



Interim financial statements

G-Loot Global Esports AB

APRIL – JUNE 2022



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

The second quarter of 2022 has definitely built upon the momentum of the first, with more successes and notable progress.

The product has continued to evolve, with additional functionality released to further bolster our competition formats in the quest of further improving engagement and payer conversion. Although work on our social/community functionality has been ongoing, its release will be in the third quarter given the importance of optimising the engagement cycle on the platform, driven primarily through the reward ladder & Brawls.

As a result of our product improvements, Brawl engagement has increased by 25% compared to the previous quarter. This is an important metric to improve upon given the relationship between Brawls, token usage and in-app purchases (the more Brawls played, the more tokens used and the higher the likelihood for in-app purchases).

This engagement increase has been driven by offering better matchmaking through segmented Brawl leaderboards (making the leaderboards more competitive, driving up replays) and deeper integration with the games (allowing for more brawl formats within a game, meaning users can play multiple Brawls at the same time).

Since the beginning of the year, engaged users have grown month on month, along with the percentage of these users paying for the service. Advertising on the platform has also seen strong improvements, through optimisation of ad placement and bidding strategies, average eCPM has grown by 400% and ad viewability has increased by 50%.

While we focus on driving up engagement and conversion to payer, in parallel we look to optimise our cost base to increase our runway and improve unit economics. A major improvement worth noting are our monthly hosting costs that have decreased by roughly 30% from January to June.

By the end of the quarter we had accumulated enough user data to establish which markets were best suited based on user interest and lower funnel engagement metrics. As a result, paid acquisition efforts will now be focused in Q3 towards Western Europe and in particular the markets of France, Germany and the United Kingdom. We expect slightly lower spend levels and our main focus will be on further reducing the cost of acquiring engaged users. In the later quarters of the year, we expect that virality driven by social/community functionality and continued SEO optimization will reduce the dependency on paid acquisition.

Finally, we have made big strides in securing further game data access, which is critical to the daily operations of the business and user experience. During the quarter, we launched the PUBG: Battlegrounds API and have secured access to the VALORANT API, which will be released in the third quarter. This is the direct result of building upon our publisher relations with Krafton and Riot Games and I am extremely excited to announce that during the quarter we secured a partnership with Riot Games for a major VALORANT tournament in the Fall.

We have been selected as one of their partners to support their initiatives during their off-season in the EMEA region. Not only will the tournament be hosted on the platform, qualifications will be conducted through our G-Loot platform with our core offering, Brawls & the Monthly Showdown. Riot Games will market the tournament down their own marketing channels, further bolstering the G-Loot brand and at the same time bringing everyday esports to the VALORANT community.



JOHAN PERSSON
CEO

Financial development

Revenue continues to develop in the right direction, 15% higher when compared to the previous quarter, and most importantly, user-generated revenue is up 42%. A big contributor to this revenue is the Krafton partnership, where we have delivered the Season 5 and 6 tournaments. The revenue generated from partnerships will diminish as user-generated revenue continues to increase.

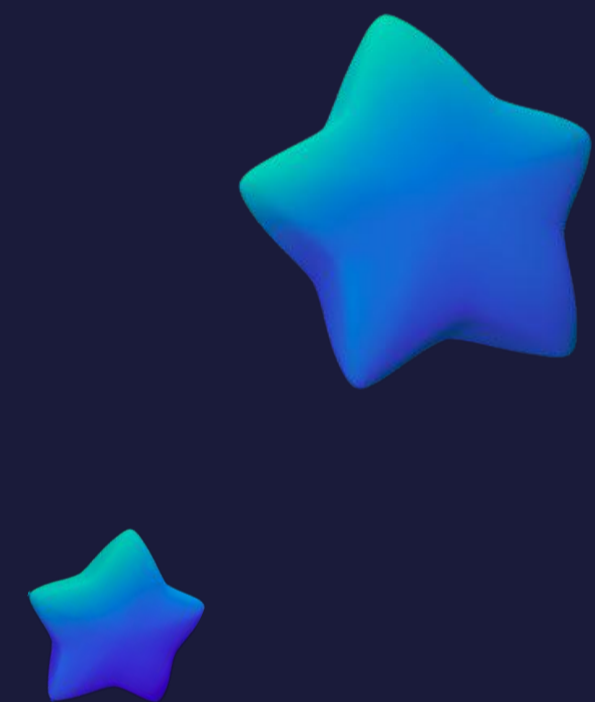
The direct cost has been positively affected by SEK 2,1 million due to the cleanout of dormant accounts from the old platform. Excluding this effect, the product delivered a positive margin of 46%.

During the first part of the year, we have focused on reviewing and negotiating the cost for our IT systems and we are now starting to see the effect on the cost. In Q2 we have increased marketing spend to broaden the acquisition markets, assess market potential, and identify the different markets' strengths.

Staff and consultancy cost is down from last year and in line with last quarter. We have signed a new office lease that will reduce the yearly office contract cost by 40%.

The loss for the period ended up at SEK -29 million which was an improvement from last year by SEK 25 million.

Cash at hand as of the end of June 2022 amounted to SEK 170 million. The quarter's decrease in cash amounted to SEK -27 million.



2022

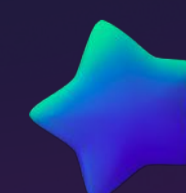
APRIL - JUNE

Net sales	1 481 (3 990) KSEK
Operating loss	-29 107 (-54 125) KSEK
Earnings before tax	-28 692 (-54 133) KSEK
Earnings per share	-8 (-15) SEK

Profit & loss

All amounts in SEK thousands

	Q2 2022	Q2 2021
Operating income		
Net Sales	1 481	3 990
Other operating income	100	9
Total income	1 581	3 999
Operating expenses		
Direct costs	1 242	-6 205
Other external expenses	-13 692	-18 515
Personnel costs	-17 626	-33 402
Depreciations of:		
– tangible assets	-91	83
Other operating expenses	-521	-84
Total operating expenses	-30 687	-58 124
Operating profit/Loss	-29 107	-54 125



Assets

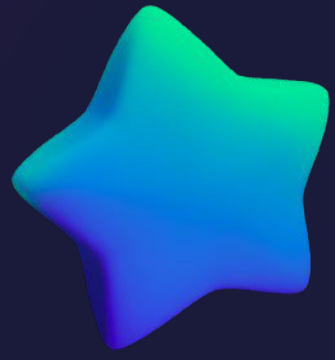
All amounts in SEK thousands

	June 30 2022	June 30 2021	Dec 31 2021
Fixed assets			
<i>Tangible assets</i>			
Fixtures, tools and installations	1 255	1 848	986
Right-of-use assets	-	-	-
Total tangible assets	1 255	1 848	986
<i>Financial assets</i>			
Other financial assets	-	9 564	-
Financial assets, depositions rent	68	69	68
Total financial assets	68	9 633	68
Total fixed assets	1 323	11 482	1 054
Current assets			
Accounts receivable	224	245	1 591
Other receivables	1 945	19 433	1 604
Prepayments and accrued income	6 155	2 371	9 900
Cash and cash equivalents	169 809	282 725	227 121
Total current assets	178 133	304 773	240 216
Total assets	179 456	316 255	241 270

Equity & liabilities

All amounts in SEK thousands

	June 30 2022	June 30 2021	Dec 31 2021
Equity			
Share capital	1 134	1 134	1 134
Other contributed capital	209 016	348 064	413
Retained earnings including loss for the period	-58 923	-94 918	208 603
Total equity	151 228	254 279	210 151
Provisions			
Other provisions	4 569	2 312	6 326
Total provisions	4 569	2 312	6 326
Liabilities			
<i>Non-current liabilities</i>			
Lease liabilities	-	-	-
Total non-current liabilities	-	-	-
<i>Current Liabilities</i>			
Advance payment from customers	-	-	-
Accounts payable	3 977	26 481	4 188
Current tax liabilities	-	-	-
Leasing liabilities	-	-	-
Other current liabilities	8 455	21 650	10 542
Accrued expenses and prepaid income	11 228	11 533	10 063
Total current liabilities	23 660	59 664	24 793
Total liabilities	23 660	59 664	24 793
Total equity & liabilities	179 456	316 255	241 270



About G-Loot's reporting

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

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

Audit

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

This is how G-Loot works

The G-Loot platform gives players more ways to compete in their favorite games.

The G-Loot PC app runs in the background and tracks game statistics such as kills, wins, assists, and details like weapons used and characters played. This data is used to build up the player's gamer profile and allow them to compete in missions and leaderboards.

Players can choose their preferred esports experience. They can compete asynchronously in competitions where only their game stats count or directly in traditional esports tournaments with big prizes.



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