular software to control their copy of the game so that it becomes easier to win with. G-Loot maintains continuous surveillance, both automated and

manual, of every competition to ensure that it is carried out correctly. All competitions are recorded and verified before the prize money is distributed. It is fundamental to the players' experience and their willingness to use the platform, that they perceive the competitions to be fair.



# Culture and employees

G-Loot is in a phase of strong growth, in which the Company tripled in size during 2019, from 40 to 120 employees, including consultants. This places considerable demands on the recruitment process, employee inductions, rapid establishment of routines and clear initiatives to create a healthy corporate culture.

Recruitment takes place via a well-defined process in which candidates meet several Company employees. Despite the high pace of recruitment, selection is conducted with care and in an inclusive way. In 2019, G-Loot's recruitment process involved employees who had participated in the emergence of other Swedish tech companies in order to benefit from their experience. Another priority is to increase the proportion of women and international employees, as diversity is a prerequisite of the culture that we wish to establish.

G-Loot focuses systematically on maintaining the creativity and agility that have been present from the start. This work takes place on several levels, for example via a structure of cross-functional teams that themselves decide how to perform their duties, and by fostering an open, learning culture that enables people to learn by trial and error. Several times a year, the Company organises a two-day hack in which the whole Company gets together to discuss employees' ideas about how the business could be improved.





01/01/2019-31/12/2019

G-LOOT GLOBAL ESPORTS AB (PUBL) 55 69 81-0517

# Annual & consolidated accounts

# Contents

## Notes to the financial statements

36	1. Administration report				
45	2. Consolidated statement of income and other comprehensive income				
46	3. Consolidated statement of financial position				
48	4. Consolidated statement of changes in equity				
49	5. Consolidated statement of cash flows				
51	6. Parent Company statement of income				
52	7. Parent Company balance sheet				
54	8. Parent Company statement of changes in equity				
55	9. Parent Company statement of cash flows				
		<b>NOTES TO THE CONSOLIDATED ACCOUNTS</b>			
58	10.01 Nature of the business				
58	10.02 General information, compliance with IFRS and the going concern principle				
59	10.03 Changes in assessment in accordance with IAS 8				
60	10.04 New standards adopted as of 1 January 2019				
61	11. Significant accounting policies				
61	11.01 Basis of preparation				
61	11.02 Basis of consolidation				
62	11.03 Business combinations				
62	11.04 Translation of foreign currencies				
63	11.05 Segment reporting				
63	11.06 Income				
64	11.07 Operating expenses				
64	11.08 Intangible assets				
65	11.09 Property, plant and equipment				
66	11.10 Leased assets				
66	11.11 Financial instruments				
68	11.12 Trade receivables				
68	11.13 Trade payables				
69	11.14 Income taxes				
70	11.15 Cash and cash equivalents				
70	11.16 Equity, provisions and dividends				
71	11.17 Post-termination benefits and short-term benefits to employees				
72	11.18 Important assessments by Group Management on application of accounting and valuation policies and uncertainties in estimates				
73	11.19 Parent Company's accounting policies				
74	12. Participations in subsidiaries				
76	13. Segment reporting				
78	14. Other operating income and expenses				
79	15. Parent Company – intra-Group sales and purchases				
79	16. Property, plant and equipment				
80	17. Leases				
81	18. Financial assets and liabilities				
82	19. Trade and other receivables				
83	20. Equity				
84	21. Employee benefits etc.				
87	22. Contractual liabilities and other liabilities				
88	23. Finance income and costs				
89	24. Tax expense				
90	25. Earnings per share and dividend				
91	26. Key performance measures not defined in IFRS				
92	27. Related party transactions				
92	28. Remuneration to members of the Board and senior executives				
94	29. Contingent liabilities				
96	30. Risk in connection with financial Instruments				
98	31. Measurement at fair value				
99	32. Principles and processes for capital management				
99	33. Events after the balance sheet date				
100	Approval of financial statements				
101	34. Multi-year summary				
102	Auditors' Report				

## 1. Administration report

The Board of Directors and the President of G-Loot Global Esports AB (publ) (corporate identity number 556981-0517), headquartered in Stockholm, hereby present their annual and consolidated accounts for the financial year 1 January 2019 to 31 December 2019.

### Operations

G-Loot Global Esports Group develops and offers global and unique esports platforms enabling players to engage in skill-based competitions in digital games that they already play and love.

Esports competitions via the Company's services enable players to compete on mobile, PC and consoles in real time, with each other, wherever they are in the world.

Operations are classified into four separate segments: Sweden, Rest of EU, USA and Rest of World.

### Group structure

The Group consists of the Parent Company, G-Loot Global Esports AB (publ), and the three wholly owned subsidiaries, iModules AB, G-Loot AB and Strandstrosaren 45 AB.

Income is accounted for in the Parent Company, G-Loot Global Esports AB. The running costs of the business are accounted for in iModules AB and then invoiced internally to the Parent Company.

There was little or no activity in the other subsidiaries in 2019.

### Market developments during the year

The market in gaming and esports continued to expand during 2019. Sales in the gaming sector (mobile, PC and console) are estimated at USD 150 billion, around ten percent higher than in 2018.

There are no indications of any slowing in the increase. At present, it is estimated that 2.5 billion people play games on mobile, PC and console.

The esports sector closely follows the trend of the gaming sector and is expected to show a similar, or greater, expansion. Esports remain strongly connected to offline esports competitions, where players are specially invited to take part in arena-type competitions and only those specially invited players can share in prize money.

G-Loot is fundamentally not an offline competition organiser. The Company's vision and slogan is Offline Goes Online. To make this possible, a platform has been created that is open to everyone who wants to compete in a game that they already love playing. When competitions take place, players pay an entry fee and a prize pool is created for winners to share.

The platform is structured to enable swift integration of newly released games and make them accessible to everyone who chooses to register. Exactly how the market for this type of online esports platform is developing, and is expected to continue to develop, has not been researched in any great detail. There are few competitors. The USA's Skillz and the UK's FaceIT are two of the most obvious ones. As both are privately owned, financial information comparable with that of G-Loot is not available.

Despite the absence of clear statistical studies, the market for G-Loot is expected to expand considerably, going forward. As far as G-Loot is concerned, this has become evident since the launch of the new version of the Company's platform in autumn 2019. The stream of new players and activity among the players has been extremely large. In the first quarter of 2020, an increase in the average playing time per gamer per day was recorded, from 1.1 hours at the beginning of January to 2.8 hours at the end of March.

### Research and development

All services have been designed and developed by employees of the subsidiary iModules AB. All rights are owned by G-Loot Global Esports AB.

New services are developed in collaboration with the product owners and the sales department. Orders are then placed with the development department, which completes delivery.

### Significant events during the year

During the year, the Company changed its name from Gumbler AB till G-Loot Global Esports AB.

The year began with a private placement raising SEK 225 million. The cash from the placement was used primarily for creating prize pools, marketing and organising esports competitions, as well as for expanding the business by recruiting more employees.

The business produced a negative cash flow in 2019, disregarding the share issue, and is expected to do the same in 2020. Meanwhile, G-Loot will establish itself in a market that is growing fast, where 2.6 billion people are expected to play games on PC, console and mobile.

G-Loot has continued to establish competitions online on PC and mobile. The business is based on a presence on several platforms at the same time. Players must be able to freely choose between mobile, tablet, PC or console.

## Operations in subsidiaries

The Parent Company, G-Loot Global Esports AB, owns all shares in the three subsidiaries, iModules AB, G-Loot AB and Strandstrosaren 45 AB.

The organisation's operating costs, including personnel costs and miscellaneous external costs, are accounted for in iModules and then invoiced on to the Parent Company with a mark-up.

All income and direct costs are accounted for in the Parent Company, G-Loot Global Esports AB.

The Parent Company does not have any employees.

Practically no activities took place in the other subsidiaries in the past year.

## Group financial summary

### Earnings and financial position

Net sales in 2019 totalled SEK 33,431 thousand (14,009), an increase of 139 percent compared to 2018.

Operating earnings were negative at SEK -137,725 thousand (-59,066). The decline in operating profit in 2019 from 2018 was due above all to expansive market growth, leading to higher costs for marketing activities and higher personnel costs.

- Net financial items totalled SEK -46 thousand (-33).
- Net profit for the year was SEK -137,771 thousand (-59,002).
- The Group's cash and cash equivalents totalled SEK 158,039 thousand (78,983).
- Consolidated equity was SEK 136,839 thousand (65,385).
- Total assets on 31 December 2019 amounted to SEK 180,961 thousand (84,859).
- Current liabilities on 31 December 2019 totalled SEK 44,122 thousand (19,474).

### Cash flow

- Cash flow from operating activities weakened over the full year 2019 to SEK -119,369 thousand (-48,166) as a result of expansive market growth.

- Cash flow from investing activities totalled SEK -10,800 thousand (-83).
- Cash flow from financing activities totalled SEK 209,224 thousand (93,426) and was mainly impacted by the most recent new share issue, which is paid up and closed.
- Cash flow for the year totalled SEK 79,055 thousand (45,177).

### Investments

The Group's investments are relatively low, as development costs are recognised directly in the income statement. Investments during the year, mainly in machinery and equipment, totalled SEK -1,236 thousand (-83).

### The share

Earnings per share for 2019 totalled SEK -59 (-44), basic and diluted.

The number of shares in issue in 2019 totalled 2,627,814 (2,052,364).

## The business segments

Operations are organised in four geographical segments: Sweden, EU (excluding Sweden), USA and Rest of World.

Income from operations has grown on a relatively linear basis in the segments. This means that, between 2018 and 2019, growth in income was evenly spread across the segments in the Group.

All costs arise and are accounted for in Sweden.

## Other Group information

### Employees

All employees are employed in Sweden in the iModules AB subsidiary. In 2019, the number of employees averaged 46 (32).

### Environmental impact

The Group's environmental impact is considered to arise during business trips. Such trips are mainly international and therefore by air.

Other possible environmental impact is deemed to arise through the scrapping of machinery and equipment, which consists mainly of computers.

### **Principles of remuneration to senior executives**

The total remuneration to the President is determined by the Board. Remuneration issues concerning other members of the Board are subject to resolution by the AGM.

The Board Chairman is paid a fee of SEK 200 thousand and other Board members a fee of SEK 100 thousand each. No Board fee is paid to the President. In addition, one Board member has waived his Board fee.

The Board has adopted the following guidelines on management remuneration. The Group shall apply market-level remuneration and the employment conditions necessary to enable it to recruit and retain a management team with a high level of expertise and capacity to achieve set goals. Management remuneration shall have the scope for payment of fixed salary, variable remuneration, pensions and other benefits. Salary and other remuneration shall be determined on the basis of competence, experience, area of responsibility and performance. The fixed salary will be reviewed annually.

### **Pensions**

On behalf of all employees in Sweden, a pension premium of SEK 1 thousand per month per person is paid. Sickness insurance that varies according to age and income is also contracted.

The Group also has employees with other remuneration, mainly through conversion-of-earnings arrangements, which were awarded through negotiations on taking up employment.

### **Severance pay and notice of termination**

The period of notice for termination of employment for the President is six months on the part of both Company and President. Severance pay equal to 18 monthly salary payments shall be paid to the President in the event that notice of termination is served by the Company.

The period of notice for termination of employment for other senior executives is six months on the part of both Company and executive. No member of Group Management other than the President is entitled to severance pay on termination of employment by the Company.

### **Seasonal variations**

The esports sector is relatively young and as yet no seasonal variations worthy of mention have emerged. This is probably because the industry is global.

### **Parent Company**

- The Parent Company of the Group is G-Loot Global Esports AB.
- All income and direct costs are accounted for in the Parent Company. In addition, the subsidiaries invoice their costs, plus a market-level mark-up, to the Parent Company.
- The Parent Company's income totalled SEK 33,431 thousand (14,009), an increase of 139 percent.
- Operating earnings were negative at SEK -143,516 thousand (-62,562), a decline of SEK 80,954 thousand.
- Earnings after tax were negative at SEK -136,739 thousand (-58,564), a decline of SEK 78,175 thousand.
- The principal reason for the decline in earnings was an expansion in operations, requiring more employees and bigger market investments.

### **Share capital and owners**

- At year-end, the Company's share capital totalled SEK 814,622 thousand (636,233). The number of shares in issue was 2,627,814 (2,052,364).
- The number of shareholders at year-end was 191 (112).

### **Board of Directors**

No changes took place in the composition of the Board of Directors during the year, which remains at five members and no deputies.

The 2019 AGM authorised the Board to resolve to authorise the Company to issue new shares.

### **Outlook**

G-Loot Global Esports AB's Board of Directors does not issue any forecasts or other predictions regarding the outlook for development of the business.

### **Significant events after the financial year-end**

In autumn 2019, an agreement was signed with Goldman Sachs and Carnegie on representing and guiding the Company through a capital-raising process. The process began in the autumn and continued during the winter and spring of 2020.

The process was still ongoing at the time of the Board's approval of the publication of the Annual Report. Around 50 international investors received a presentation of the Company, together with access to the digital data room where further information regarding the Company's operations was assembled, along with forward-looking information.

In spring 2020, the Covid-19 virus broke out worldwide. The Company has been negatively impacted by Covid-19 in terms of its short-term financial position. However, the Company has seen positives via increased gaming on the platform.

## Material risks and risk management

All business is associated with a variety of risks. In order to clearly define and limit its exposure to risks, G-Loot Global Esports' Group Management focuses continuously on identifying and managing risks and uncertainties. Every year, a risk assessment is carried out across the entire Group, and a summary of the most material risks is presented below.

### Sector and market risks

#### Tighter regulation of the sector

##### DESCRIPTION

In some countries, regulatory authorities have no knowledge of the difference between luck-based games and performance-based games. The Company fits in the latter category, in that those who win the competitions held have developed a considerable degree of skill.

##### COMPANY'S APPROACH

To actively monitor political trends in key markets in which we operate and to seek to influence politicians and decision-makers.

#### Changes in pricing and demand

##### DESCRIPTION

The Company's products can be scaled up for a global market. This also means that new products and services similar to ours may be established and may become competition. Crowding in the market would bring pressure on prices.

##### COMPANY'S APPROACH

To actively monitor trends and changes that our competitors present, and to maintain close contact with our foremost gamers, to gain an early understanding of the new offerings that emerge.

### Operational risks

#### Competition on services

##### DESCRIPTION

The industry is in a period of rapid growth and interest is strong. As a result, it is likely that several similar services will be launched by new or established operators.

##### COMPANY'S APPROACH

To monitor at all times the services established and offered by our competitors in the sector, and to constantly hone expertise among our employees so that we are and remain the best in the field.

#### Professional expertise and the ability to retain and attract employees

##### DESCRIPTION

There is strong demand for highly-skilled software developers, as a result of the current upswing in the economy. Mobility in the sector is high.

##### COMPANY'S APPROACH

To ensure that we are recognised above all for being in an industry of the future, and that we stand out from traditional technology companies. Market-level pay and incentive schemes for personnel and management.

#### Licensing

##### DESCRIPTION

In some countries and certain states in the USA, political forces and movements are opposed to gaming and gambling. This may affect the Company's business.

##### COMPANY'S APPROACH

To highlight the difference between performance-based and luck-based gaming. Esport is based on skill and is best compared with physical sports.

#### Negative publicity or indices of activity

##### DESCRIPTION

The Company targets consumers who love video games. Consumers are quick to move, and information is readily available. The slightest negative news spreads fast on the Internet.

##### COMPANY'S APPROACH

To maintain a strong, active presence in social media and strict control over what we communicate. Clarity as to who represents the Company.

## Financial risks

### Operating margin

#### DESCRIPTION

The operating margin may decline as a result of lower income, lower gross profit or higher operating costs.

#### COMPANY'S APPROACH

To maintain highly developed forecasting for the business, along with detailed follow-up and strict control of costs.

### Financing

#### DESCRIPTION

The Company still reports a negative cash flow and so is dependent on external financiers. At present, venture capital is available on the financial market.

#### COMPANY'S APPROACH

To regularly meet and update the financiers who follow the Company and are interested in our industry. By living up to the forecasts we have made and by demonstrating a high level of activity and great enterprise, we build trust and maintain expectations. This makes the Company an attractive investment.

#### CAPITAL REQUIREMENTS AND CONTINUATION OF THE BUSINESS

The Board is of the view that the Company will be dependent on further capital contributions in 2020. The financing process that began in the first half of 2020 was well received by investors. The Board of Directors therefore judges that continued financing for the remainder of the year is highly possible.

The Board's ambition is to finalise the financing process in the third quarter of 2020, but if the level of financing is lower than anticipated, there is scope for the Board to realign the Company's costs and in so doing ensure continuation of the business.

## Appropriation of profit

G-Loot Global Esports AB's Board of Directors has resolved that cash flows earned shall be reinvested in the business. The Board of Directors proposes to the 2020 Annual General Meeting that no dividend be paid for the 2019 financial year, and that the profit for the year be reinvested in the business. The consolidated and Parent Company income statements and balance sheets are subject to approval by the Annual General Meeting, to be held on 26 June 2020.

#### 31/12/2019

Share premium reserve	SEK 374,364,154
Retained profit/loss	SEK -100,159,683
Profit/loss for the year	SEK -136,739,439
<b>Total</b>	<b>SEK 137,465,031</b>
<b>The Board of Directors proposes that the following amount be carried forward:</b>	<b>SEK 137,465,031</b>

## 2. Consolidated statement of income and other comprehensive income

SEK thousand	Note	2019	2018
Operating income			
Net sales*	13	33,431	14,009
Other operating income	13, 14	54	865
<b>Total operating income</b>		<b>33,487</b>	<b>14,874</b>
Operating expenses			
Direct expenses in the form of prize pools	13	-53,148	-20,750
Other external costs	13, 18, 21	-72,737	-28,467
Costs of remuneration to employees	13, 21, 28	-44,872	-24,551
Depreciation of property, plant, and equipment	13, 16	-161	-59
Other operating expenses	13, 14	-291	-112
<b>Total operating expenses</b>		<b>-171,209</b>	<b>-73,939</b>
<b>Operating profit/loss</b>	<b>13</b>	<b>-137,725</b>	<b>-59,066</b>
Profit/loss from financial items	23		
Finance income		16	19
Finance costs		-62	-52
<b>Total net financial items</b>		<b>-46</b>	<b>-33</b>
<b>Profit/loss before tax</b>		<b>-137,771</b>	<b>-59,099</b>
Income tax	24	-	96
<b>Comprehensive income for the year</b>		<b>-137,771</b>	<b>-59,002</b>
Profit/loss for the year attributable to: Parent Company shareholders		-137,771	-59,002
<b>Comprehensive income for the year</b>		<b>-137,771</b>	<b>-59,002</b>
Comprehensive income for the year attributable to: Parent Company shareholders		-137,771	-59,002
<b>Comprehensive income for the year</b>		<b>-137,771</b>	<b>-59,002</b>
Earnings per share, basic and diluted, in SEK, based on profit/loss attributable to Parent Company shareholders over the year	25	-52	-44
*Income as per segment reporting. The difference amounts to		83,461 50,030	34,966 20,957

### 3. Consolidated statement of financial position

SEK thousand	Note	31/12/2019	31/12/2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16		
Equipment, tools, fixtures, and fittings		1,345	270
Total property, plant and equipment		1,345	270
Non-current financial assets	18		
Other financial assets		9,564	-
Financial assets, rental deposit		69	69
Total non-current financial assets		9,633	69
<b>Total non-current assets</b>		<b>10,978</b>	<b>339</b>
<b>Current assets</b>			
Trade receivables	19	354	573
Other receivables	18, 19	8,276	3,987
Prepaid expenses and accrued income	18, 19	3,314	977
Cash and cash equivalents	18	158,039	78,983
<b>Total current assets</b>		<b>169,983</b>	<b>84,520</b>
<b>Total assets</b>		<b>180,961</b>	<b>84,859</b>

SEK thousand	Note	31/12/2019	31/12/2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	<b>20</b>		
Share capital		815	636
Other contributed capital		374,364	165,318
Retained earnings, including net profit/loss		-238,340	-100,568
<b>Total equity</b>		<b>136,839</b>	<b>65,386</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Contractual liability	22	10	10
Trade payables	18	13,318	7,351
Current tax liabilities	18, 24	365	-
Other current liabilities	18, 22	20,015	8,074
Accrued expenses and deferred income	18, 22	10,414	4,038
Total, current liabilities		44,122	19,473
<b>Total liabilities</b>		<b>44,122</b>	<b>19,473</b>
<b>Total equity and liabilities</b>		<b>180,961</b>	<b>84,859</b>

## 4. Consolidated statement of changes in equity

SEK thousand	Share capital	Unregistered share capital	Other contributed capital	Retained earnings incl. net profit/loss for the year	Total equity
Opening balance, 1 January 2019	636	-	165,318	-100,568	65,386
Profit/loss for the year and other comprehensive income	-	-	-	-137,771	-137,771
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>-137,771</b>	<b>-137,771</b>
New share issue	178	-	224,823	-	225,001
New share issue, expenses	-	-	-15,777	-	-15,777
<b>Total transactions with the Group's owners</b>	<b>178</b>	<b>-</b>	<b>209,046</b>	<b>-</b>	<b>209,224</b>
<b>Closing balance, 31 December 2019</b>	<b>815</b>	<b>-</b>	<b>374,364</b>	<b>-238,340</b>	<b>136,839</b>
Opening balance, 1 January 2018	82	554	165,318	-41,567	124,387
Profit/loss for the year and other comprehensive income	-	-	-	-59,002	-59,002
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-59,002</b>	<b>-59,002</b>
New share issue	554	-554	-	-	-
<b>Total transactions with the Group's owners</b>	<b>554</b>	<b>-554</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance, 31 December 2018</b>	<b>636</b>	<b>-</b>	<b>165,318</b>	<b>-100,568</b>	<b>65,385</b>

## 5. Consolidated statement of cash flows

SEK thousand	Note	2019	2018
<b>Cash flow from operating activities</b>			
Profit/loss after financial items		-137,771	-59,099
Depreciation/amortisation	16	161	60
Income taxes paid		365	-
<b>Cash flow from operating activities before changes in working capital</b>		<b>-137,245</b>	<b>-59,039</b>
<b>Cash flow from changes in working capital</b>			
Increase/decrease in trade receivables		219	-573
Increase/decrease in current receivables		-6,829	1,351
Increase/decrease in trade payables		5,968	6,139
Increase/decrease in current liabilities		18,518	3,955
<b>Total changes in working capital</b>		<b>17,876</b>	<b>10,873</b>
<b>Cash flow from operating activities</b>		<b>-119,369</b>	<b>-48,166</b>
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment	16	-1,236	-83
Investments in other financial assets	18	-9,564	-
<b>Cash flow from investing activities</b>		<b>-10,800</b>	<b>-83</b>
<b>Cash flow from financing activities</b>			
New share issue		209,224	93,539
Amortisation of loans		-	-113
<b>Cash flow from financing activities</b>		<b>209,224</b>	<b>93,426</b>
<b>Decrease/increase in cash and cash equivalents</b>		<b>79,055</b>	<b>45,177</b>
Cash and cash equivalents at start of year		78,983	33,806
<b>Cash and cash equivalents at year-end</b>		<b>158,039</b>	<b>78,983</b>

## Management group



**Patrik Nybladh**  
CEO



**Jan Benjaminson**  
CFO



**Jamie Dunbar Smyth**  
Chief Growth Officer



**Simon Sundén**  
VP & Head of Esports



**David Nordberg**  
Chief Product Officer



**Gustav Nilsson**  
CTO



**Frank Ericson**  
CCO



**Constanza Rodriguez**  
Head of People & Culture

## 6. Parent Company statement of income

SEK thousand	Note	31/12/2019	31/12/2018
<b>Operating income</b>			
Net sales		33,341	14,009
Other income	14	10	-
<b>Total operating income</b>		<b>33,351</b>	<b>14,009</b>
<b>Operating expenses</b>			
Direct expenses in the form of prize pools		-53,148	-20,750
Other external costs	17, 21	-123,764	-55,819
Other operating expenses	14	-46	-2
<b>Total operating expenses</b>		<b>-176,958</b>	<b>-76,571</b>
<b>Operating profit/loss</b>		<b>-143,516</b>	<b>-62,562</b>
<b>Financial items</b>			
Profit/loss from financial items	23	-	1
Interest expense and similar profit/loss items	23	-46	-417
<b>Total profit/loss from financial items</b>		<b>-46</b>	<b>-416</b>
<b>Profit/loss after financial items</b>		<b>-143,562</b>	<b>-62,978</b>
Group contributions		6,823	4,414
<b>Profit/loss before tax</b>		<b>-136,739</b>	<b>-58,564</b>
Tax on profit for the year	24	-	-
<b>Profit/loss for the year and comprehensive income</b>		<b>-136,739</b>	<b>-58,564</b>

## 7. Parent Company balance sheet

SEK thousand	Note	31/12/2019	31/12/2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Non-current financial assets			
Participations in Group companies	12	1,632	600
Other financial assets		9,564	-
Total financial assets		11,196	600
<b>Total non-current assets</b>		<b>11,196</b>	<b>600</b>
<b>Current assets</b>			
Trade receivables		354	155
Receivables from Group companies		10,335	3,069
Other receivables	19	8,181	3,987
Prepaid expenses and accrued income	19	1,216	598
Cash and bank balances		146,988	76,065
<b>Total current assets</b>		<b>167,074</b>	<b>83,874</b>
<b>Total assets</b>		<b>178,270</b>	<b>84,474</b>

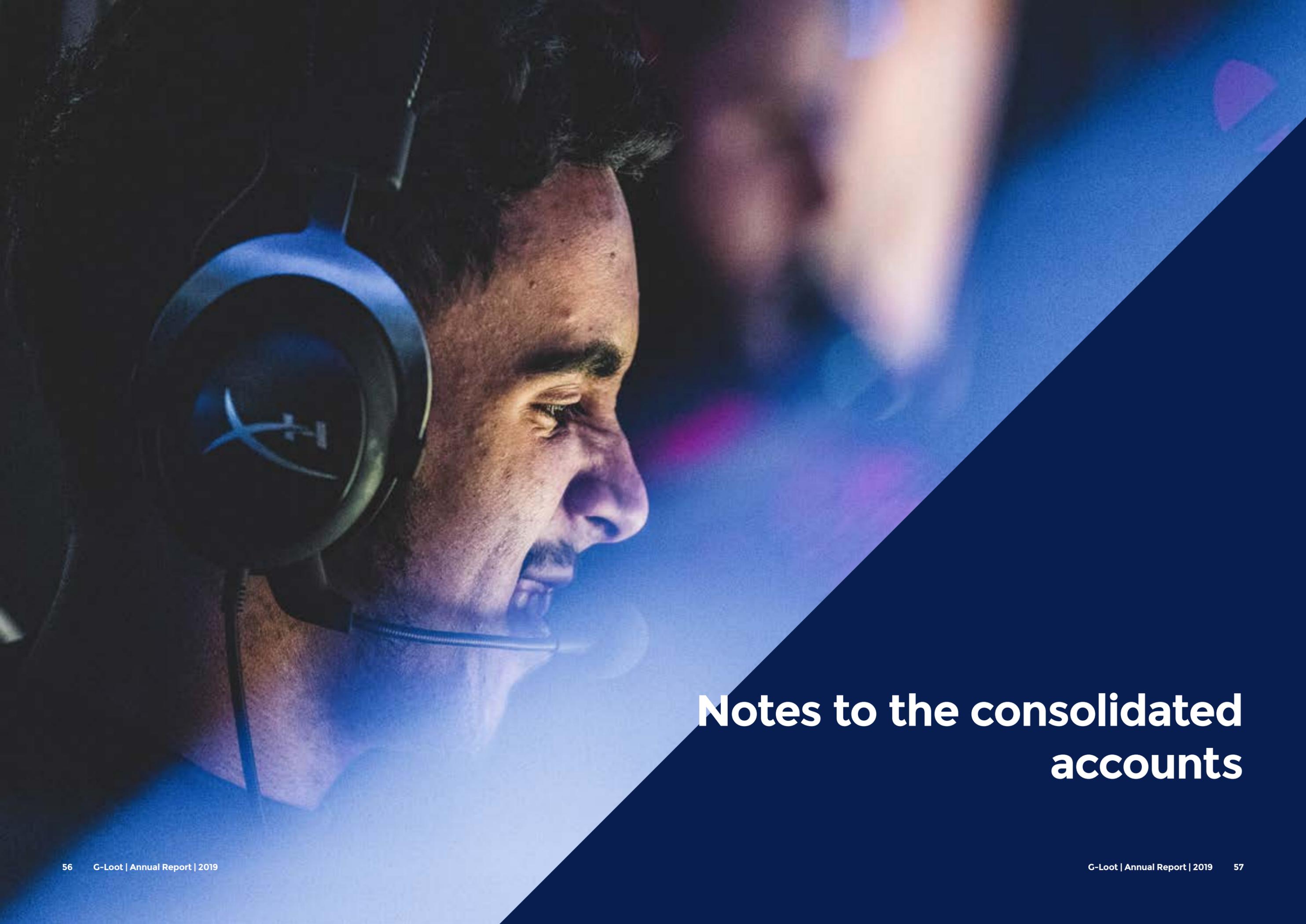
SEK thousand	Note	31/12/2019	31/12/2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
20			
Restricted equity			
Share capital		815	636
Total restricted equity		815	636
Share premium reserve		374,364	165,318
Retained profit/loss		-100,160	-41,596
Profit/loss for the year		-136,739	-58,564
Total unrestricted equity		137,465	65,158
<b>Total equity</b>		<b>138,280</b>	<b>65,795</b>
<b>Liabilities</b>			
Current liabilities			
Advance payments from customers		10	10
Trade payables		24,411	14,077
Other current liabilities	22	13,420	3,248
Accrued expenses and deferred income	22	2,150	1,344
Total, current liabilities		39,991	18,679
<b>Total liabilities</b>		<b>39,991</b>	<b>18,679</b>
<b>Total equity and liabilities</b>		<b>178,270</b>	<b>84,474</b>

## 8. Parent Company statement of changes in equity

SEK thousand	Share capital	Unregistered share capital	Share premium reserve	Retained earnings incl. net profit/loss for the year	Total equity
<b>Opening balance, 1 January 2019</b>	<b>636</b>	-	<b>165,318</b>	<b>-100,159</b>	<b>65,795</b>
Profit/loss for the year	-	-	-	-136,739	-136,739
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>-136,739</b>	<b>-136,739</b>
New share issue	178	-	224,823	-	225,001
New share issue, expenses	-	-	-15,777	-	-15,777
<b>Total transactions with the Parent Company owners</b>	<b>178</b>	-	<b>209,046</b>	-	<b>209,224</b>
<b>Closing balance, 31 December 2019</b>	<b>815</b>	-	<b>374,364</b>	<b>-236,898</b>	<b>138,280</b>
<b>Opening balance, 1 January 2018</b>	<b>82</b>	<b>554</b>	<b>165,318</b>	<b>-41,595</b>	<b>124,359</b>
Profit/loss for the year	-	-	-	-58,564	-58,564
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>-58,564</b>	<b>-58,564</b>
New share issue	554	-554	-	-	-
<b>Total transactions with the Parent Company owners</b>	<b>554</b>	<b>-554</b>	-	-	-
<b>Closing balance, 31 December 2018</b>	<b>636</b>	-	<b>165,318</b>	<b>-100,159</b>	<b>65,795</b>

## 9. Parent Company statement of cash flows

	Note	2019	2018
<b>Cash flow from operating activities</b>			
Profit/loss after financial items		-143,516	-62,562
Interest paid		-46	-416
<b>Cash flow from operating activities before changes in working capital</b>		<b>-143,562</b>	<b>-62,978</b>
Cash flow from changes in working capital			
Increase/decrease in trade receivables		-199	-155
Increase/decrease in current receivables		-9,669	8,383
Increase/decrease in trade payables		10,334	11,111
Increase/decrease in current liabilities		9,946	-7,806
Total changes in working capital		10,412	11,533
<b>Cash flow from operating activities</b>		<b>-133,150</b>	<b>-51,445</b>
<b>Cash flow from investing activities</b>			
Investments in participations in Group companies	12	-	-
Investments in other financial assets		-9,564	-
Cash flow from investing activities	18	-9,564	-
<b>Cash flow from financing activities</b>			
Group contributions		4,414	949
New share issue		209,224	93,539
<b>Cash flow from financing activities</b>		<b>213,638</b>	<b>94,488</b>
<b>Decrease/increase in cash and cash equivalents</b>		<b>70,924</b>	<b>43,043</b>
Cash and cash equivalents at start of year		76,065	33,022
<b>Cash and cash equivalents at year-end</b>		<b>146,988</b>	<b>76,065</b>



# Notes to the consolidated accounts

## Note 10.01: Nature of the business

The consolidated accounts comprise the Parent Company, G-Loot Global Esports AB, and its subsidiaries (the Group). The Parent Company is a Swedish limited liability company with its registered office in Stockholm, Sweden. The address of the Group's headquarters is Birger Jarlsgatan 37 B, Stockholm. The Group was founded on 1 January 2017.

G-Loot Global Esports AB is the Parent Company of a Group with a unique, global esports platform that makes skill-based competitions possible in games that players already play and love. Esports competitions provided via the Company's service enable players to compete via mobile, PC and, in future, console, live, with each other, wherever they are in the world.

## Note 10.02 General information, compliance with IFRS and the going concern principle

The consolidated accounts for G-Loot Global Esports AB have been prepared in accordance with IFRS (International Financial Reporting Standards) and interpretations issued by the IFRS Interpretations Committee (IFRSIC), as adopted by the EU; as well as RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Accounting Standards Council and the Swedish Annual Accounts Act.

In 2019, the Company changed the Group's structure. The intention was to prepare the Company for a possible future formal listing of the Company's share, and to adapt its accounting to the requirements of the marketplaces concerned.

The former method of income recognition is indicated on the bottom line on page 45.

The consolidated accounts have been prepared using historical cost method, other than in the case of financial assets and liabilities, which are measured at fair value via the income statement. The most important accounting policies applied in the preparation of these consolidated accounts are described below.

Amounts are in thousands of Swedish kronor (SEK th.), unless otherwise indicated. Figures in parentheses show the values for the preceding year.

These consolidated accounts were approved by G-Loot Global Esports AB's Board of Directors on 11 June 2020. The balance sheets and income statements will be presented for adoption to the Company's Annual General Meeting on 26 June 2020.

The Parent Company accounts have been prepared in accordance with Recommendation RFR 2, Accounting by Legal Entities, issued by the Swedish Financial Reporting Board, and the Swedish Annual Accounts Act.

The cases where the accounting policies applied by the Parent Company differ from those applied by the Group are indicated separately at the end of this note.

The preparation of financial statements in accordance with IFRS requires Management to make estimates and assessments in the implementation of the Group's accounting policies – see Note 11.19: Important assessments by Group Management on application of accounting and valuation policies and uncertainties in estimates.

The Company still reports a negative cash flow and so is dependent on external financiers. At present, venture capital is available on the financial market.

The Company regularly meets and updates its financiers, who follow the Company's progress and are interested in our sector. By living up to the forecasts we have made and by demonstrating a high level of activity and great enterprise, we build trust and maintain expectations. This makes the Company an attractive investment.

The Board is of the opinion that the Company's ability to continue operating as a going concern is not under threat, and the financing process in progress during the first half of 2020 shows clearly that the Company's products and services are so attractive from an investment perspective that continued financing is highly possible.

The financial statements have therefore been prepared on the going concern basis.

If the level of financing is lower than anticipated, there is scope for the Board to realign the Company's costs and in so doing ensure continued existence of the business.

## Note 10.03 Change of accounting policy in accordance with IAS 8

### IAS 8

The Group has changed its accounting policy to only recognise external income as revenue when the prize pools established internally are no longer included, which therefore impacts the Company's net sales and other external costs. The change in income recognition policy has no effect on equity and no effect on the measurements of any other items either.

The change in policy is applied retroactively in order to obtain relevant like-for-like comparisons.

## 10.04 New standards adopted as of 1 January 2019

### IFRS 16 Leases

IFRS 16 replaced IAS 17 Leases and three associated interpretations. The standard requires the lessee to recognise an asset with regard to the right of use related to an underlying asset and a liability related to the obligation to make future lease payments for such right of use. IFRS 16 provides two important exemptions for low-value assets and short-term leases with a term of less than 12 months.

IFRS 16 is applied for financial years starting on 1 January 2019 or later. Early adoption of the new standard is allowed, but the Group has elected not to do so.

The Group has opted for the practical solution of not performing a total review of existing leases, and merely to apply IFRS 16 to new or amended leases.

The cost for operating leases in the 2019 financial year totalled SEK 3,645 thousand (854). On 31 December 2019, the undiscounted amount for the payment obligation in connection with operating leases was SEK 751 thousand (2,562). However, implementation of IFRS 16 would have the effect that a lower amount would be recognised as a liability/asset, since parts of the leases may pertain to services, in which case the payment obligations should be discounted.

The Board of Directors has decided not to recognise the leases on the balance sheet as right-of-use assets since the leases represent a minor amount.

For more information about the Group's lease obligations, including maturity structure, see Note 19 Leases.

None of the other IFRS or IFRIC interpretations that are yet to come into force are expected to have any material impact on the Group.

## 11. Significant accounting policies

### Note 11.01 Basis of preparation

Income statements and balance sheets of all Group companies using a functional currency other than the reporting currency are translated to the Group's reporting currency as follows:

- (a) assets and liabilities for every one of the balance sheets are translated at the rate on the balance sheet date;
- (b) income and expenses for every one of the income statements are translated at the average exchange rate (if this average rate represents a reasonable approximation of the accumulated effect of the exchange rates prevailing on the day of the transaction, otherwise income and expenses are translated at the exchange rate on the day of the transaction); and
- c) all translation differences arising are recognised in current income.

Goodwill and fair value adjustments arising in foreign business combinations are treated as assets and liabilities in the acquired business and translated at the rate on the balance sheet date. Translation differences are recognised in other comprehensive income.

In the Group, no material assets and liabilities exist in any currency other than the functional currency for the particular company.

### Note 11.02 Basis of consolidation

Intra-Group transactions, balance sheet items, income and costs of transactions between intra-Group companies are eliminated. Gains and losses resulting from intra-Group transactions and recognised in assets are also eliminated. The accounting and valuation policies for subsidiaries have, where appropriate, been amended to guarantee consistent implementation of the Group's policies.

Gains and losses on disposals to non-controlling interests are also recognised in equity.

Changes in fair value of additional purchase considerations associated with acquisitions of non-controlling interests are recognised in the income statement, under the heading 'Other operating income/expenses'.

### **Note 11.03 Business combinations**

The Group controls a company when it is exposed to or is entitled to a variable return on its holding in the company and is able to affect the return through its influence over the company. Subsidiaries are included in the consolidated accounts from the day when the controlling interest is transferred to the Group. Subsidiaries are removed from the consolidated accounts from the day when the controlling interest ceases.

The purchase method is used in accounting for the Group's business acquisitions. The purchase consideration for the acquisition of a subsidiary is represented by the fair value of assets acquired, liabilities assumed by the Group vis-à-vis former owners of the company acquired and the shares issued by the Group.

The purchase consideration also includes the fair value of all liabilities that arise as a result of an agreement on a conditional purchase consideration.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. In every acquisition, the Group determines whether a non-controlling interest in the company acquired is recognised at fair value or as the proportionate share that the interest represents of the value of the identifiable net assets of the company acquired. Acquisition-related costs are carried as an expense when incurred.

### **Note 11.04 Translation of foreign currencies**

Functional currency refers to items that are included in the financial statements for the various units in the Group and are measured in the currency of the primary economic environment in which the entity operates.

The reporting currency, Swedish kronor (SEK), is the currency used in the consolidated accounts.

### **Note 11.05 Segment reporting**

The business is organised and managed on the basis of operating segments located in Sweden, Rest of Europe, the USA and Rest of World. At G-Loot Global Esports AB, the President has been identified as the highest executive decision-maker in the Parent Company. The basis of segment reporting is the internal system of reporting. The Board of Directors and Management base their follow-up primarily on sales per segment.

### **Note 11.06 Income**

G-Loot's business model is based primarily on three separate income streams:

- 1) Players who take part in competitions pay a fee. The most commonly-used model is for players to pay to enter and then to be able to play again – or retry – in the same game, if permitted in the game. The fees are generally charged in equal amounts. The fees, less the prize pools, create a surplus and a profit for G-Loot.
- 2) The second source of income is subscriptions, in which the player pays a monthly fee for extra added value and benefits on the platform. This format is general in PCs, where games are played over a longer period.
- 3) The third source of income consists of sales of sponsorship and media rights. Here, a third party pays for the right to transmit or stream from G-Loot's offline event. As yet, G-Loot receives minor amounts of income from media rights, but interest from advertisers is increasing steadily, in turn stimulating interest in and the value of media rights.

## Note 11.07 Operating expenses

Operating expenses are recognised in income when the service is used or when the event has occurred.

## Note 11.08 Intangible assets

An intangible asset created via development is to be recognised only if the company can demonstrate the following, in accordance with IAS 38:

- 1 The technical facilities for completing the intangible asset so that it becomes available for use or sale.
- 2 The intention to complete the intangible asset so that it becomes available for use or sale.
- 3 The company's ability to use or sell the asset.
- 4 How the asset will generate probable future economic benefits.
- 5 Adequate technical, economic and other resources exist to enable the company to bring development and use or sale of the asset to a conclusion.
- 6 The company's ability to reliably measure expenses attributable to the asset during its development.

Since the Board of Directors is of the opinion at this stage that there is uncertainty as to how the intangible asset will generate future economic benefits, the costs of development have not been capitalised.

## Note 11.09 Property, plant and equipment

Property, plant and equipment are stated at historical cost after deductions for depreciation. Historical cost includes expenses directly attributable to acquisition of the asset. Future expenses are added to the carrying amount for the asset or are recognised as a separate asset, whichever is appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the historical cost of the asset can be measured reliably.

The carrying amount for a replaced part is derecognised from the balance sheet. All other repairs and maintenance are charged to the income statement as expenses in the period in which they arise. Every component of an asset classified as property, plant and equipment with a historical cost that is substantial in relation to the aggregate historical cost of the asset is depreciated separately.

In order to apportion the historical cost of other assets down to the estimated residual value over the estimated period of use, depreciation is applied on a straight-line basis as follows:

- Equipment, tools, fixtures, and fittings: 5 years

The residual values and values in use of the assets are reviewed at the end of each reporting period and if necessary adjusted. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on disposal of an asset classified as property, plant and equipment are determined via a comparison between the income on sale and the carrying amount, and are recognised in other operating income or other operating expenses in the statement of other comprehensive income.

## Note 11.10 Leased assets

IFRS 16 replaced IAS 17 Leases and three associated interpretations. The standard requires the lessee to recognise an asset with regard to the right of use related to an underlying asset and a liability related to the obligation to make future lease payments for such right of use. IFRS 16 provides two important exemptions, for low-value assets and short-term leases with a term of less than 12 months.

IFRS 16 is implemented for the financial year beginning on 1 January 2019.

The Group has opted for the solution of not performing a total review of existing leases, and is only applying IFRS 16 to new or amended leases. Since certain leases have been amended or renewed in 2019, the Group has re-examined its assessment of these leases and decided that they will be recognised on the balance sheet as a right-of-use asset.

The cost for operating leases in the 2019 financial year totalled SEK 3,645 thousand (854). On 31 December 2019, the undiscounted amount for the payment obligation in connection with operating leases was SEK 751 thousand (2,562). However, implementation of IFRS 16 would have the effect that a lower amount would be recognised as a liability/asset, since parts of the leases may pertain to services, in which case the payment obligations should be discounted.

For more information about the Company's lease obligations, including maturity structure, see Note 17 Leases.

## Note 11.11 Financial instruments

IFRS 9 Financial Instruments deals with classification, measurement and recognition of financial assets and liabilities. There are three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. How an instrument is to be classified is determined by the company's business model and the characteristics of the instrument. IFRS 9 also introduces a new model for calculation of provision for credit losses, based on expected credit losses rather than incurred credit losses. The part of the standard that affects the Group concerns measurement and recognition of credit losses.

The Group has minor trade receivables and so IFRS 9 has little impact on the Group.

Classification

The Group classifies its financial assets and liabilities in the following categories:

- a) financial assets and liabilities measured at fair value via the income statement
- b) assets at amortised cost, and
- c) other financial liabilities

The classification is determined by the purpose for which the financial asset or liability was acquired. Management determines the classification of financial assets and liabilities on initial recognition.

On the asset side, assets at amortised cost consist for the most part of trade receivables and loan receivables.

Loan receivables and trade receivables are financial assets that are not derivatives, that have defined or definable payments and that are not listed on an active market. They are included among current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

### Recognition and measurement

Financial assets are derecognised from the statement of financial position when the right to obtain cash flows from the instrument has expired or been transferred and when the Group has transferred essentially all risks and benefits associated with the right of ownership. Financial liabilities are derecognised from the statement of financial position when the obligation under the agreement has been fulfilled or has otherwise expired.

Loan receivables and other receivables, together with other financial liabilities, are recognised after the date of acquisition at amortised cost using the effective interest method. Gains and losses arising from changes in fair value regarding the category Financial assets and liabilities measured at fair value via the income statement, are recognised in income in the period in which they arise and are included in operating income, under the heading of 'Other operating income' or 'Other operating expenses'.

### **Impairment of financial Instruments**

At the end of each accounting period, the Group determines whether there is objective evidence that an impairment loss has arisen on a financial asset or group of financial assets. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The impairment loss is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted to the original effective interest rate of the financial asset. The carrying amount for the asset is impaired, and the impairment amount recognised in the consolidated income statement. If the impairment decreases in a subsequent period and the decrease may objectively be attributed to an event that occurred after the impairment was recognised, the reversal of the impairment previously recognised is recognised in the consolidated income statement.

### **Note 11.12 Trade receivables**

Trade receivables are financial instruments that consist of amounts to be paid by customers for goods and services sold in the course of operating activities. If payment is expected within one year or earlier, they are classified as current assets. If not, they are recognised as non-current assets. Trade receivables are initially recognised at fair value and subsequently at amortised cost calculated using the effective interest method.

### **Note 11.13 Trade payables**

Trade payables are financial instruments that consist of obligations to pay for goods and services that have been acquired in operating activities from suppliers.

Trade payables are classified as current liabilities if falling due for payment within a year. If not, they are recognised as non-current liabilities. Trade payables are initially recognised at fair value and subsequently at amortised cost calculated using the effective interest method.

### **Note 11.14 Income taxes**

The tax expense for the period is made up of current and deferred tax. Tax is recognised in the income statement, except where it relates to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or equity.

The current tax expense is calculated on the basis of the tax rules enacted or substantially enacted on the balance sheet date in the countries in which the Parent Company and its subsidiaries are operating and generating taxable revenues.

Deferred tax is recognised using the balance sheet method for all temporary differences that arise between the taxable value of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred income tax is determined by application of tax rates enacted or announced on the balance sheet date, and expected to apply when the deferred income tax asset concerned is realised or the deferred income tax liability is settled.

Deferred tax assets in tax loss carry-forwards are recognised to the extent it is probable that future fiscal surpluses will be available against which the deficits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against tax liabilities, where the deferred tax assets and tax liabilities relate to taxes charged by one and the same tax authority and concern either the same taxable object or different tax objects and where there is an intention to settle the balances via net payments.

The Parent Company and the Group have not capitalised any tax loss carry-forwards. Deferred tax assets relating to deficits are not accounted for as an asset until the business has been in a taxation situation for two consecutive years and a profit for the third year has been budgeted.

### **Note 11.15 Cash and cash equivalents**

Cash and cash equivalents are financial instruments and include bank balances on both the balance sheet and the statement of cash flows.

### **Note 11.16 Equity, provisions and dividends**

Share capital represents the nominal value (the quotient value) of shares in issue.

Other contributed equity includes any premium obtained on issue of new share capital. Any transaction costs associated with an issue of new shares are deducted from the contributed equity, taking account of any impact on income taxes.

Dividends to be paid to shareholders are recognised under the heading 'Other liabilities' once the dividends have been approved at an annual general meeting before the balance sheet date.

### **Note 11.17 Post-termination benefits and short-term benefits to employees**

The plan for post-termination benefits among Group companies is based on defined-contribution pension benefits.

#### **Pension obligations**

A defined-contribution pension plan is one in which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay any further contributions if this legal entity does not have sufficient assets to pay all benefits to employees in connection with the employees' service through current or earlier periods.

In the case of defined-contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a compulsory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel costs when they fall due for payment. Pre-paid contributions are recognised as an asset to the extent that any cash repayment or decrease in future payments may accrue to the Group.

#### **Termination benefits**

Termination benefits are payable when an employee's employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in return for such benefits. The Group recognises termination benefits at the earlier of the following points in time:

- (a) when the Group is no longer able to recall the offer of benefits; and
- (b) when the Company recognises restructuring expenses that fall within the scope of IAS 37 and that require payment of severance benefits.

In cases where the company has made an offer to encourage voluntary redundancy, termination benefits are calculated on the basis of the number of employees who are expected to accept the offer. Benefits that fall due for payment more than 12 months after the end of the reporting period are discounted to present value.

## **Note 11.18 Important assessments by Group Management on application of accounting and valuation policies and uncertainties in estimates**

Estimates and assessments are evaluated continuously on the basis of past experience and other factors, including expectations of future events that are regarded as reasonable in the prevailing circumstances. The Group makes estimates and assumptions about the future. The estimates for accounting purposes that arise from them will, by definition, rarely accord with the actual outcomes. The estimates and assumptions that represent a significant risk of material adjustments to the carrying amounts for assets and liabilities over the next financial year are described in general terms below.

### **Measurement of tax loss carry-forwards**

The Parent Company and the Group have not capitalised any tax loss carry-forwards. Deferred tax assets relating to deficits are not accounted for as an asset until the business has been in a taxation situation for two consecutive years and a profit for the third year has been budgeted.

The Company still reports a negative cash flow and so is dependent on external financiers. At present, venture capital is available on the financial market.

The Company regularly meets and updates its financiers, who follow the Company's progress and are interested in our sector. By living up to the forecasts we have made and by demonstrating a high level of activity and great enterprise, we build trust and maintain expectations. This makes the Company an attractive investment.

### **Assessment of the application of the going concern principle**

The Board is of the view that the Company will be dependent on further capital contributions in 2020. The financing process that began in the first half of 2020 was well received by investors. The Board of Directors therefore judges that continued financing for the remainder of the year is highly possible.

The Board's ambition is to finalise the financing process in the third quarter of 2020, but if the level of financing is lower than anticipated, there is scope for the Board to realign the Company's costs and in so doing ensure continuation of the business.

## **Note 11.19 Parent Company's accounting and valuation policies**

The Parent Company's accounts are prepared in accordance with RFR 2 Accounting for legal entities. Accounting policies other than those described for the Group are applied in the circumstances described below.

### **Forms of presentation**

The income statement and balance sheet are prepared in accordance with the form of presentation set out in the Swedish Annual Accounts Act. The income statement is titled Parent Company income statement. The statement of changes in equity is also prepared in accordance with the form of presentation used by the Group but must include the columns stipulated in the Swedish Annual Accounts Act. Differences in terminology are also involved, compared with the consolidated accounts, above all regarding finance income and costs, and equity.

### **Participations in subsidiaries**

Participations in subsidiaries are recognised at historical cost less any impairments. Historical cost includes acquisition-related costs and any additional purchase considerations. When there is an indication that participations in subsidiaries have declined in value, the residual value is calculated. If this is lower than the carrying amount, an impairment loss is recognised. Impairments are recognised under the heading 'Profit/loss from participations in Group companies'.

### **Group contributions**

The Parent Company recognises Group contributions, both received and paid, as appropriations.

### **Financial instruments**

IFRS 9 is not applied in the Parent Company and financial instruments are measured at amortised cost, the same as with application of IFRS 9. However, the model of expected credit losses is also applied in the Parent Company.

## Note 12: Participations in subsidiaries

SEK

Shares in subsidiaries	Parent Company	
	31/12/2019	31/12/2018
Opening balance, carrying amount	600,001	100,001
Shareholder contribution	1,032,000	900,000
Impairment	-	-400,000
<b>Closing balance, carrying amount</b>	<b>1,632,001</b>	<b>600,001</b>

Shareholder contribution, relating to impairment and Group contribution; iModules AB, corp. id. no. 556734-5433.

	Corp. Id. No.	Registered office	% of equity	No. of shares
iModules AB	556734-5433	Stockholm	100	5,000
Gloot AB	559115-8034	Stockholm	100	50,000
Strandstrosaren 45 AB	559138-0752	Stockholm	100	500
Gumbler Ltd	C60079	Malta	100	1



## Note 13: Segment reporting

The highest executive decision-maker evaluates the Group's operations on a geographical basis and has identified four reportable segments: Sweden, EU (excluding Sweden), USA and Rest of World. The President is the highest decision-maker in the Group and assesses growth in the operating segments on the basis of net sales. The following shows an analysis per operating segment.

Group, segments in 2019	Sweden	Europe	USA	Rest of World	Total
<b>Operating income</b>					
Net sales	7,756	7,049	10,631	7,995	33,341
Prize pools established internally	9,654	12,074	18,773	9,529	50,030
Other operating income	54	-	-	-	54
<b>Total operating income</b>	<b>17,464</b>	<b>19,123</b>	<b>29,404</b>	<b>17,524</b>	<b>83,514</b>
<b>Operating expenses</b>					
Direct expenses in the form of prize pools	-10,347	-12,654	-19,043	-11,105	-53,148
Other external costs	-80,424	-12,342	-18,814	-11,186	-122,767
Costs of remuneration to employees	-44,872	-	-	-	-44,872
Depreciation of property, plant and equipment	-161	-	-	-	-161
Other operating expenses	-291	-	-	-	-291
<b>Total operating expenses</b>	<b>-136,094</b>	<b>-24,996</b>	<b>-37,857</b>	<b>-22,292</b>	<b>-221,239</b>
<b>Operating profit/loss</b>	<b>-118,631</b>	<b>-5,873</b>	<b>-8,454</b>	<b>-4,768</b>	<b>-137,725</b>
<b>Assets</b>	<b>-181,163</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-181,163</b>

Group, segments in 2018	Sweden	Europe	USA	Rest of World	Total
<b>Operating income</b>					
Net sales	1,015	4,073	6,310	2,612	14,010
Prize pools established internally	1,558	5,248	10,336	3,814	20,957
Other operating income	865	-	-	-	865
<b>Total operating income</b>	<b>3,438</b>	<b>9,321</b>	<b>16,646</b>	<b>6,426</b>	<b>35,831</b>
<b>Operating expenses</b>					
Direct expenses in the form of prize pools	-2,122	-5,051	-9,942	-3,635	-20,750
Other external costs	-30,082	-5,662	-10,019	-3,661	-49,424
Personnel expenses	-24,552	-	-	-	-24,552
Depreciation of property, plant, and equipment	-59	-	-	-	-59
Other operating expenses	-112	-	-	-	-112
<b>Total operating expenses</b>	<b>-56,927</b>	<b>-10,713</b>	<b>-19,961</b>	<b>-7,296</b>	<b>-94,897</b>
<b>Operating profit/loss</b>	<b>-53,489</b>	<b>-1,392</b>	<b>-3,315</b>	<b>-870</b>	<b>-59,066</b>
<b>Assets</b>	<b>84,859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,859</b>

## Note 13: Segment reporting (cont.)

Group, categories of income 2019	Subscription & other	Prize money	Pay-to-enter	Broadcasting rights	Ads & sponsorship	Total
<b>Operating income</b>						
Net sales	1,449	1,452	29,085	939	506	33,431
Prize pools established internally	-	50,030	-	-	-	50,030
Other operating income	54	-	-	-	-	54
<b>Total</b>	<b>1,503</b>	<b>51,482</b>	<b>29,085</b>	<b>939</b>	<b>506</b>	<b>83,515</b>

Group, categories of income 2018	Subscription & other	Prize money	Pay to enter	Broadcasting rights	Ads & sponsorship	Total
<b>Operating income</b>						
Net sales	98	-	12,441	721	749	14,009
Prize pools established internally	-	20,957	-	-	-	20,957
Other operating income	865	-	-	-	-	865
<b>Total</b>	<b>963</b>	<b>20,957</b>	<b>12,441</b>	<b>721</b>	<b>749</b>	<b>35,831</b>

## Note 14: Other operating income and expenses

Other operating income	Group		Parent Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Exchange rate gains	54	19	11	-
Miscellaneous	-	846	-	-
<b>Total</b>	<b>54</b>	<b>865</b>	<b>11</b>	<b>-</b>

Other operating expenses	Group		Parent Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Exchange rate losses	-291	-103	-46	-2
Miscellaneous	-	-9	-	-
<b>Total</b>	<b>-291</b>	<b>-112</b>	<b>-46</b>	<b>-2</b>

## Note 15: Parent Company – intra-Group sales and purchases

During the year, the Parent Company made purchases of Group-wide services for a total of SEK 113,322 thousand (54,167) from Group companies. No sales took place between the Parent Company and Group companies during the year or in the preceding year.

## Note 16: Property, plant and equipment

Property, plant and equipment	Group		Parent Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Opening balance, carrying amount	270	246	-	-
Purchases	1,236	83	-	-
Depreciation/amortisation	-161	-59	-	-
<b>Total</b>	<b>1,345</b>	<b>270</b>	<b>-</b>	<b>-</b>

Property, plant and equipment	Group		Parent Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Historical cost	1,605	368	-	-
Accumulated depreciation	-260	-99	-	-
<b>Carrying amount</b>	<b>1,345</b>	<b>269</b>	<b>-</b>	<b>-</b>

Property, plant and equipment consists of equipment, tools, fixtures and fittings, as well as improvements to leasehold property.

## Note 17: Leases

The Group has leases on premises and office equipment. Expenses for operating leases in the Group totalled SEK 3,645 thousand (854) during the financial year.

Future minimum lease charges under non-cancellable operating leases at the end of the reporting period fall due for payment as follows:

Operating leases	Group	
	31/12/2019	31/12/2018
Within one year	-751	-1,464
Later than one year but within five years	-	-1,098
More than five years	-	-
<b>Total</b>	<b>-751</b>	<b>-2,562</b>

## Note 18: Financial assets and liabilities

Group, 31/12/2019	Loan receivables and trade receivables	Total
Other financial assets	9,564	9,564
Other non-current receivables	69	69
Trade receivables	354	354
Other receivables	8,276	8,276
Cash and cash equivalents	158,039	158,039
<b>Total</b>	<b>176,302</b>	<b>176,302</b>

Group 31/12/2018	Amortised cost	Total
Other non-current receivables	69	69
Trade receivables	573	573
Other receivables	3,987	3,987
Cash and cash equivalents	78,983	78,983
<b>Total</b>	<b>83,612</b>	<b>83,612</b>

Group, 31/12/2019	Amortised cost	Liabilities measured at fair value via the income statement	Total
Trade payables	13,318	-	13,318
Other current liabilities	20,015	-	20,015
Tax liabilities	365	-	365
Accrued expenses	10,414	-	10,414
<b>Total</b>	<b>44,112</b>	<b>-</b>	<b>44,112</b>

Group 31/12/2018	Amortised cost	Liabilities measured at fair value via the income statement	Total
Trade payables	7,351	-	7,351
Other current liabilities	8,047	-	8,047
Accrued expenses	4,038	-	4,038
<b>Total</b>	<b>19,436</b>	<b>-</b>	<b>19,436</b>

## Note 19: Trade and other receivables

Other receivables	Group		Parent Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Trade receivables	354	573	354	154
Tax account	124	62	62	62
VAT receivable	8,273	3,919	8,273	3,919
Receivables, Group companies			10,335	3,069
Miscellaneous	82	6	50	6
<b>Total</b>	<b>8,832</b>	<b>4,560</b>	<b>19,074</b>	<b>7,210</b>

Prepaid expenses and accrued income	Group		Parent Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Prepaid rent	384	366	-	-
Accrued income	1,184	598	1,184	598
Miscellaneous	1,747	13	32	-
<b>Total</b>	<b>3,315</b>	<b>977</b>	<b>1,216</b>	<b>598</b>

## Note 20: Equity

	No. of shares	Share capital	Other contributed capital	Total
Company foundation, 28/08/2014	50,000	50,000	-	50,000
New share issue, 12/05/2015	11,450	3,072	2,577,828	2,580,900
New share issue, 29/06/2015	102,529	5,127	4,301,091	4,306,218
New share issue, 22/08/2015	52,552	2,628	2,204,556	2,207,184
New share issue, 15/09/2016	296,800	14,840	44,505,160	44,520,000
New share issue, 09/12/2016	3,200	160	479,840	480,000
New share issue, 21/11/2017	125,833	6,292	22,643,648	22,649,940
Bonus share issue, 10/01/2018	1,000,000	427,015	-427,015	-
New share issue, 17/01/2018	408,130	126,520	99,457,200	99,583,720
New share issue, 17/01/2018	1,870	580	455,700	456,280
New share issue, 25/03/2019	575,450	178,389	224,822,561	225,000,950
<b>Total</b>	<b>2,627,814</b>	<b>814,622</b>	<b>401,020,570</b>	<b>401,835,192</b>

## Note 21: Employee benefits etc.

Personnel expenses	Group	
	2019	2018
Salaries and other remuneration	-31,295	-17,651
Social security contributions	-8,980	-5,371
Pension expenses	-2,130	-788
<b>Total</b>	<b>-42,405</b>	<b>-23,810</b>

Group	2019		2018	
	Salaries and other remuneration	Social security contributions (including pension costs)	Salaries and other remuneration	Social security contributions (including pension costs)
Board members, President and other senior executives	-7,901	-2,482	-3,041	-956
Other employees	-23,394	-5,286	-14,610	-5,203
(Pension expenses)		(-3,342)		(-788)
<b>Total</b>	<b>-31,295</b>	<b>-7,768</b>	<b>-17,651</b>	<b>-6,159</b>

Employees	2019		2018	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Parent Company, Sweden	-	-	-	-
Subsidiaries, Sweden	46	9	32	3
<b>Total</b>			<b>32</b>	<b>3</b>

Group	2019		2018	
	Number on balance sheet date	Of whom, women	Number on balance sheet date	Of whom, women
Board members	5	-	5	-
President and other senior executives	9	-	4	-
<b>Total</b>	<b>14</b>	<b>-</b>	<b>9</b>	<b>-</b>

Parent Company	2019		2018	
	Number on balance sheet date	Of whom, women	Number on balance sheet date	Of whom, women
Board members	5	-	5	-
<b>Total</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>-</b>

### Auditors' fees

Audit assignment refers to the audit of the annual accounts and accounting records, as well as the Board of Directors' and President's administration of the Company, other tasks incumbent on the Company's auditor and advice or other assistance resulting from observations made during such audits or the performance of such other tasks. All other assignments are "Other services".

Auditors' fees	Group		Parent Company	
	2019	2018	2019	2018
Audit assignment	-555	-435	-390	-393
Other audit activities	-	-75	-	-75
<b>Tax advice</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Miscellaneous	-	-	-	-
<b>Total</b>	<b>-555</b>	<b>-510</b>	<b>-390</b>	<b>-468</b>



## Note 22: Contractual liabilities and other liabilities

Other current liabilities	Group		Parent Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Payroll tax	1,246	858	-	-
VAT	4,143	2,750	-	-
Miscellaneous	1,458	1,268	253	50
Contractual liabilities	13,370	3,198	13,370	3,198
<b>Total</b>	<b>20,217</b>	<b>8,074</b>	<b>13,623</b>	<b>3,248</b>

Accrued expenses and deferred income	Group		Parent Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Accrued social security contributions	1,721	221	-	-
Accrued personnel expenses	5,476	1,875	-	-
Miscellaneous	3,217	1,943	2,150	1,344
<b>Total</b>	<b>10,414</b>	<b>4,039</b>	<b>2,150</b>	<b>1,344</b>

## Note 23: Finance income and costs

Finance income	Group		Parent Company	
	2019	2018	2019	2018
Other finance income	16	19	-	1
<b>Total</b>	<b>16</b>	<b>19</b>	<b>-</b>	<b>1</b>

Finance costs	Group		Parent Company	
	2019	2018	2019	2018
Interest expense on liabilities to credit institutions	-	-4	-	-
Other finance costs	-62	-47	-46	-417
<b>Total</b>	<b>-62</b>	<b>-51</b>	<b>-46</b>	<b>-417</b>

## Note 24: Tax expense

Current tax	Group		Parent Company	
	2019	2018	2019	2018
Current tax on profit for the year	-	-	-	-
Adjustment relating to previous year(s)	-	96	-	-
<b>Total</b>	<b>-</b>	<b>96</b>	<b>-</b>	<b>-</b>
<b>Total income tax</b>	<b>-</b>	<b>96</b>	<b>-</b>	<b>-</b>
<b>Tax attributable to items in other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Reconciliation of theoretical tax expense and recognised tax				
Profit/loss before tax	-137,771	-59,098	-136,739	-58,564
Income tax calculated at Parent Company's tax rate, 21.4% (22%)	29,483	13,002	29,262	12,884

Tax impact of:				
Non-capitalised loss carry-forwards	-28,471	-12,958	-29,261	-12,884
Non-taxable income	-	-	-	-
Non-taxable expenses	-1,012	-44	-1	-
Tax on other items	-	96	-	-
<b>Tax expense</b>	<b>0</b>	<b>96</b>	<b>0</b>	<b>0</b>

## Note 25: Earnings per share and dividend

### Basic earnings per share

Basic earnings per share are calculated by dividing: profit attributable to Parent Company shareholders, excluding dividend attributable to preference shares, by a weighted average number of ordinary shares in issue during the period, adjusted for the bonus share issue element of ordinary shares issued during the year and excluding shares bought back and held as treasury shares by the Parent Company.

### Diluted earnings per share

To calculate diluted earnings per share, the amounts used to calculate basic earnings per share are adjusted by taking into account: the impact, after tax, of dividends and interest expense on potential ordinary shares and the weighted average of the additional ordinary shares that would have been in issue on conversion of all potential ordinary shares.

## Note 26: Key performance measures not defined in IFRS

The accounts for the G-Loot Group are prepared in accordance with IFRS. IFRS defines only a small number of key performance measures. Effective the last quarter of 2017, the Group has applied ESMA's (the European Securities and Markets Authority) new Guidelines on Alternative Performance Measures.

Definitions of key performance measures

Debt/equity ratio = Liabilities to credit institutions/Total equity

Equity	2019	2018
Profit/loss for the year attributable to Parent Company shareholders, SEK th.	-137,771	-59,002
Weighted average number of shares for calculation of earnings per share, basic and diluted	2,340,089	1,347,364
Earnings per share, SEK, basic and diluted, based on profit/loss attributable to Parent Company shareholders	-52	-44

## Note 27: Related party transactions

The Group's related parties include its associated companies and joint venture, Group Management, the Group's employees and others as described below.

No major contractual relationships or transactions with related parties exist. No loans, surety bonds with or in favour of the Group's Board of Directors, senior executives or auditors exist. None of the Group's Board of Directors or senior executives have had any direct or indirect involvement in business transactions that are or were unusual in terms of their nature or the conditions attached, and that in any way remain unsettled or uncompleted.

## Note 28: Remuneration to members of the Board and senior executives

The Board has adopted the following guidelines on Management remuneration. The Group shall apply market-level remuneration and employment conditions necessary to enable it to recruit and retain a management team with a high level of expertise and capacity to achieve established goals. Management remuneration shall have the scope for payment of fixed salary, variable remuneration, pensions and other benefits. Salary and other remuneration shall be determined on the basis of competence, experience, area of responsibility and performance. The fixed salary will be reviewed annually.

"Other senior executives" refers to the individuals who, with the President, make up Group Management.

2019	Basic salary/fee	Variable remuneration	Other benefits	Pension expense	Severance pay	Total
Board members	-200	-	-	-	-	-200
Company Management	-7,701	-	-	-1,256	-	-8,957
Other senior executives	-	-	-	-	-	-
<b>Total remuneration and other benefits</b>	<b>-7,901</b>	<b>-</b>	<b>-</b>	<b>-1,256</b>	<b>-</b>	<b>-9,157</b>

2018	Basic salary/fee	Variable remuneration	Other benefits	Pension expense	Severance pay	Total
Board members	-600	-	-	-	-	-600
Company Management	-2,841	-	-	-194	-	-3,035
Other senior executives	-	-	-	-	-	-
<b>Total remuneration and other benefits</b>	<b>-3,441</b>	<b>-</b>	<b>-</b>	<b>-194</b>	<b>-</b>	<b>-3,635</b>

### Pensions

Members of Company Management were credited with a pension premium of SEK 1,256 thousand in 2019. Sickness insurance that varies according to age and income is also contracted.

### Severance pay and notice of termination

The period of notice for termination of employment for the President is six months on the part of both Company and President. The President is entitled to severance pay equal to 18 months' salary payments.

The period of notice for termination of employment for other senior executives is six months on the part of both Company and executive. Other than the President, none of the members of Group Management are entitled to severance pay on termination of employment by the Company.

## Note 29: Contingent liabilities

No warranty or other legal claims were made against the Group during the year. This view accords with independent legal advice.

There are no pledged assets.

	Group		Parent Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Total	-	-	-	-



## Note 30: Risk in connection with financial Instruments

By the nature of its business, the Group is exposed to various financial risks. The Group's overall management of risks focuses on the unpredictability of the financial markets and strives to minimise potential adverse effects on the Group's financial results. Risk management is controlled and overseen by Group Management in a process where material changes of principle in risk assessment and management are addressed in consultation with the Group's Board of Directors. The risks concerned are summarised in the following tables.

Future cash flows regarding liabilities to credit institutions are discounted to a variable interest rate based on the rate at the balance sheet date.

### The Group's exposure to and management of financial risks

Risk	Description of risk	Management	Outcome, 2019
Currency risk	Fluctuations in exchange rates impact on income statement, balance sheet and cash flow.	Monitoring of transaction volumes.	Low exchange rate exposure, unchanged.
Interest rate risk	Any change in market interest rates affects income statement, balance sheet and cash flow.	The Board of Directors has adopted guidelines on fixed-interest terms and loan terms.	Market interest rates were low during the year, and no loans were raised.
Liquidity risk	The risk of not being able to fulfil payment obligations.	High payment capacity.	Tied-up capital in line with expectations.
Financing risk	The risk that refinancing of loans falling due for repayment becomes more difficult or costly.	Monitoring of terms and conditions of credit agreements.	Loans being amortised and falling due for repayment in line with credit agreements.
Credit risk	The risk that customers suspend payment.	Large number of customers with low exposure to any individual customer.	The Company has no trade receivables of a substantial nature, so any credit customer losses will be minor.

### Currency risk

The Group operates worldwide and is exposed to currency risks that arise through currency exposures above all in USD and EUR. Currency risk arises through future transactions. As a result, the Group has exposure to transaction risks.

### Interest rate risk

The Group's interest rate risk arises through borrowings. All borrowing is at fixed interest rates and in Swedish kronor (SEK).

According to the balance sheet, interest-bearing loans for credit institutions show a book value of SEK 0 thousand (0). The average interest on interest-bearing liabilities on 31 December 2019 was 0 percent (4.5). If the interest rates on borrowing in Swedish kronor on 31 December 2019 were 1.0 percent higher and all other variables constant, profit for the financial year after tax would have been SEK 0 thousand (0) lower, mainly as a result of higher interest expenses for variable-rate borrowing.

### Liquidity risk

Group Management monitors the cash flow in the business continuously with regard to new investments and changes in conditions for the business.

Group, 31/12/2019	Within one year	Between 1 and 2 years	Between 2 and 3 years	Total
Trade payables	13,318	-	-	13,318
Other current liabilities	20,015	-	-	20,015
<b>Total</b>	<b>33,333</b>	<b>-</b>	<b>-</b>	<b>33,333</b>

Group 31/12/2018	Within one year	Between 1 and 2 years	Between 2 and 3 years	Total
Trade payables	7,351	-	-	7,351
Other current liabilities	8,074	-	-	8,074
<b>Total</b>	<b>15,425</b>	<b>-</b>	<b>-</b>	<b>15,425</b>

### Financing risk

Financing risk is the risk that refinancing of loans may become more difficult and more costly and that the Group will not be able to fulfil ongoing payment obligations as a result of a shortage of liquidity.

### Credit risk

The Group's customers consist largely of private individuals. The Group's business, agreements and contracts with paying customers are of such a nature that credit and bad debt losses are non-existent and therefore have no impact on the Group's financial stability.

## Note 31: Measurement at fair value

### Financial instruments measured at fair value

The following describes the Group's financial instruments measured at fair value, classified according to the fair-value hierarchy. The different levels are defined as follows:

- Level 1. Quoted prices on active markets for identical assets and liabilities. The judgement has been made that no assets or liabilities are classified as Level 1.
- Level 2. Observable data for the asset or liability other than quoted prices included in Level 1, either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices).
- Level 3. Data for the asset or liability that are not based on observable market data (i.e. non-observable data).

The Group does not have any financial instruments that are measured at fair value.

Other assets and liabilities, as described above, are recognised at Level 3 in the fair-value hierarchy.

In the case of other financial assets and liabilities, excluding non-current liabilities to credit institutions, the fair value is deemed to correspond to the carrying amount, on the basis above all that such items are by their nature short-term.

## Note 32: Principles and processes for capital management

### Management of capital

The Group's objective in management of its capital structure is to assure the Group's ability to continue operating, in order to make future returns to shareholders possible.

Group	31/12/2019	31/12/2018
Net debt	-	-
Total equity	136,839	65,385
Debt/equity ratio	-	-

## Note 33: Events after the balance sheet date

In autumn 2019, an agreement was signed with Goldman Sachs and Carnegie on representing and guiding the Company through a capital-raising process. The process began in the autumn and continued during the winter and spring of 2020.

The process was still ongoing at the time of the Board's approval of the publication of the Annual Report. Around 50 international investors received a presentation of the Company, together with access to the digital data room where further information regarding the Company's operations was assembled, along with forward-looking information.

In spring 2020, the Covid-19 virus broke out worldwide. The Company has been negatively impacted by Covid-19 in terms of its short-term financial position. However, the Company has seen positives via increased gaming on the platform.

# Approval of financial statements

## Board of Directors' declaration

The Board of Directors and the President and CEO declare that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and give a true and fair view of the Group's financial position and results.

The annual accounts have been prepared in accordance with generally accepted accounting practice and give a true and fair view of the Parent Company's financial position and results. The Administration Report for the Group and the Parent Company provides a true and fair overview of the Group's and the Parent Company's operations, position and results, as well as describing significant risks and uncertainties to which the Parent Company and the companies included in the Group are exposed.

Stockholm, 22 June 2020

The Income Statement and Balance Sheet will be presented to the Annual General Meeting, to be held on 26 June 2020, for approval.

## Johan Persson

Chairman of the Board

## Patrik Nybladh

President

## Fredrik Benedict Nybladh

Board member

## Peter Ericson

Board member

## Håkan Jerner

Board member

Our Auditors' Report was presented on 23 June 2020

Grant Thornton Sweden AB

## Carl Niring

Authorised Public Accountant

## 34. Multi-year summary

	Group			Parent Company		
	2019	2018	2017	2019	2018	2017
<b>Income statement</b>						
Net sales as recognised in previous years	83,461	34,966	18,725	83,461	34,966	18,725
Net sales	33,431	14,009	10,872	31,979	14,009	10,872
Operating profit/loss	-137,725	-59,066	-22,754	-143,516	-62,562	-23,744
Net financial items	-46	-32	-110	6,777	-416	881
Profit/loss before tax	-137,771	-59,098	-22,864	-136,739	-58,564	-22,863
Profit/loss for the year	-137,771	-59,002	-22,960	-136,739	-58,564	-22,863
<b>Balance sheet</b>						
Non-current assets	10,978	339	314	11,196	600	100
Cash and cash equivalents	158,039	78,983	33,806	146,988	76,065	33,022
Equity	136,839	65,385	124,387	138,280	65,795	124,359
Non-current liabilities	-	-	2,469	-	-	2,469
Current liabilities	44,122	19,474	13,620	39,991	18,679	12,405
Total assets	-181,163	84,859	140,476	178,473	84,474	139,233
<b>Cash flow</b>						
Cash flow from operating activities	-119,369	-48,166	-20,863	-120,882	-50,545	-22,240
Cash flow from investing activities	-10,801	-83	-292	-17,419	-900	-50
Cash flow from financing activities	209,224	93,426	22,186	209,224	94,488	22,650
Cash flow for the year	79,055	45,177	1,031	70,923	43,043	360
<b>Key performance measures</b>						
Operating margin, percent	neg.	neg.	neg.	neg.	neg.	neg.
Equity/assets ratio, percent	76%	77%	89%	77%	78%	89%
Average number of employees	46	32	16	-	-	-
<b>Share data</b>						
Earnings per share, SEK, basic and diluted, based on profit/loss attributable to Parent Company shareholders over the year	-59	-44	-40	-58	-43	-40
Number of shares	2,627,814	2,052,364	642,364	2,627,814	2,052,364	642,364

## Auditors' Report

To the Annual General Meeting of Shareholders in  
G-Loot Global Esports AB  
Corp. id. no. 556981-0517

### Auditors' Report on the annual and consolidated accounts

#### Opinions

We have audited the annual and consolidated accounts of G-Loot Global Esports AB for the year 2019. The annual and consolidated accounts of the company are included on pages 32–101 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and its financial performance and cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual report and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

#### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Our responsibilities under those standards are further described in the Auditor's Responsibilities section.

We are independent of the parent company and the group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with those requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Material uncertainty relating to assumption of going concern

Although this has not affected our opinions, we would like to draw attention to the statements of the Board of Directors under the heading "Financing" and in Note 11.18 under the heading "Assessment of the application of the going concern principle", from which it is clear that the company is dependent on further capital contributions during 2020 to ensure that it can continue operating.

#### Information other than the annual and consolidated accounts

The board of directors and the president are responsible for such other information. Such other information consists of pages 1–31 in the G-Loot Global Esports AB's 2019 Annual Report (but does not include the annual accounts, the consolidated accounts and our auditors' report on this material).

Our opinion on the annual and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

As part of our audit of the annual and consolidated accounts, it is our responsibility to read the information identified above and to consider whether that information is materially incompatible with the annual and consolidated accounts. During

this review, we also take into account the knowledge we have otherwise acquired during the audit and make a judgement as to whether the information otherwise appears to contain material misstatements.

If, on the basis of the work performed regarding this information, we conclude that the other information contains any material misstatement, we are under a duty to report it. We have nothing to report in this respect.

#### Responsibilities of the board of directors and the president

The board of directors and the president are responsible for preparing the annual and consolidated accounts and for ensuring that they give a fair presentation in accordance with the Annual Accounts Act and, regarding the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of directors and the president are also responsible for such internal control as they determine is necessary to enable the preparation of annual and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual report and consolidated accounts, the board of directors and the president are responsible for the assessment of the company's and the group's ability to continue operating. Where appropriate, they are required to disclose information as to conditions that may affect the company's ability to continue operating and to proceed on the going concern assumption. However, the going concern basis of accounting is not applied if the board of directors and the president intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual report and consolidated

accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual report and consolidated accounts.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual report and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or disregard of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and the president.
- Conclude on the appropriateness of the board of

directors' and the president's use of the going concern basis of accounting in preparing the annual and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue operating. If we arrive at the conclusion that a material factor of uncertainty exists, we must in our auditor's report draw attention to the disclosures in the annual and consolidated accounts regarding the material factor of uncertainty or, if such disclosures are insufficient, we must modify our statement of opinion regarding the annual and consolidated accounts. Our conclusions are based on the accounting evidence obtained up to the date of the auditor's report. However, future events or circumstances may prevent a company and group from continuing to operate.

- Assess the overall presentation, the structure and the content of the annual and consolidated accounts, including the disclosures, and whether the annual and consolidated accounts reflect the underlying transactions and events in a way that presents a true and fair view.
- Obtain adequate and appropriate accounting evidence regarding the financial information on the entities or business activities within the group in order to state an opinion on the consolidated accounts.  
We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our opinions.

We must inform the board of directors of the planned scope and focus of the audit, for example, and the time at which it is to take place. We must also provide information as to significant observations during the audit, including any inadequacies that we have identified in internal controls.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual and consolidated accounts, we have also audited the administration of the board of directors and the president of G-Loot Global Esports AB for the 2019 financial year and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the board of directors and the president be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities in that regard are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with those requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the board of directors and the president

The board of directors is responsible for the proposal for appropriation of the company's profit or loss. Proposal of a dividend includes an assessment of whether the dividend is justifiable considering the requirements that the company's and the group's type of operations, size and risks place on the size of the parent company's and the

group's equity, consolidation requirements, liquidity and position in general.

The board of directors is responsible for the company's organisation and the administration of the company's affairs. This involves, for example, continuously assessing the financial situation of the company and the group, and ensuring that the company's organisation is structured such that the accounting records, management of assets and the company's financial affairs are controlled in a satisfactory fashion. The president is required to manage day-to-day administration in accordance with the board of directors' guidelines and instructions and to take such measures as are necessary to ensure that the company's record-keeping is conducted in accordance with the law and that resources are managed in a satisfactory fashion.

### Auditor's responsibility

Our objective in terms of our audit of the administration, and thus our statement of opinion on discharge from liability, is to obtain accounting evidence to be able to judge with a reasonable degree of assurance whether any board member or the president has in any respect:

- taken any action or committed any omission that may result in the company becoming liable for compensation; or
- in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and

thereby our opinion on that point, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high degree of assurance, but no guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that may result in the company becoming liable for compensation, or that a proposal for appropriation of the company's profit or loss is compatible with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. Our examination of the administration and the proposal for appropriation of the company's profit or loss is based primarily on our audit of the accounts. Any additional examinations carried out are based on our professional judgement, with an assessment of risk and materiality. This means that we focus our examination of such actions, areas and conditions that are significant to the business and where deviations and violations would have particular importance in terms of the company's situation. We examine and test decisions taken, supporting documentation, actions taken and other conditions that are relevant to our statement of opinion as to discharge from liability. As a basis for our opinion on the board's proposed arrangements for the company's profit or loss, we have examined whether the proposed arrangements are consistent with the Swedish Annual Accounts Act.

Stockholm, 23 June 2020  
Grant Thornton Sweden AB

Carl Niring  
Authorised Public Accountant



**G-Loot**

Birger Jarlsgatan 37 b  
SE-111 45 Stockholm  
Sweden

Any questions? Please contact us via **social media channels**,

**info@gloot.com**, or call us on **+46 (0)8 - 21 09 09**

For support, use **help.gloot.com** or **help.gll.gg**.