



# **Annual Report 2020**

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



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# 2020 in brief

- > Net sales increased by 155 percent to SEK 60.4 million (23.7)
- > Income before tax amounted to SEK -252.0 million (-137.8)
- > Earnings per share, basic and diluted, were SEK -69 (-52)
- > A new share issue of approximately SEK 500m was carried out together with Goldman Sachs and Carnegie, in which Swedbank Robur, Norron, CNI, Inbox Capital, Celox and others participated.

## After year- end

At the beginning of 2021, Johan Persson was appointed President, leaving the role of Chairman. Patrik Nybladh became Chief Investment Officer and temporarily took over the role of Chairman.

An extraordinary general meeting in April elected Jonas Eriksson as Chairman of the Board.



“

Over the coming months, we will focus on growing our player base, optimising our service and securing G-Loot as a strong and trusted brand in North America in particular, but also in the rest of the world. Work has already begun on expanding into new platforms that bring us closer to our goal of providing an extra layer of excitement for every player and every game.

**JOHAN PERSSON**  
PRESIDENT

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The SEK 500m new share issue was one of the largest investments in esports globally. G-Loot is now focusing on growing the player base and expanding into more gaming platforms.

**JOHAN PERSSON**  
PRESIDENT

## Mission

To add an extra layer of excitement to your competitive gaming. We do this by creating innovative competitions and giving our players the opportunity to develop a lifelong player identity.

## Competing in gaming with **G-Loot**

To compete, participants launch G-Loot's PC app and then play as usual, while the app runs in the background. The app records game statistics such as kills and wins. It's used to select winners in competitions, but the data is also used to create challenges and match players of similar skill level.

Participants never compete directly with each other in G-Loot. Instead, everyone competes on equal terms, regardless of skill level. Players can choose to compete against others, either head-to-head or in an open tournament, or to compete against themselves in various solo challenges.

### **G-Loot: a competitive-gaming pioneer.**

G-Loot's aim is to make competitive gaming a rewarding and enduring passion for players around the world.

# 2020

## year of the streamers

6.9M



Twitch registered a total of 6.9 million unique streamers on its platform in 2020, almost doubling from the previous year.

Streamers' ability to continually connect with their audience was an asset in 2020 as many sought digital entertainment and live esports events were cancelled. Esports teams saw this early on and brought in new names.

728.8M

The global audience for livestreaming games will reach 728.8 million people in 2021, estimates analyst firm Newzoo. The audience is expected to continue to grow.



## Statement by the President

I have taken on the role of President in order to perfect our product together with our team. G-Loot is in the right place at the right time, with a technology that few, if any, can match. After raising capital of SEK 500 million in 2020, we have the financial resources to forge the right path, ready to accelerate towards a global market when the time is right. Our ambition is to develop esports into something much bigger than events for superstars, so that all players can enrich their gaming lives by participating in challenges and competitions that are fun, stimulating and engaging. G-Loot aims to be the extra layer that enhances the experience, but never interferes with it.

Our focus now is on finding a good formula that generates a surplus per player or, as we call it, positive unit economics. To do this in a way that is financially sustainable, we have opted to zero in on gaming enthusiasts in three geographical markets to find out, on this more limited scale, what attracts them to the platform and what keeps them there. Once we find the right formula, we'll be ready to scale up and target many more players.

The targets we have set for key operational performance measures are to earn twice as much from players as it costs to acquire them. We also aim to recoup the cost of recruiting a player within six months. These measures contain more dynamics than may first be apparent.

We are already well on the way to achieving these goals. The cost of attracting a player to the platform is now significantly lower than a year ago. Of course, this is because we are addressing a smaller, more engaged audience, but also because we know what channels to reach them through. We have identified the tools that really work in cost-effectively driving traffic to the platform.

We are also focusing on encouraging players to spend time on the platform. Over the past year, we have introduced a number of improvements that have made competing on the platform much easier and much more fun. This work is continuing apace. The goal is for G-Loot to be an integral element of many players' lives. This means we have to find ways of creating entertainment that is not just about winning money, but also about having fun, developing as a player and socialising with others.

As well as focusing on the product, we are also preparing G-Loot for becoming a larger business. We are doing this by reviewing and enhancing our processes, and by strengthening our organisational structure and corporate culture. In early 2021, we have been working to create a closer-knit organisation and bring employees together around core values that help us create a broad product. When the platform is ready to scale, G-Loot will be too.

We have a great team and unique technology in place. We're now doing our utmost to find the formula that will take G-Loot to the next level. It's a hugely exciting time ahead. It's time to place your bets.

Stockholm, May 2021

**JOHAN PERSSON**

CEO

# Objectives and Strategy

## Vision

To be a pioneer in competitive gaming.

## Mission

To add an extra layer of excitement to your competitive gaming. We do this by creating innovative competitions and giving our players the opportunity to develop a lifelong player identity.

## Business objectives for 2021

G-Loot is at the beginning of its journey. In 2021 we intend to demonstrate that the platform is ready to be scaled up; that we have a model that is financially sustainable. We also aim to show that the platform is growing. Our objectives will be measured as follows:

LTV > CAC: Over time, players should generate more of a surplus than the cost of recruiting the player.

Growth: **Income for 2021 should exceed that of 2020.**

# Strategy

G-Loot has produced a focused strategy for achieving these business objectives as quickly as possible. Once the objectives have been achieved, we intend to invest in broader growth, which will require a different strategy. In the short term, this strategy will be based on eight areas:

## Geographical focus

G-Loot focuses its activities on the US, Canada and the UK. These are important esports markets and large enough to give us the player data we need to develop into an attractive and financially viable business.

## Selected games and a broad offering

G-Loot is initially focusing on a small number of gaming titles, around 4–6, for cash competitions. These are selected to attract enough players and to create fun competitions for these games over time. It should also be possible to compete in lots of different games on the platform, but without money being at stake.

## Several revenue sources

G-Loot's income mainly comes from registration fees and partly from service fees and competition surpluses when other parties organise competitions on the platform.

## Showcasing other competition organisers

G-Loot cooperates with other competition organisers as part of its business. Streamers, clubs, companies and friends can create the competitions they want on G-Loot, interact with each other and their followers on the platform and also monetise their events.

## Cash flow

Each product on the platform must be able to generate positive cash flow.

## Fair play

All forms of cheating, abuse, and exploitation ruin the player experience and undermine G-Loot as a competitive esports platform. There is zero tolerance of any form of this kind of activity and G-Loot does not hesitate to take action to stop it.

## Game data at the heart of the business

G-Loot relies on game data. It allows us to improve the platform and the player experience, and is also the basis of the business model. We track, collect and discuss the results we gain from a range of perspectives and always ensure we have access to information.

## Keeping game developers happy

Without games, we have no platform, and to continue supporting games we need to have good relationships with external game developers and studios.

## SOURCES OF INCOME

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

Registration fees from players, either as pay-to-enter or as subscriptions.

Service charges. G-Loot charges for granting use of its platform to third parties to organise competitions. G-Loot charges a service fee for leasing the platform and receives a share of the surplus from competitions.

Advertising and sponsorship income.

# Esports' success continues

The gaming industry is estimated to have grown by 20 percent last year to USD 175 billion.

The gaming industry is estimated to have grown by 20 percent last year to USD 175 billion. After several years of very strong growth, mobile games are now thought to account for half of the market. Esports also performed well in 2020, with global revenues estimated by analyst firm Newzoo at just under USD 1 billion and an audience of around 430 million people.

But the pandemic led to the cancellation of many live events, resulting in a loss of income from tickets and merchandising as well as from sponsors. However, the penetration of esports into traditional media accelerated, with media rights and sponsors accounting for a larger share of revenues. The pandemic may have provided a breakthrough for esports into the mainstream market as TV channels replaced cancelled traditional sport with esports. In the same vein, Spotify's deal with Riot Games made the Swedish streaming giant the official audio partner of League of Legends with playlists, a signature track and a podcast series ahead of the game's major championship.

In 2021, media rights and sponsorship are expected to account for almost three-quarters of the industry's income, excluding broadcast media advertising. The strong interest from media companies and advertisers is driven by the audience being young and increasingly difficult to reach through traditional means. Esports are streamed from platforms such as Amazon's Twitch and Google's YouTube direct to consumers' phones.

## TRENDS

The boom in esports on mobile games is expected to continue. The games are very popular and mobile phones are both more accessible and more common than PCs. China and Latin America are particularly strong in this part of the market.

Streamers are gaining an increasingly strong position in esports. They are recruited to esports teams where they are valued for their ability to build brands and generate continual revenue. Gaming companies also find that streamers can attract players to a particular game and are therefore creating partnerships with streamers. Several of the world's biggest games, such as Fortnite, Minecraft, League of Legends, can trace part of their success to live viewing.

Esports teams continue to grow and diversify their activities. They have teams for several different games, and several teams for major games. They are now adding other types of gaming personalities, especially streamers who, with the title of content creator, help to attract audiences, especially in a year like 2020 when the big tournaments were cancelled.

Traditional sport is playing a greater role in esports. Sports associations such as football clubs and Formula 1 teams are increasing their activity in esports, with dedicated teams and different types of partnerships. The Olympic Committee has also approached esports. Several industry analysts predict that club teams and other sports associations will continue to focus on exports.

The players and the audience are getting older. Those people who started playing and taking an interest in esports at a young age are retaining their interest as they get older. However, most of them are still under 35.

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## The 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 games that attract the largest audiences are the big three; League of Legends, Counter Strike: Global Offensive and Dota 2. Other popular games include Apex Legends, Overwatch, PUBG, Fortnite, Call of Duty and StarCraft.

The big new product of 2020 was Riot Games' tactical FPS Valorant, which quickly attracted many esports players, both professional and amateur. Riot Games' development of the game has focused specifically on making it good to compete in. The game has become particularly big in the US.

Championships like League of Legends World Championship and Dota 2's The International have been the most popular, but league games with professional teams are gaining in popularity. Travel restrictions during the pandemic have led to the creation of an infrastructure around regional league games, which many believe could become permanent.

Prize money in professional competitions ranges from a few hundred dollars to USD 34 million in The International in which participants compete in Dota 2, a record that is likely to be beaten once travel restrictions ease and The International 10 can be held. In amateur competitions, the entertainment element is important and there is much less prize money, sometimes only a few dollars.

## Advantages and entertainment

Esports attracts a wide range of people; from professionals and serious amateurs to gamers competing just for the enjoyment of it. There are a lot of professional esports clubs these days. They often have several teams competing in different games, trainers and coaches. In recent years, they have also signed streamers who bring in a different type of income and agents. An example of this is the 100 Thieves club, which now consists of traditional teams with a total of around 40 players along with around 20 content creators or streamers. Traditional sports clubs also have esports teams, sometimes with different strategies. For example, FC Barcelona sticks to a football-related theme with teams in eFootballPES and Rocket League, while Paris Saint Germain (PSG) competes not only in FIFA, but also in Dota 2 and League of Legends.

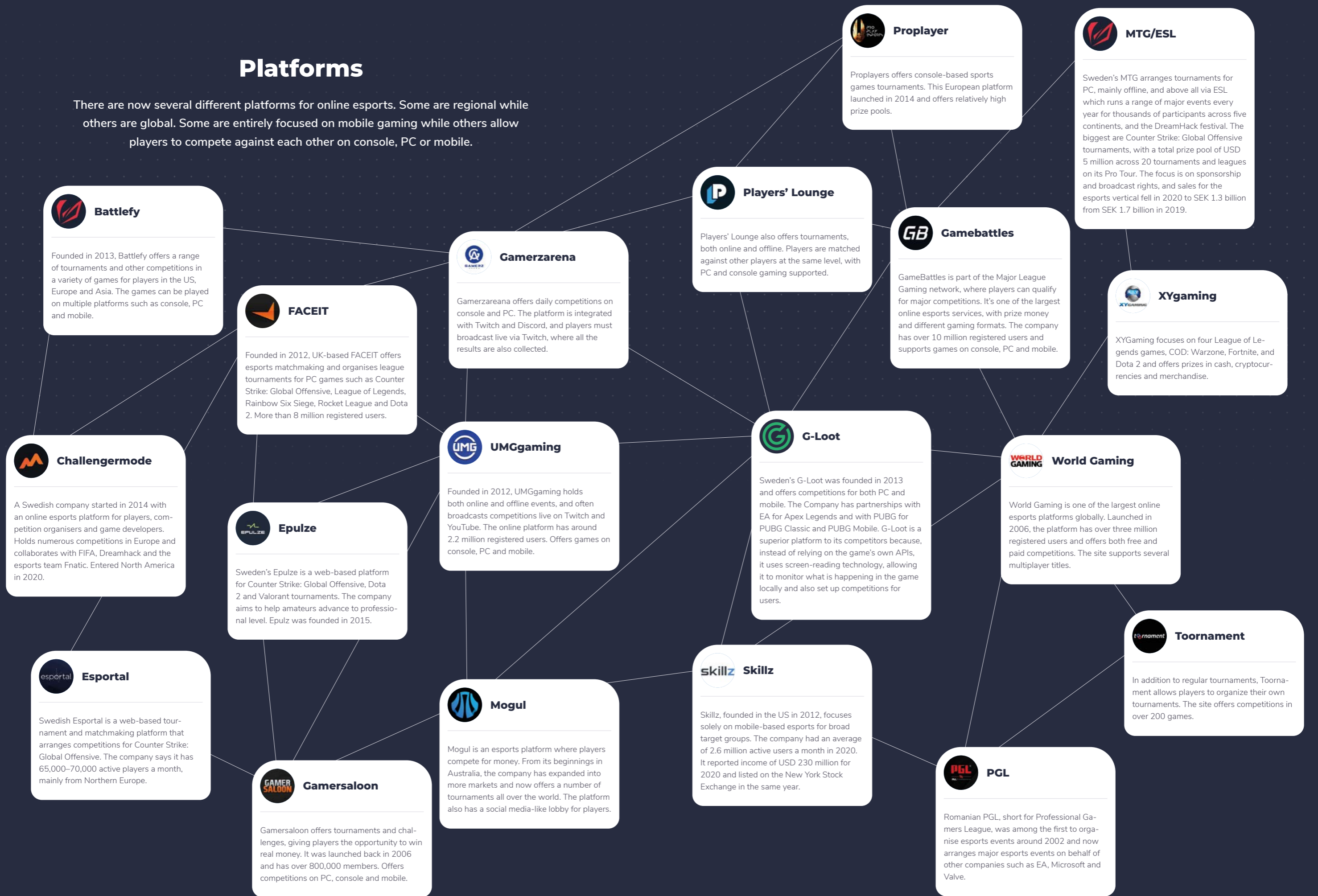
The clubs receive income from competitions, supplemented by merchandising, sponsorship deals and investor money. Sponsors are no longer just gaming and IT companies like Comcast and Intel, but also well-known consumer brands ranging from Redbull, Pepsi's Mountain Dew, and Coca-Cola, to the US Air Force, Honda and Mercedes Benz. PSG recently signed a six-figure deal with Betway as its shirt sponsor. The club Cloud 9 has its own collection with Puma, while 100 Thieves makes 'drops' with special collections of clothes.

Being part of a professional team is a full-time job that often pays well over SEK 1 million a year and sometimes several times that. But far from all are professional players.



# Platforms

There are now several different platforms for online esports. Some are regional while others are global. Some are entirely focused on mobile gaming while others allow players to compete against each other on console, PC or mobile.







## G-Loot's platform

### One platform, two brands

G-Loot has two esports brands: G-Loot, which is designed for a wide-ranging online market, and GLL, which is aimed at professionals and serious amateurs.



G-Loot opened for business in October 2019. It offers fast competitions for popular games on PC. Competitions are offered on around 25 different games, with a handful of them allowing players to compete for real money.



Launched in 2018, GLL offers tournaments in some of the world's biggest games: Apex Legends, Free Fire, PUBG, PUBG Mobile and Valorant. G-Loot works with game developers to design tournaments that are decided by a final, often between professional teams.

The platform acts as an additional layer on top of games that players have already installed. This layer reads the game and collects data to select winners in competitions. The data can also be used to help players improve, understand how well the game format works, detect cheating and much more. The gaming experience is the same with or without this layer.

G-Loot currently offers competitions for PC games, but, with minor adjustments, the platform could technically be used for mobile and console games.

### Competition format

#### Single rounds

Participants challenge themselves to achieve a specific goal during a round, such as a number of kills or wins. The prize money is determined in advance. Participants can compete without waiting for other participants and competitions do not need to be scheduled. This form of gaming means that G-Loot always has something to offer players on its platform.

#### Time-based

Players compete against each other to come first in, say, a 2-hour time slot. The higher they rank, the greater the share of the prize money players receive. The prize money is determined in advance.

#### Head-to-head

Two or more players compete against each other in a match for which the prize money is often based on the total entry fees. The competitions do not have to take place at the same time and players can choose when to play, within a certain time frame.

#### Competitions organised by third parties

A third party, such as a streamer, club team, company or a group of friends, can organise its own competitions on the platform and also earn money. Initially, G-Loot has allowed external organisers to arrange time-based competitions, but technically G-Loot can offer all its forms of gaming to third parties. Organisers can tailor their competition in a number of ways – the choice of game, goal to be achieved, prize money and how it is distributed, etc. – and are responsible for promoting their competition. G-Loot charges a fee for making its platform available and receives a share of the surplus from the competition.

G-Loot is committed to making gaming on its platform fun for everyone participating, not just the winners. It does this

by offering simple challenges, a fun environment and by matching players against each other by skill level.

### Technology and data

The platform reads player data automatically without any manual intervention from players, which gives G-Loot a big competitive advantage. G-Loot has the functionality to offer competitions for all games, a variety of game formats with secure payment solutions, the ability to detect when someone is cheating, while also collecting data.

The platform is designed to handle large volumes of data, which is essential both for scaling up the platform for multiple users and for collecting enough data to drive effective, targeted development.

In 2020, the platform was enhanced so that it works completely independently of access to game APIs (application programming interfaces). This is an advantage, as G-Loot can quickly include new games on the platform.

Payments in and out are handled seamlessly on the platform. G-Loot was the first esports company to be approved by VISA to pay out game winnings directly to players' cards.

## Partners

### Game developers

Game developers are interested in building strong communities around their games. In this area, G-Loot acts as a partner for game developers by allowing them to organise competitions on the platform. Competitions can start as leagues or tournaments with enough prize money to attract professional teams. Many competitions have traditionally had a significant element of live competition in front of an audience.

G-Loot is a competition partner of Electronic Arts for their most popular game Apex Legends and Korean PUBG Corp for the game PUBG. In early 2020, both planned extensive live events, which had to be rescheduled due to the pandemic. In Apex Legends, for example, an online summer tournament was held in which over 500 teams participated, with the team North winning in front of thousands of viewers. Something that would normally take place offline has now taken place online.

For PUBG, G-Loot implemented a live competition via GLL before the pandemic made more events impossible. Thousands of teams took part in the qualifying rounds, but only 16 teams remained for the final, which took place in Stockholm, Sweden. The event was won by the team WTSG, which received SEK 600,000. During the rest of the year, several events were organised with streamers.

### Streamers

G-Loot collaborates with streamers to generate activity, engagement and income on the platform. Streamers use the platform to organise competitions for their followers and G-Loot's role is to ensure the competitions are fun, that streamers can interact with their community and, above all, that everyone has a good gaming and competition experience.

In the short term, these collaborations generate income for G-Loot, as it shares income with streamers and also charges a basic fee for organising the competition. In the long run, streamers attract players to the platform, where they find a fun way to take their gaming to the next level of excitement.

### Sponsors

Esports is attracting a growing number of advertisers and sponsors, as it is seen as a good way to position brands and reach this target group. Companies with some form of involvement in the industry, such as computer manufacturers, are already well-established esports sponsors, while brands with no direct link to the industry have shown increasing interest in recent years. For example, both Audi and Luis Vuitton have partnered with League of Legends.

G-Loot is actively engaged in developing sponsorship for its competitions and for the site to create an additional source of revenue. Finding ways to collaborate that engage the target audience and get them to interact with the brand is seen as a key to success.

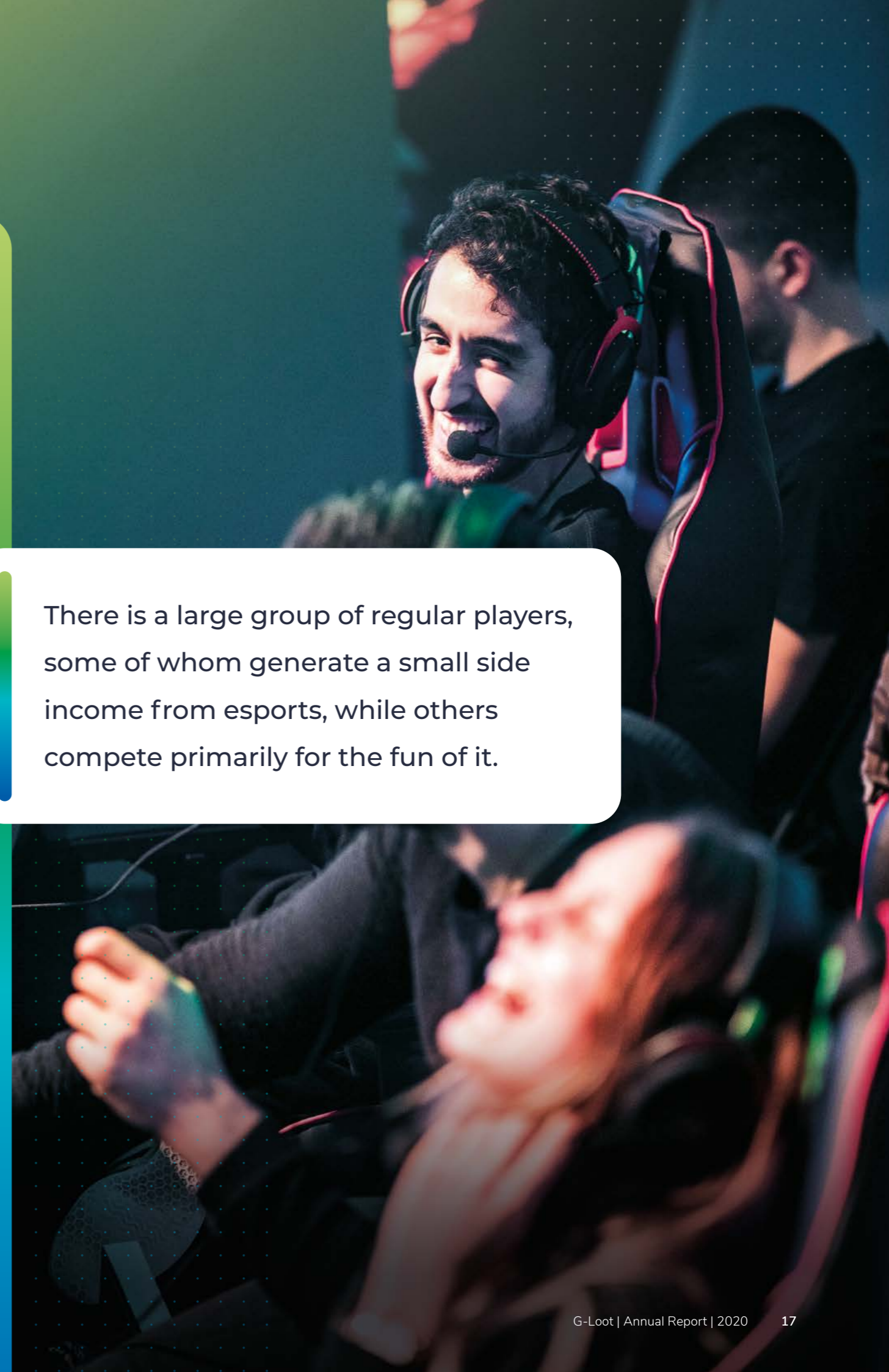
### Other partners

Industry partners are companies active in esports and gaming. G-Loot is actively developing relationships with key companies and is involved in several collaborations. These may be on technology such as with Overwolf or to reach out to players via Twitch, which during the year broadcast GLL on its platform.

B2B partners include several companies that could be suppliers but that can also drive traffic to the site. This category includes various types of media companies such as Aftonbladet, Facebook, Twitter and Netflix.



There is a large group of regular players, some of whom generate a small side income from esports, while others compete primarily for the fun of it.





As of 31 December 2020, the share capital in G-Loot Global Esports amounted to SEK 1,134,210.02, divided into 3,658,742 shares, each with a quota value of SEK 0.31.

# Compliance

The compliance department ensures G-Loot complies with applicable regulations and does not expose itself to regulatory risk. The department reviews and advises, and also develops internal processes, regulations and policies.

## Legal activity

G-Loot has taken several steps to ensure that those who use the platform have the right to do so. The platform is currently available to users in 39 countries, mainly in Europe, and North and South America.

A basic requirement is that esports is legal in the country where the player is located. In most cases, esports is classified as a skill-based game and is therefore distinct from games of chance, which include casino and many card games. Most countries have opted to regulate games of chance but have left skill-based games unregulated. G-Loot regularly reviews the legal situation in the countries where the platform is available, to identify any changes in the legal situation.

People trying to log onto the platform from countries other than those that have been checked and found to be legal for G-Loot to operate in are blocked by 'geofencing'. Countries that do not allow esports are France, several Asian and Middle-Eastern countries, and seven US states.

A prerequisite for G-Loot to offer competitions in a particular game on the platform is that the game must be truly skill-based. Therefore, before a game is included on the platform, G-Loot checks that random processes do not affect the outcome of the games. This is done through a manual review of each game and by listening to the relevant game community and the industry in general. When updating the games offered on the platform, checks are carried out to ensure that no random elements controlling the outcome of the game have been introduced.

## Appropriate age

G-Loot also ensures that those using the platform are also of the appropriate age. Players must be 18 or over to access the entire platform. With the active approval of a parent or guardian, younger people can also access the platform. From the age of 16, players can compete for money in some competitions without an entry fee and from the age of 13 players are welcome to compete against others with no money involved.

## Payments to and from players

Another area that is subject to numerous laws and regulations is the handling of payments to and from players. Deposits are relatively straightforward, as they are similar to e-commerce, while payments to players are subject to significant regulations aimed at preventing things like money laundering, fraud and terrorist financing.

G-Loot has chosen to work with third-party providers for the management of 'KYC' or know your customer. To receive an initial payout, players need to provide identification and show proof of address or identity documentation. These are used for checks against various types of international and local registers. The checks are automated but supplemented by manual checks where necessary and are usually completed in a matter of minutes. Additional system-based solutions check whether transactions follow the usual pattern or whether they may be suspected of being related to fraud or other crime.

G-Loot has, at its own initiative, also introduced a daily deposit limit of 30 euros or dollars and a daily withdrawal limit of 500 euros or dollars.

## Fair play

Another important aspect of compliance is to ensure players do not encounter cheating in competitions. The games must be perceived as fair for players to want to compete in them. However, in the gaming world, players sometimes manipulate their own game copies using software to make them easier to win with. G-Loot continuously monitors competitions to ensure they are conducted correctly, and this is done both automatically and manually. In addition, competitions are recorded and verified before prize money is distributed.

# Company culture and employees

G-Loot has approximately 120 employees, all of whom are employed by the wholly owned subsidiary iModules AB. We endeavour to have a diverse workforce and believe in the equality of all employees regardless of gender, ethnicity and background. The goal is for half of the employees to be women, which is significantly more than the current 27 percent. Our employees include 23 different nationalities, speak 24 different languages, and we are always looking for more non-Swedes to join us. We want to develop and learn from one another, not only on a professional but also on a personal level.

Employees are organised into teams, depending on the task. Most teams have daily 15–30 minute digital morning meetings, supplemented by weekly departmental meetings and monthly company-wide meetings. G-Loot also usually runs quarterly workshops in which teams compete to find solutions to specific issues or projects. Performance reviews are held twice a year and salary adjustments are made annually. Employees are also given the opportunity to continue their training through courses and conferences.

The transition to working from home during the pandemic has gone smoothly as the business is largely conducted

online. In 2020, we organised several game tournaments, swapped joint training sessions for challenges to keep us active and continued to learn together and be inspired by one another in a variety of ways. This helps create a good working environment and an attractive workplace.

During the year, a large number of employee surveys were conducted to examine how employees perceive their job. These have shown that the vast majority are enjoying working from home and that it helps them to concentrate on their tasks.

## Values

To ensure a consistent corporate culture throughout G-Loot's growth journey, we have jointly developed four values that will be a common theme in our work.

WE STRIVE FOR  
**GREATNESS**

We hold ourselves and our products to a high standard. We are inclusive, support each other and our players and create opportunities for success and celebration.

WE NEVER STOP  
**LEARNING**

We see challenges as opportunities to grow personally, professionally and as a company. We encourage employees to be inquisitive, to try new approaches and find new perspectives.

WE VALUE HONOUR AND  
**HONESTY**

We understand the importance of trust. We want to be a brand that people trust, whether they are players, partners or colleagues.

WE ARE  
**FEARLESS**

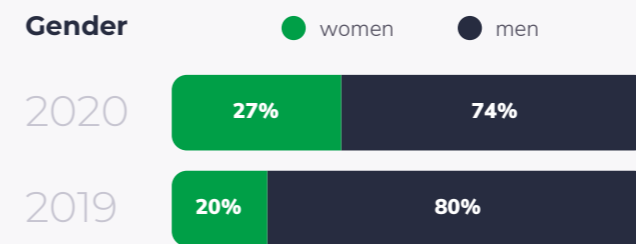
We want to revolutionise our industry and understand that means facing challenges along the way. We are building strong foundations so we can achieve things no one else has.

## Recruitment

After expanding strongly in 2019, the pace of recruitment was slower in 2020. During the year, the workforce remained stable at around 120 employees, including consultants. To support future recruitment, G-Loot started the year with various activities to strengthen the brand as an employer. This work included greater visibility at universities and technology conferences and closer relationships with industry associations. However, most of this work was put on hold due to the pandemic.

The selection of new employees is carried out carefully and in an inclusive way. The majority of those recruited have a technical background. Recruitment takes place via a well-defined process in which candidates meet several G-Loot employees at various levels.

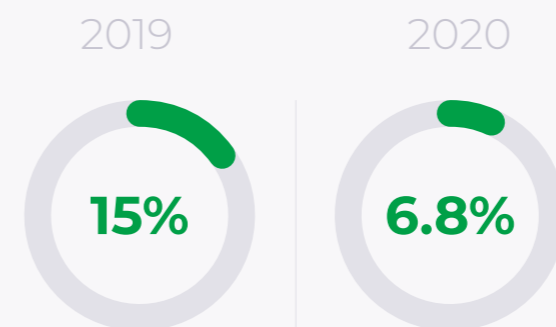
A priority for recruitment is to increase the proportion of female and international employees, as diversity is an essential part of the culture that we want to establish. As in many other companies in the sector, the proportion of female employees is relatively low. In 2020, G-Loot increased the average proportion of women among its employees to 27 percent from 20 percent in 2019.



## Average age

2020 | **33**

## Employee turnover



# Shareholder information

## Share capital

As of 31 December 2020, the share capital in G-Loot Global Esports amounted to SEK 1,134,210.02, divided into 3,658,742 shares, each with a quota value of SEK 0.31.

All shares carry equal rights to the company's assets and profits. Each share entitles its holder to one vote at the Annual General Meeting (AGM). At the AGM, each person entitled to vote may vote according to the full number of shares owned or represented without limitation of voting rights.

The share register is maintained by Euroclear Sweden AB. The ISIN code of the shares is SE0008128896.

## New share issue in 2020

A share issue that raised SEK 500 million for G-Loot before transaction costs was aimed at several Swedish and international institutional investors. Among those who subscribed for shares in the issue were Swedbank Robur, Norron, CNI, Inbox Capital and Celox. The private placement was managed by Goldman Sachs and Carnegie. The funds will be used to grow the player base, optimise the service and secure G-Loot as a strong and trusted brand on selected markets.

The issue resulted in the number of shares increasing by 1,030,928 to 3,658,742 and share capital by SEK 319,587.68 to SEK 1,134,210.02. The shares issued represent 28.2 percent of the total number of shares after the new share issue.

## Listing

The shares are not currently listed, but G-Loot intends to list its shares. However, no date for a listing has been adopted by the Board.

G-Loot is not obliged to comply with any regulatory framework for listed companies or companies admitted to trading. To prepare for a listing, G-Loot has several substantial internal processes underway and has been reporting in accordance with IFRS since 2017.

## Ownership structure

The number of shareholders increased in 2020 and stood at 350 (160) at year-end 2020. The largest shareholder is Swedbank Robur with an 8.8 percent stake, followed by Norron with 6.9 percent and Czech KKCG with 5.1 percent. The 10 largest shareholders held 37.4 percent of the shares.

<b>Robur</b>	320,164	8.8%
<b>Norron</b>	252,821	6.9%
<b>KKCG</b>	188,000	5.1%
<b>Patrik Nybladh</b>	178,812	4.9%
<b>CNI</b>	176,659	4.8%
<b>Celox</b>	148,418	4.1%
<b>Mac Freeze Fastighets Holding AB</b>	131,077	3.6%
<b>Danske Bank on behalf of owners</b>	106,532	2.9%
<b>Inbox</b>	98,363	2.7%
<b>Coeli Wealth Mgmt</b>	90,646	2.5%
<b>Other shareholders</b>	1,967,250	53.8%
<b>Total</b>	<b>3,658,742</b>	<b>100%</b>

## Dividend policy

G-Loot has not yet paid a dividend. Until stable positive cash flows are achieved, the Board intends to prioritise growth over dividends.

The table above shows the 10 largest shareholders as of 31 March 2021.

For the change in share capital from inception onwards, see Note 22.

# Corporate governance

G-Loot Global Esports AB (publ.), company registration number 556981-0517, believes sound governance of the company is important for generating trust among shareholders and other important parties.

The company's shares are not admitted to trading on any market. The company therefore complies with the rules of the Swedish Companies Act (2005:551) and the Swedish Annual Accounts Act (1995:1554), but no regulations for marketplaces, nor is it subject to the Swedish Corporate Governance Code ('the Code'), which sets a standard for corporate governance at a higher level of ambition than the Swedish Companies Act and the minimum requirements of other regulations. However, the company aims to be admitted to trading on a marketplace and therefore complies with the Code and has prepared this report for this purpose.

## Shares and shareholders

G-Loot's share register is maintained by Euroclear Sweden AB. As of 31 December 2020, according to the share register G-Loot had 545 shareholders and the total number of shares amounted to 3,658,742, each with one vote. Further information about G-Loot's shares and its shareholders can be found in the 'Shareholder information' section of the Annual Report.

## Articles of Association

According to the Articles of Association, the company's official name is G-Loot Global Esports AB (publ) and its financial year is the calendar year from 1 January to 31 December. For the Articles of Association in their entirety, please see the corporate governance section of the company's website [www.investor.gloom.com](http://www.investor.gloom.com).

## Annual general meeting

The annual general meeting (AGM) is G-Loot's highest decision-making body. At the AGM, to be held within six months of the end of the financial year, shareholders exercise their voting rights on matters such as the adoption of the income statement and balance sheet, the appropriation of the company's profit or loss, the discharge of the members of the Board of Directors and the President from liability for the financial year, the election of the members of the Board

and the auditor, and fees for the Board of Directors and the auditor.

An extraordinary general meeting may be convened at the request of a minority of shareholders holding at least one-tenth of the total number of shares, or of the auditor, or at the initiative of the Board of Directors.

In accordance with the Articles of Association, notice of the general meeting must be published in the Post- och inrikes Tidningar and be made available on the company's website. Notification that notice of the meeting has been issued shall also be published in the newspaper Svenska Dagbladet. In addition to the AGM, an extraordinary general meeting may be convened.

## Right to participate in general meetings

All shareholders that are entered in the share register five working days before the meeting and that have given notice of their intention to attend the meeting no later than the date specified in the notice of the meeting are entitled to attend the meeting. Shareholders may attend the general meeting in person or by proxy and may also be accompanied by up to two assistants.

## Raising matters at general meetings

Shareholders wishing to have a matter dealt with at a general meeting must send a written request to the Board of Directors. The request must be received in ample advance so that the matter can be included in the notice of the general meeting.

## Annual General Meeting of 26 June 2020

The AGM of 26 June 2020 adopted the income statement and balance sheet and approved the Board of Directors' proposal on the appropriation of the company's profit. The meeting also took decisions on the discharge of the members of the Board and President from liability, electing the

members of the Board and the auditor, and the remuneration of the Board of Directors. The meeting also decided to appoint a Nomination Committee for the next AGM.

### Extraordinary General Meeting of 29 September 2020

An extraordinary general meeting of 29 September 2020 approved the Board's proposal to authorise the Board to decide on the issue of new shares and the Nomination Committee's proposed decision on the Nomination Committee's terms of reference.

### Nomination Committee

The Nomination Committee is appointed in relation to the company's major shareholders and shall consist of at least two members who are familiar with the company and its owners. The following Nomination Committee has been appointed for the 2021 AGM:

- Ulrik Grönvall, Swedbank Robur,
- Marcus Plyhr, Norron,
- Patrik Nyblad, own holdings
- Albert Jelinek, KKCG and
- the Chairman of the Board

The Nomination Committee is responsible for making proposals for:

- chairman of the meeting,
- Board members, the Chairman of the Board and auditors,
- remuneration of the Chairman, non-employee Board members and, where applicable, remuneration for committee work,
- auditor fees; and
- changes to the existing principles for the Nomination Committee, where deemed necessary.

In preparation for the 2021 AGM, the Nomination Committee has held three minuted meetings, attended by all members, and has also had informal contact on a number of occasions. The Nomination Committee has interviewed a selection of independent and non-independent members of the Board.

The Nomination Committee's proposals for the 2021 AGM will be presented in conjunction with the convening notice and made available on G-Loot's website. In spring 2021, the Nomination Committee presented a proposal for the fees for the Board of Directors and the election of the Board members and Chairman of the Board to be elected at an extraordinary general meeting on 13 April.

The proposal involved the re-election of Board members Patrik Nybladh, Håkan Jerner and Johan Persson and the election as a new Board member of Jonas Eriksson, who is also proposed as Chairman.

### Board of Directors

The Board of Directors is the highest decision-making body after the general meeting and is also the highest executive body. According to the Swedish Companies Act, the Board of Directors is responsible for the management and organisation of the company, which means the Board is responsible for setting objectives and strategies, putting in place procedures and systems for evaluating the objectives set, continually evaluating the company's earnings and financial position, and assessing operational management. The Board is also responsible for ensuring that the annual and interim reports are prepared in a timely manner. In addition, the Board appoints the company's President.

Directors are normally elected by the AGM for the period until the end of the next AGM. According to the Articles of Association, the Board of Directors, insofar as it is elected by the general meeting, shall consist of no less than three and no more than ten members.

The Board follows written rules of procedure which are revised annually and adopted at the constitutive Board meeting each year. The rules of procedure govern matters such as Board practices, functions and the distribution of work between the Board members and the President. In conjunction with the constitutive Board meeting, the Board also establishes the instructions for the President, including on financial reporting.

The Board normally meets according to a fixed annual schedule. In addition to these Board meetings, additional Board meetings may be convened to deal with matters that cannot be referred to an ordinary Board meeting. In addition to the Board meetings, the Chairman of the Board and the President discuss the management of the company on an ongoing basis.

The Board currently consists of four ordinary members.

### Committees

G-Loot has not established either an Audit Committee or a Remuneration Committee, and these tasks were instead handled by the full Board in 2020.

### Work of the Board in 2020

According to the Board's Rules of Procedure, in addition to a constitutive meeting, the Board should meet six times a year and whenever the situation requires. At one of these meetings, the Board will consider the Group's strategic direction, risks and business plan.

Board meetings usually start with a discussion of business and the company's financial performance. Other issues discussed at Board meetings include general strategy issues, general business issues, long-term and short-term goals, HR matters, compliance with policies and laws, and remuneration models. At what is normally the last meeting of the

year, the President and the CFO present the budget for the following year. The budget is discussed and, after possible adjustments, approved. The company's CFO is usually always invited to Board meetings and is responsible for taking the minutes.

Other members of the company's management are invited to present issues related to their respective areas of responsibility. In 2020, G-Loot's Board focused in particular on issues related to the business plan and funding.

There were ten Board meetings in 2020, five of which were ordinary meetings and five extraordinary meetings. The extraordinary Board meetings have mainly dealt with decisions related to funding completed in the second half of 2020 and the impact and handling of the pandemic's effects.

### President and senior executives

The President reports to the Board of Directors and is responsible for the day-to-day management and operations of the company. The division of work between the Board and the President is set out in the rules of procedure of the Board and the instructions to the President. The President is also responsible for preparing reports and compiling management information for Board meetings and submits reports at Board meetings.

According to the financial reporting instructions, the President is responsible for the company's financial reporting and must therefore ensure that the Board receives sufficient information to allow it to evaluate the company's financial position on an ongoing basis.

The President must continually keep the Board of Directors informed about the development of the company's business, sales performance, the company's earnings and financial position, liquidity and credit situation, significant business events and any other event, circumstance or condition that is likely to be of material importance to the company's shareholders.

The President and other senior executives are presented on the company's website, [www.investor.gloot.com](http://www.investor.gloot.com).

### Risk management

In order to clearly define and limit its exposure to risks, G-Loot's company management focuses continuously on identifying and managing risks and uncertainties. A risk assessment of the entire Group is carried out annually. Risk management is overseen by the Group finance department in collaboration with the Group Compliance Manager and in accordance with the guidelines adopted by the Board of Directors.

G-Loot's risk management process is also part of the preparation of the annual business plan, which includes an analysis of strengths, weaknesses, opportunities and risks (SWOT) and enables assessment and rapid response to

changing social, environmental and regulatory requirements.

### Internal control

Internal control covers the control of the company's and Group's organisation, procedures and support measures. The objective is to ensure reliable and accurate financial reporting, that the company's and the Group's financial statements are prepared in accordance with legislation and applicable accounting standards, that the company's assets are safeguarded, and that other applicable requirements are met. Internal control also includes risk analysis. The Group identifies, assesses and manages risks based on the Group's vision and objectives. Risk assessments of strategic, compliance, operational, and financial risks are performed annually and presented to the Board.

The CFO is responsible for the self-assessment process in cooperation with the compliance department. Compliance performs reviews of risk controls and internal systems as per the plan agreed with the Board and company management.

### Policies

The company has established a number of policies and guidelines that it follows. Both policies and guidelines are overseen by the company management. Policies established by the company include the following:

- Anti-Money Laundering Policy
- Code of Business Conduct
- Crisis Plan & Handbook
- Data Protection Policy

### Internal audit

The Board has decided not to establish a specific internal audit function. The Board considers that business system's approach to risk and quality management and the finance department, together with the Board's oversight of financial internal control, provide the necessary control and follow-up.

### Audit

The auditor examines the company's annual accounts and financial statements and the Board of Directors' and the President's management. After each financial year, the auditor submits an audit report and a Group audit report to the AGM. According to the company's Articles of Association, the company must have an audit firm or one or two auditors with or without deputies.

The company's auditor since 2016 has been Grant Thornton AB, which was re-elected at the 2020 AGM for the period until the end of the 2021 AGM. Carl Niring has been the principal auditor since 2019. Please see Note 24 to the 2020 annual accounts for the remuneration of auditors.

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# Annual Report & Consolidated Accounts

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# 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 2020 to 31 December 2020.

The amounts below are given in SEK thousand, unless stated otherwise.

## Operations

G-Loot Global Esports Group develops and offers unique esports platforms for an international market where players have access to skill-based competitions in digital games that they already play and love.

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

Operations are classified into four separate geographical 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 four wholly owned subsidiaries iModules AB, G-Loot AB, Strandstrosaren 45 AB and Gumbler Ltd.

Group income is recognised in the Parent Company, G-Loot Global Esports AB, which is the unit that has contracts with customers. The majority of the business's costs, primarily personnel costs, are incurred by the subsidiary iModules AB, which invoices the Parent Company for services provided.

There was little or no activity in the other subsidiaries in 2020.

## Multi-year summary

	Group			Parent Company		
	2020	2019	2018	2020	2019	2018
<b>Income statement</b>						
Net sales	60,361	23,658	2,314	60,361	23,658	2,314
Operating profit/loss	-251,707	-137,725	-59,066	-263,788	-143,516	-62,562
Net financial items	-272	-46	-33	-199	6,777	3,998
Profit/loss before tax	-251,979	-137,771	-59,099	-253,475	-136,739	-58,564
Profit/loss for the year	-251,979	-137,771	-59,002	-253,475	-136,739	-58,564
Number of shares	3,658,742	2,627,814	2,052,364	3,658,742	2,627,814	2,052,364
<b>Balance sheet</b>						
Non-current assets	12,454	10,978	339	9,664	11,196	600
Cash and cash equivalents	383,244	158,039	78,983	367,240	146,988	76,065
Equity	349,198	136,839	65,386	349,143	138,280	65,795
Non-current liabilities	150	-	-	-	-	-
Current liabilities	50,328	44,122	19,473	45,851	39,991	18,679
Total assets	401,987	180,961	84,859	397,306	178,270	84,474
<b>Cash flow</b>						
Cash flow from operating activities	-238,173	-119,369	-48,166	-250,909	-133,151	-50,545
Cash flow from investing activities	-959	-10,801	-83	-	-9,564	-900
Cash flow from financing activities	464,338	209,224	93,426	471,161	213,638	94,488
Cash flow for the year	225,206	79,055	45,178	220,252	70,923	43,043
<b>Key performance measures</b>						
Operating margin, percent <sup>1</sup>	neg.	neg.	neg.	neg.	neg.	neg.
Equity/assets ratio, percent <sup>2</sup>	87%	76%	77%	88%	78%	78%
Average number of employees <sup>3</sup>	88	46	32	-	-	-
<b>Share data</b>						
Earnings per share, SEK, based on profit/loss attributable to Parent Company shareholders over the year	-69	-52	-44	-69	-52	-43
Number of shares	3,658,742	2,627,814	2,052,364	3,658,742	2,627,814	2,052,364

<sup>1</sup> Operating profit/loss divided by net sales.

<sup>2</sup> Equity divided by total assets.

<sup>3</sup> Total employee working days divided by 365

## Market performance over the year

The gaming and esports market continued to expand globally and nationally in 2020. The total gaming market is estimated to have grown by an additional 20 percent, to USD 175 billion. Of the total market, mobile gaming is estimated to account for half, while the other half is made up of other platforms.

There are still no indications that the market has begun to level off, or that the rate of increase is slowing. On the contrary, it is clear that the shutdown of society due to Covid-19 has contributed to increased gaming, and that this behaviour is here to stay.

The trend for esports has also continued to accelerate and the market is estimated by Newzoo to be worth just under USD 1 billion, reaching an audience of 430 million.

However, the pandemic has meant that live events almost came to a complete halt in 2020. This kind of live broadcast competition, along with all forms of live performances, has largely disappeared. Meanwhile, opportunities have opened up for online competitions. G-Loot is at the forefront of this and on balance we feel we have experienced positive growth from the pandemic, although this has yet to be reflected in sales.

G-Loot is not involved in the offline scene, and the Group's slogan is 'Offline Goes Online'. We make this possible by offering a platform that is open to everyone who wants to compete in the games they already love playing.

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 our kind of online esports platform is developing, and is expected to continue to develop, has yet to be 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.

## The development process

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 owner and the marketing department. Orders are then placed with the development department, which completes delivery.

The development department consists mainly of programmers who focus on the backend and frontend of the product. In addition, there are graphic designers responsible for the user interface. Generally speaking, they are divided into the categories of UX designers and UI designers. UX designers focus on players' experience of the interface,

while UI designers make more specific decisions about the interface's appearance.

Once the product is ready for launch, the marketing department takes on responsibility for identifying players who are interested in esports. In many cases this involves recruiting players to encourage them to try the game, or paying influencers to promote our platform via their channels.

Bigger competitions also offer opportunities to sell rights and advertising space on the platform. G-Loot has a special sales department for this.

## Objectives and strategy

### Business objectives for 2021

G-Loot is at the beginning of its journey. In 2021 we intend to demonstrate that the platform is ready to be scaled up; that we have a model that is financially sustainable. We also aim to show that the platform is growing. Our objectives will be measured as follows:

**LTV > CAC:** Over time, players will generate more surplus than the cost of recruiting the player.

**Growth:** Income for 2021 will exceed that of 2020.

### Strategy

G-Loot has produced a focused strategy for achieving these business objectives as quickly as possible. Once the objectives have been achieved, we intend to invest in broader growth, which will require a different strategy. In the short term, this strategy will be based on eight areas:

1. Geographical focus
2. Selected games and a broad offering
3. Several revenue sources
4. Showcasing other competition organisers
5. Cash flow
6. Fair play
7. Game data at the heart of the business
8. Keeping game developers happy

## Significant events during the year

During the year, there has been a strong focus on preparing and concluding yet another new share issue. The goal was to close at SEK 1 billion. Since the Covid-19 pandemic coincided with the start of the planned roadshow, management and our advisors, Goldman Sachs and Carnegie, decided to conduct all presentations via video link.

Over a hundred presentations were carried out for international investors. Most of them requested follow-up and additional meetings, and it is estimated that a total of

between 150 and 200 meetings have been conducted.

The issue was closed at the end of September, by which point the Company had raised SEK 500 million. The issue was oversubscribed by just over 20 percent.

Alongside the issue, operations were focused on renewing and improving the platform. New services have been developed and considerable effort and resources devoted to buying players for the platform, to boost activity.

As a consequence of the extensive recruitment of new players, the business generated a negative cash flow in 2020. This is expected to continue in 2021, but in a more controlled way.

G-Loot continued to establish competitions online on PC and mobile during the year. However, towards the end of the year it was decided that the focus should be on PC, and that the business should be developed and demonstrated in a more limited geographical area and with fewer games.

During the year, the Board decided to prepare the business for a listing. In particular, this has meant taking a more restrictive approach to revenue recognition. In practice this means that income is reported net more strictly than previously. This change has had a negligible impact on operating profit/loss, but has reduced net sales.

Corresponding recalculations have been made for previous years.

## Operations in subsidiaries

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

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

All staff are employed by the subsidiary iModules AB.

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

## Group financial summary

### Earnings and financial position

Net sales in 2020 totalled SEK 60,361 thousand (23,658), an increase of 155 percent compared with 2019. The increase in sales is a result of the expansive marketing push that generated more paying players.

Operating earnings were negative at SEK -251,707

thousand (-137,725). The decline in operating earnings in 2020 from 2019 was due above all to expansive market investment, leading to higher costs for marketing activities and higher personnel costs.

Net financial items totalled SEK -272 thousand (-46).

Earnings for the year amounted to SEK -251,979 thousand (-137,771). The weaker earnings are a result of the fact that both direct costs in the form of prize pools and employee benefit costs have more than doubled since the previous year, mainly due to a growing workforce. Other external costs have also increased considerably, which is also a direct result of the fact that the Group has hired a large number of consultants.

The Group's cash and cash equivalents at 31 December 2020 totalled SEK 383,244 thousand (158,039). The increase in cash and cash equivalents is due to the issue of new shares that was implemented in the autumn.

Consolidated equity was SEK 349,198 thousand (136,839).

Total assets at 31 December 2020 amounted to SEK 401,987 thousand (180,961).

Total liabilities at 31 December 2020 were SEK 50,477 thousand, of which SEK 150 thousand are non-current and comprise lease liabilities. Current liabilities totalled SEK 50,328 thousand (44,122). These mainly consist of trade payables, client fund liabilities and accrued expenses and deferred income.

### Cash flow

Cash flow from operating activities declined over the full year 2020 to SEK -238,173 thousand (-119,369) as a result of expansive market investments.

Cash flow from investing activities totalled SEK -959 thousand (-10,801).

Cash flow from financing activities totalled SEK 464,338 thousand (209,224) and was impacted by the completion of the most recent new share issue, which is fully paid up.

Cash flow for the year totalled SEK 225,206 thousand (79,055). The positive cash flow is the result of the completed share issue.

### Investments

The Group's capitalised investments are relatively low. Investments during the year, mainly in machinery and equipment, totalled SEK -959 thousand (-1,236).

## Share information

Earnings per share for 2020 totalled SEK -69 (-52).

The number of shares in issue in 2020 totalled 3,658,742 (2,627,814). The increase in the number of shares is the result of the issue of new shares in the autumn.

## The business segments

Operations are organised into 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 2019 and 2020, growth in income was evenly spread in the Group.

## Other information relating to the Group

### Sustainability disclosures

The fundamental premise behind G-Loot's sustainability work is to minimise the potential negative impact of its operations and to harness the opportunities that arise from managing a sustainable business.

The business concept is to enable gamers around the world to compete in the games they already play and love, and to meet other players who share their interest.

G-Loot creates value by generating excitement and challenges, and by providing entertainment. This happens with minimal environmental impact, as the Group is essentially a service company. G-Loot has efficient premises and each employee is offered a computer as a working tool. Besides this there is no notable environmental impact. Meetings are preferably held via video and there is very little business travel.

The Group is committed to conducting its operations in a responsible and safe way, being a fair employer and taking greater responsibility in the value chain.

The Company's primary target is for profitability per player to exceed the cost of recruiting the player to the platform. This is measured using the formula Lifetime Value > Cost of Acquisition. Furthermore, our target for 2021 is for income to exceed that of 2020.

The Company's strategies are built on achieving these targets as quickly as possible. Our key strategies are therefore as follows:

- geographical focus on a limited number of markets
- monetisation of max. five games
- establishment primarily on PC

Further details of G-Loot's targets and strategies are

provided in the section entitled 'Objectives and strategy', in the first part of this annual report.

The business is managed and responsibilities allocated primarily by the Board providing an annual report for the shareholders at the AGM. The AGM then appoints a board for the forthcoming year and this board then holds a statutory meeting at which it presents a plan for the mandate period.

The Board is responsible for the Company's long-term development and produces a plan for this. A president is appointed by the Board to establish an organisation that can implement the Board's plan, and to appoint a management team.

Further information about our operations and about the allocation of responsibilities is given under the section 'Company management' in the first part of this annual report.

To ensure a consistent corporate culture throughout the Group's growth journey, four values have been developed that will be a common theme in our work and for our employees. These are presented in English and are as follows:

- We strive for greatness
- We never stop learning
- We value honour and honesty
- We are fearless

Further information about social factors and personnel can be found under the section 'Culture and employees' in the front section of this annual report.

The Group's approach to combating corruption is primarily managed by the Company's Compliance department. Compliance works independently on scrutinising and following up operations, and reports directly to the President.

Compliance is based on a number of policies approved by management. The most important of these are:

Legal operations. The platform should only function in countries where esports are legal.

Appropriate age. Players must be 18 or over to have access to the entire platform.

Payments to and from players. Players' identities are confirmed via third-party products and manual checks.

Fair play. The competitions are monitored to prevent cheating.

Our approach to combating corruption and similar behaviour is detailed under the 'Compliance' section in the front section of this annual report.

## Employees

All staff are employed in Sweden by the iModules AB subsidiary. In 2020, the number of employees averaged 88 (46). The Group aims to promote a diverse and gender equal workforce.

## Environmental impact

The Group has an environmental impact from business trips. Such trips are mainly international and therefore by air.

Other possible sources of environmental impact have been identified in the scrapping of machinery and equipment, which consists mainly of computers.

## Remuneration principles for senior executives

The Board is responsible for determining remuneration of the President. Remuneration issues concerning other members of the Board are subject to resolution by the AGM, following a proposal from the nomination committee.

During the year, the Board Chairman was 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.

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. Remuneration is revised annually.

## Seasonal variations

The esports sector is relatively young and as yet no clear seasonal variations 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 net sales totalled SEK 60,361 thousand (23,658), an increase of 155 percent.

Operating earnings were negative at SEK -263,788 thou-

sand (-143,516), a decline of SEK 120,272 thousand.

Earnings after tax were negative at SEK -253,475 thousand (-136,739), a decline of SEK 116,736 thousand.

The principal reason for the decline in earnings was an expansion in operations, requiring more employees and significant market investments.

## Share capital and owners

At year-end, the Company's share capital totalled SEK 1,134,210 (814,622). The number of shares in issue was 3,658,742 (2,627,814).

The number of shareholders at year-end was approximately 350 (191). Major shareholders are presented separately in another section.

## Board of Directors

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

The 2020 AGM authorised the Board to allow the Parent Company to issue new shares. This authorisation was not exercised during the year. Instead an extraordinary meeting in September authorised the Board to issue new shares corresponding to SEK 500 million. The Board exercised this mandate in October in connection with the new share issue.

## Significant events after the financial year-end

In winter 2021, Chairman Johan Persson and President Patrik Nybladh decided to switch roles. Johan Persson therefore stepped down as Chairman and Board member, and the Board appointed Patrik Nybladh as Chairman in his place. Meanwhile the Board appointed Johan Persson as the new President.

Patrik Nybladh has since accepted his new operative role as Chief Investment Officer, CIO.

Jonas Eriksson was appointed to the Board as a new member and Chairman of the Board at an extraordinary meeting on 13 April 2021. Johan Persson was re-elected as a Board member. At the same time, Peter Eriksén and Fredrik Nybladh had resigned from the Board.

As of 13 April, the Board therefore consists of Jonas Eriksson, Johan Persson, Håkan Jerner and Patrik Nybladh.

## 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's company 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

## Industry and market risks

### Tighter regulation of the industry

**Description:** In several countries, regulatory authorities have no knowledge of the difference between luck-based games and performance-based games. G-Loot is in the latter category, in that those who win the competitions held have developed a considerable degree of skill.

**Group'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:** G-Loot'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 could bring pressure on prices.

**Group'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.

**Group's approach:** To monitor at all times the services established and offered by our competitors, 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 considerable demand for talented software developers. Mobility in the sector is high.

**Group'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 Group's business.

**Group's approach:** To highlight the difference between performance-based and luck-based gaming. Esports 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 Group.

## Financial risks

### Operating margin

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

**Group's approach:** To maintain highly developed forecasting for the business, along with detailed follow-up and strict cost control.

### Financing

**Description:** G-Loot is still reporting a negative cash flow and so is dependent on external financiers. At present, venture capital is available on the financial market.

**Group's approach:** To regularly meet and update the financiers who follow the Parent 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 Parent Company an attractive investment.

## Appropriation of profit

The Board of Directors proposes that the loss for the year of SEK 253,474,548 and the accumulated loss of SEK 232,853,266 be offset against the share premium reserve, and that the remaining share premium reserve of SEK 348,008,912 be carried forward. The consolidated and Parent Company income statements and balance sheets are subject to approval by the Annual General Meeting, to be held on 21 June 2021.

	31/12/2020
Share premium reserve	SEK 834,336,726
Retained profit/loss	SEK -232,853,266
Profit/loss for the year	SEK -253,474,548
<b>Total</b>	<b>SEK 348,008,912</b>
<b>The Board of Directors proposes that the following amount be carried forward:</b>	<b>SEK 348,008,912</b>

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

	Note	2020	2019
<b>Operating income</b>			
Net sales	15	60,361	23,658
Other operating income	15, 16	401	54
<b>Total operating income</b>		<b>60,762</b>	<b>23,712</b>
<b>Operating expenses</b>			
Direct expenses in the form of prize pools	15	-99,813	-43,376
Other external costs	15, 20	-119,869	-72,737
Costs for remuneration of employees	15, 23	-91,190	-44,872
Depreciation of:			
- property, plant, and equipment	15, 18	-1,216	-161
Other operating expenses	15, 16	-381	-291
<b>Total operating expenses</b>		<b>-312,468</b>	<b>-161,437</b>
<b>Operating profit/loss</b>	15	<b>-251,707</b>	<b>-137,725</b>
<b>Profit/loss from financial items</b>			
Finance income	26	22	16
Finance costs		-294	-62
<b>Total net financial items</b>		<b>-272</b>	<b>-46</b>
<b>Profit/loss before tax</b>		<b>-251,979</b>	<b>-137,771</b>
Income tax	27	-	-
<b>Comprehensive income for the year</b>		<b>-251,979</b>	<b>-137,771</b>
<b>Profit/loss for the year attributable to:</b>			
Parent Company shareholders		-251,979	-137,771
<b>Comprehensive income for the year</b>		<b>-251,979</b>	<b>-137,771</b>
Earnings per share, SEK, based on profit/loss attributable to Parent Company shareholders over the year	28	-69	-52

### 3. Consolidated statement of financial position

ASSETS	Note	31/12/2020	31/12/2019
<b>Non-current assets</b>			
Property, plant and equipment			
Equipment, tools, fixtures and fittings	18	1,810	1,345
Right-of-use assets	19	1,010	-
<b>Total property, plant and equipment</b>		<b>2,820</b>	<b>1,345</b>
<b>Non-current financial assets</b>	20		
Other financial assets		9,564	9,564
Financial assets, rental deposit		69	69
<b>Total non-current financial assets</b>		<b>9,633</b>	<b>9,633</b>
<b>Total non-current assets</b>		<b>12,454</b>	<b>10,978</b>
<b>Current assets</b>			
Trade receivables	20, 21	9	354
Other receivables	20, 21	3,401	8,276
Prepaid expenses and accrued income	20, 21	2,880	3,314
Cash and cash equivalents	20	383,244	158,039
<b>Total current assets</b>		<b>389,533</b>	<b>169,982</b>
<b>Total assets</b>		<b>401,987</b>	<b>180,961</b>

### 4. Consolidated statement of financial position

EQUITY AND LIABILITIES	Note	31/12/2020	31/12/2019
<b>Equity</b>	22		
Share capital		1,134	815
Share premium reserve		834,337	374,364
Retained earnings, including net profit/loss for the year		-486,273	-238,340
<b>Total equity</b>		<b>349,198</b>	<b>136,839</b>
<b>Liabilities</b>			
<b>Provisions</b>			
Other provisions		2,312	-
<b>Total provisions</b>		<b>2,312</b>	<b>-</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	150	-
<b>Total, non-current liabilities</b>		<b>150</b>	<b>-</b>
<b>Current liabilities</b>			
Contractual liability	25	10	10
Trade payables	20	14,825	13,318
Current tax liabilities	20, 27	-	365
Lease liabilities	19, 20	877	-
Other current liabilities	20, 25	22,555	20,015
Accrued expenses and deferred income	20, 25	12,060	10,414
<b>Total, current liabilities</b>		<b>50,328</b>	<b>44,122</b>
<b>Total liabilities</b>		<b>50,477</b>	<b>44,122</b>
<b>Total equity and liabilities</b>		<b>401,987</b>	<b>180,961</b>

## 5. Consolidated statement of changes in equity

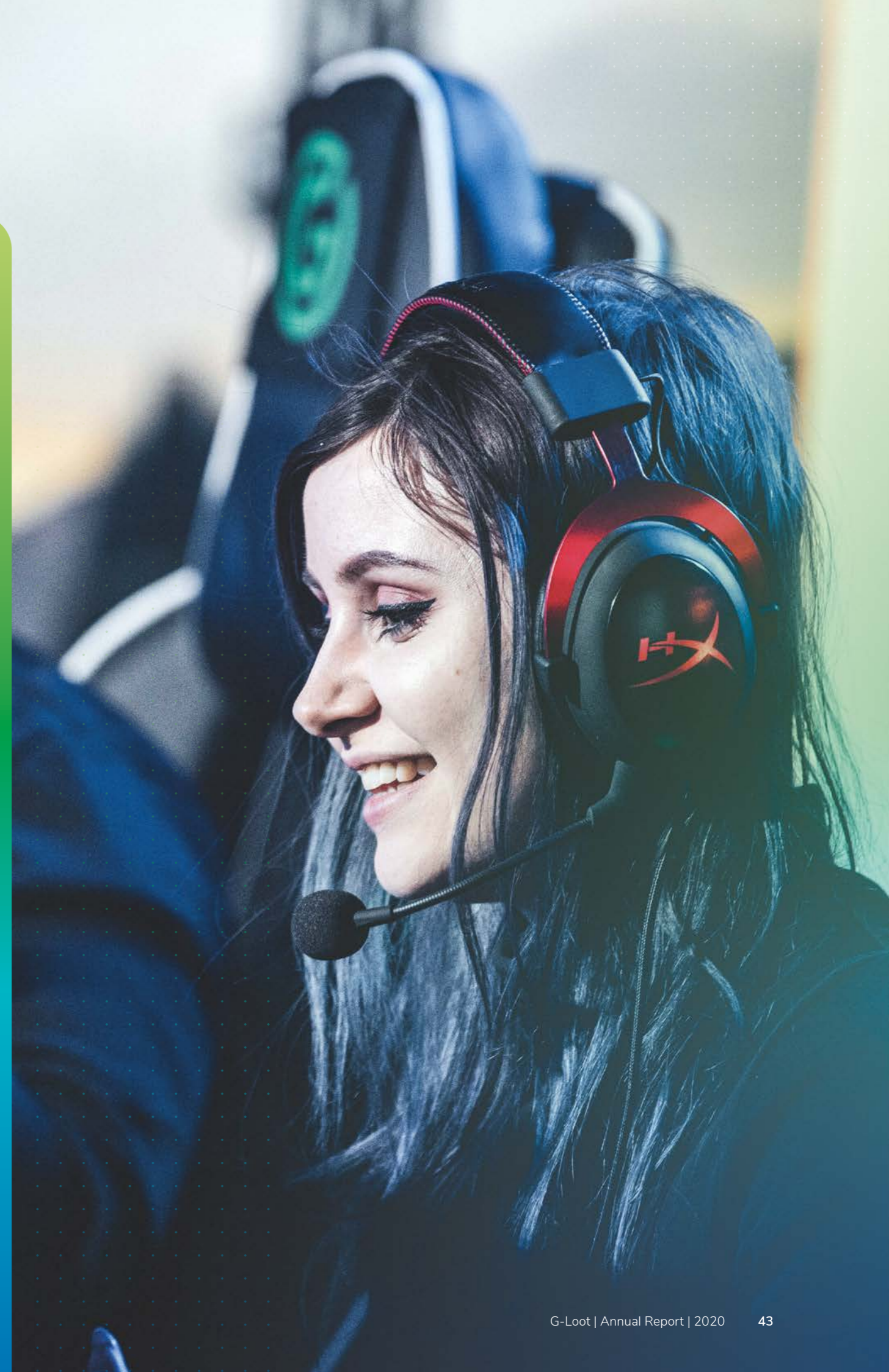
	Share capital	Share premium reserve	Retained earnings incl. net profit/loss for the year	Total equity
<b>Opening balance, 1 January 2020</b>	<b>815</b>	<b>374,364</b>	<b>-238,340</b>	<b>136,839</b>
Profit/loss for the year and other comprehensive income	-	-	-251,979	-251,979
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-251,979</b>	<b>-251,979</b>
New share issue	320	499,680	-	500,000
Issue expenses	-	-39,708	-	-39,708
Adjustment to equity from previous year	-	-	4,046	4,046
<b>Total transactions with the Group's owners</b>	<b>320</b>	<b>459,973</b>	<b>4,046</b>	<b>464,338</b>
<b>Closing balance, 31 December 2020</b>	<b>1,134</b>	<b>834,337</b>	<b>-486,273</b>	<b>349,198</b>
<b>Opening balance, 1 January 2019</b>	<b>636</b>	<b>165,318</b>	<b>-100,568</b>	<b>65,386</b>
Profit/loss for the year and other comprehensive income	-	-	-137,771	-137,771
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-137,771</b>	<b>-137,771</b>
New share issue	178	224,823	-	225,001
Issue expenses	-	-15,777	-	-15,777
<b>Total transactions with the Group's owners</b>	<b>178</b>	<b>209,046</b>	<b>-</b>	<b>209,224</b>
<b>Closing balance, 31 December 2019</b>	<b>815</b>	<b>374,364</b>	<b>-238,340</b>	<b>136,839</b>

## 6. Consolidated statement of cash flows

	Note	2020	2019
<b>Cash flow from operating activities</b>			
Profit/loss after financial items		-251,979	-137,771
Income taxes paid		-365	365
<b>Non-cash items</b>	28		
- Depreciation/amortisation	18, 19	494	161
- Lease rate adjustment	19	17	-
- Provision		2,312	-
<b>Cash flow from operating activities before changes in working capital</b>		<b>-249,522</b>	<b>-137,245</b>
<b>Cash flow from changes in working capital</b>			
Increase/decrease in trade receivables		345	219
Increase/decrease in current receivables		5,512	-6,626
Increase/decrease in trade payables		1,506	5,968
Increase/decrease in current liabilities		3,984	18,316
<b>Total changes in working capital</b>		<b>11,349</b>	<b>17,876</b>
<b>Cash flow from operating activities</b>		<b>-238,173</b>	<b>-119,369</b>
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment	18	-959	-1,236
Investments in other financial assets	20	-	-9,564
<b>Cash flow from investing activities</b>		<b>-959</b>	<b>-10,801</b>
<b>Cash flow from financing activities</b>			
New share issue		464,338	209,224
<b>Cash flow from financing activities</b>		<b>464,338</b>	<b>209,224</b>
<b>Decrease/increase in cash and cash equivalents</b>		<b>225,206</b>	<b>79,055</b>
Cash and cash equivalents at start of year		158,039	78,983
<b>Cash and cash equivalents at year-end</b>	20	<b>383,244</b>	<b>158,039</b>

## 7. Parent Company statement of income

	Note	2020	2019
<b>Operating income</b>			
Net sales	15	60,361	23,658
Other operating income	16	49	10
<b>Total operating income</b>		<b>60,410</b>	<b>23,668</b>
<b>Operating expenses</b>			
Direct expenses in the form of prize pools	15	-99,813	-43,374
Other external costs	15, 26	-222,144	-123,765
Other operating expenses	15,16	-193	-46
Impairment losses, subsidiaries	26	-2,048	-
<b>Total operating expenses</b>		<b>-324,198</b>	<b>-167,184</b>
<b>Operating profit/loss</b>		<b>-263,788</b>	<b>-143,516</b>
<b>Profit/loss from financial items</b>			
Interest expense and similar profit/loss items	26	-199	-46
<b>Total profit/loss from financial items</b>		<b>-199</b>	<b>-46</b>
<b>Profit/loss after financial items</b>		<b>-263,987</b>	<b>-143,562</b>
Group contributions		10,512	6,823
<b>Profit/loss before tax</b>		<b>-253,475</b>	<b>-136,739</b>
Tax on profit for the year	27	-	-
<b>Profit/loss for the year and comprehensive income</b>		<b>-253,475</b>	<b>-136,739</b>



## 8. Parent Company balance sheet

ASSETS	Note	31/12/2020	31/12/2019
<b>Non-current assets</b>			
<b>Non-current financial assets</b>			
Participations in Group companies	14	100	1,632
Other financial assets		9,564	9,564
<b>Total financial assets</b>		<b>9,664</b>	<b>11,196</b>
<b>Total non-current assets</b>		<b>9,664</b>	<b>11,196</b>
<b>Current assets</b>			
Trade receivables	21	9	354
Receivables from Group companies	21	11,538	10,335
Other receivables	21	8,543	8,181
Prepaid expenses and accrued income	21	311	1,216
Cash and bank balances		367,240	146,988
<b>Total current assets</b>		<b>387,642</b>	<b>167,074</b>
<b>Total assets</b>		<b>397,306</b>	<b>178,270</b>

## 9. Parent Company balance sheet

EQUITY AND LIABILITIES	Note	31/12/2020	31/12/2019
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		1,134	815
<b>Total restricted equity</b>		<b>1,134</b>	<b>815</b>
<b>Unrestricted equity</b>			
Share premium reserve		834,337	374,364
Retained profit/loss		-232,853	-100,160
Profit/loss for the year		-253,475	-136,739
<b>Total unrestricted equity</b>		<b>348,009</b>	<b>137,465</b>
<b>Total equity</b>		<b>349,143</b>	<b>138,280</b>
<b>Liabilities</b>			
<b>Provisions</b>			
Other provisions	20	2,312	-
<b>Total provisions</b>		<b>2,312</b>	
<b>Current liabilities</b>			
Contractual liabilities	25	10	10
Trade payables		28,396	24,411
Other current liabilities	25	15,336	13,420
Accrued expenses and deferred income	25	2,109	2,150
<b>Total, current liabilities</b>		<b>45,851</b>	<b>39,991</b>
<b>Total liabilities</b>		<b>45,851</b>	<b>39,991</b>
<b>Total equity and liabilities</b>		<b>397,306</b>	<b>178,270</b>



## Management group



**Johan Persson**  
CEO



**Jan Benjaminson**  
CFO



**Frank Ericson**  
CCO



**Constanza Rodriguez**  
Head of People & Culture



**Jamie Dunbar Smyth**  
CGO

## 10. Parent Company statement of changes in equity

	Share capital	Share premium reserve	Retained earnings incl. net profit/loss for the year	Total equity
<b>Opening balance, 1 January 2020</b>	<b>815</b>	<b>374,364</b>	<b>-236,899</b>	<b>138,280</b>
Profit/loss for the year	-	-	-253,475	-253,475
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-253,475</b>	<b>-253,475</b>
New share issue	320	499,680	-	500,000
Issue expenses	-	-39,708	-	-39,708
Adjustment to equity from previous year	-	-	4,046	4,046
<b>Total transactions with the Parent Company owners</b>	<b>320</b>	<b>459,973</b>	<b>4,046</b>	<b>464,339</b>
<b>Closing balance, 31 December 2020</b>	<b>1,134</b>	<b>834,337</b>	<b>-486,328</b>	<b>349,143</b>
<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>-</b>	<b>-</b>	<b>-136,739</b>	<b>-136,739</b>
New share issue	178	224,823	-	225,001
Issue expenses	-	-15,777	-	-15,777
<b>Total transactions with the Parent Company owners</b>	<b>178</b>	<b>209,046</b>	<b>-</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>

## 11. Parent Company statement of cash flows

	Note	2020	2019
<b>Cash flow from operating activities</b>			
Profit/loss after financial items		-263,987	-143,516
Non-cash items	28		
– Provision		2,312	-
– Interest paid		-	-46
– Impairment loss, subsidiaries	14	2,048	-
<b>Cash flow from operating activities before changes in working capital</b>		<b>-259,627</b>	<b>-143,562</b>
<b>Cash flow from changes in working capital:</b>			
Increase/decrease in trade receivables		345	-199
Increase/decrease in current receivables		2,714	-9,669
Increase/decrease in trade payables		3,984	10,334
Increase/decrease in current liabilities		1,673	9,946
<b>Total changes in working capital</b>		<b>8,718</b>	<b>10,411</b>
<b>Cash flow from operating activities</b>		<b>-250,909</b>	<b>-133,151</b>
<b>Cash flow from investing activities</b>			
Investments in other financial assets		-	-9,564
<b>Cash flow from investing activities</b>		<b>-</b>	<b>-9,564</b>
<b>Cash flow from financing activities</b>			
Group contributions		6,823	4,414
New share issue	22	464,338	209,224
<b>Cash flow from financing activities</b>		<b>471,161</b>	<b>213,638</b>
<b>Decrease/increase in cash and cash equivalents</b>		<b>220,252</b>	<b>70,924</b>
Cash and cash equivalents at start of year		146,988	76,065
<b>Cash and cash equivalents at year-end</b>		<b>367,240</b>	<b>146,988</b>

## 12. Notes to the consolidated accounts

### 12.01 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 public limited liability company registered in Sweden and headquartered in Stockholm. The address of the headquarters is Birger Jarlsgatan 37 B, Stockholm. The Group was founded on 1 January 2017.

G-Loot Global Esports AB has 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 services enable players to compete via mobile and PC, live, with each other, wherever they are in the world.

### 12.02 General information, IFRS compliance 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 of the Swedish Financial Accounting Standards Council and the Swedish Annual Accounts Act.

The consolidated accounts have been prepared using the 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 and valuation principles applied in the preparation of these consolidated accounts are described below.

The consolidated accounts have been prepared on the basis that the Group conducts operations according to the going concern principle.

Amounts are stated in SEK thousand, 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 27 May 2021. The balance sheet and income statement will be presented to the Company's Annual General Meeting for adoption on 21 June 2021.

The Parent Company accounts have been prepared in accordance with Recommendation RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board, and the Swedish Annual Accounts Act. 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 13.19: Important assessments by Group Management on application of accounting policies and valuation principles and uncertainties in estimates.

### 12.03 Changes in accordance with IAS 8

The Group has changed its accounting so as to exclude the stakes made in the game scenario Head-2-Head from revenue, because in these cases the Company does not bear the risk in the specific competitions. Instead, only the surpluses from these competitions are recognised as income. This therefore affects the Group's net sales and direct costs compared with previous years.

The change in income recognition policy has no effect on equity and no effect on the measurements of any other items either. The new income recognition method is applied retrospectively, which is why the income statement includes relevant comparative figures.

The Group has also changed its accounting to exclude from income and expenses the stakes made with bonus money issued by the Group. The assessment is that bonus money should not be classed as real, as it is not available for withdrawal on issue. This also affects net sales and direct costs.

This accounting change has a retrospective impact on equity, as total liabilities to players decrease when bonus money is not classified as a real liability. For 2019, this assessment has led to a change in earnings, with a reduced loss of SEK 4,046 thousand booked to equity for 2020.

The new assessments detailed above have reduced income by SEK 9,771 thousand and cut direct costs by SEK 9,771 thousand for 2019.

### 12.04 New standards adopted as of 1 January 2020

There are no new standards or statements to consider. No standards or statements have been applied in advance.

## 13. Significant accounting policies

### 13.01 Basis of preparation

The financial statements have been prepared in SEK, which is the accounting currency of the Parent Company and the reporting currency of the Group.

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 (SEK) as follows:

- a. assets and liabilities for each of the balance sheets are translated at the rate on the balance sheet date;
- b. income and expenses for each 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.

### 13.02 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 and liabilities are also eliminated. The accounting policies and valuation principles for subsidiaries have, where appropriate, been amended to guarantee consistent implementation of the Group's policies.

The Group applies the purchase method and consolidates from the date of acquisition to the date of disposal.

### 13.03 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 the controlling interest is transferred to the Group. Subsidiaries are removed from the consolidated accounts from the day 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 initially measured 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.

### 13.04 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.

### 13.05 Segment reporting

The business is organised and managed on the basis of operating segments located in Sweden, Rest of EU, the US and Rest of World. At G-Loot Global Esports AB, the President has been identified as the highest executive decision-maker. The basis of segment reporting is the internal system of reporting. The Board of Directors and management base their follow-up primarily on net sales per segment. The accounting policies are consistent with those applied in the consolidated financial statements.

### 13.06 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 an entry fee to be able to play, known as Pay To Enter, and then to be able to play again – or retry – in the same game, if permitted in the game. The fees, less the prize pools, create a surplus and a profit for G-Loot. A service fee is also charged on the prize pool paid out, usually at a rate of 10 percent.
2. The second source of income is subscriptions, in which the player pays a monthly fee for access to extra added value and benefits on the platform. This format is common on 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 broadcast, market or stream from G-Loot's event. This income is agreed in a contract and invoiced in the traditional manner.

Income is recognised as per the following stages:

When the player registers on one of G-Loot's platforms, they enter into an agreement specifying rights and commitments.

Both parties can then identify their commitments, e.g. that G-Loot offers competitions in various games and that our users must comply with requirements regarding age, money laundering, taxes, etc. The various performance obligations in these contracts have been identified and analysed using the five-step model detailed in IFRS 15.

The transaction price, i.e. G-Loot's income from the platform, varies depending on supply and demand or on the game in question or the number of contestants intending to take part. The promised services in the form of participation in competitions, the possibility of winning the competition, prize pools, experiences and excitement, are what attract players to participate.

The income breakdown between the various obligations is mainly Pay To Enter, Retry and Service fees.

Income is recognised once a competition is completed, i.e. when G-Loot's commitment has been fulfilled, or when the subscription period has expired.

When a player wins a competition and thus a prize pool, a contract liability arises in the player's client fund account.

### 13.07 Operating expenses

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

### 13.08 Intangible assets

The Group's development activities relate to the creation of a gaming platform.

Product development refers to the cost of time spent in terms of personnel and consultancy costs. An intangible asset created as a result of product development is recognised only if the company can demonstrate the following, in accordance with IAS 38:

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



The Group's expenditure on development work is continually assessed against the capitalisation criteria stipulated in IAS 38. The Group does not currently meet the requirements for capitalisation. All development expenditure has therefore been expensed.

Development expenditure expensed for the Group during the year totals SEK 67,106 thousand (28,290).

### 13.09 Property, plant and equipment

Property, plant and equipment are stated at historical cost less 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 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 property, plant and equipment down to the estimated residual value over the assumed period of use, depreciation is applied on a straight-line basis as follows:

- Equipment, 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.

### 13.10 Leased assets

The Group applies IFRS 16 Leases. Significant leases are exclusively made up of rented premises. These are recognised in the statement of financial position, according to IFRS 16. Depreciation of right-of-use assets is recognised in operating income, while interest on the lease liability is recognised as a financial expense. The non-interest part of the lease payment relates to depreciation/amortisation of the lease liability.

Regarding assessment of the length of contracts where the contracts contain renewal and termination options, the Group considers both the business strategy and the contract-specific conditions to determine whether the Group is reasonably certain to take advantage of them.

For identified non-lease components, the Group applies the main rule of IFRS 16, i.e. they are recognised separately from the lease component.

Leases of less than twelve months and leases where the underlying asset is low value are expensed on a straight-line basis over the lease term.

### 13.11 Financial instruments

Financial instruments are accounted for among many balance sheet items and are described below.

#### Classification

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

- a. assets at amortised cost, and
- b. 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 at amortised cost.

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.

Financial assets and liabilities are recognised after the date of acquisition at amortised cost using the effective interest method.

#### 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.

#### 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.

### 13.12 Income taxes

The Group and the Parent Company do not recognise a deferred tax asset on accumulated loss carry-forwards as it is not yet probable that the losses will be available for offset against future taxable profits. A new assessment is made at each balance sheet date.

### 13.13 Cash and cash equivalents

Cash and cash equivalents consist of bank balances.

### 13.14 Equity, reserves and dividends

#### Share capital

Share capital represents the nominal value (the quotient value) of shares in issue. At 31 December 2020, the registered share capital included 3,658,742 shares with a quotient value of SEK 0.31. Holders of the shares are entitled to dividends established at intervals, and the shareholding entitles the holder to one vote per share at the Annual General Meeting. All shares are fully paid and no shares are reserved for transfer. No shares are held by the Parent Company itself or its subsidiaries.

#### Share premium reserve

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

#### Retained profit/loss

Retained earnings, including net income, comprise accumulated losses of the Parent Company and its subsidiaries.

### 13.15 Provisions

A provision differs from other liabilities in that there is uncertainty about the timing or amount of payment to settle the provision. A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are made at the best estimate of the amount required to settle the present obligation at the balance sheet date. Where the effect of the timing of payments is material, provisions are calculated by discounting the expected future cash flow.

### 13.16 Employee benefits

#### Pensions

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.

The Group's plan for post-termination benefits is based on defined-contribution pension benefits.

#### 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.

#### Short-term benefits

Short-term employee benefits are calculated without discounting and recognised as an expense when the related services are received. A provision is recognised for the ex-

pected cost of variable cash remuneration and profit-sharing plans when the Group has a present obligation to make such payments, as a result of services received from employees, and the obligation can be reliably measured.

### **13.17 Important assessments by Group Management on application of accounting policies and valuation principles 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.

### **13.18 Parent Company's accounting policies and valuation principles**

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 entitled 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.

#### **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, a calculation is made for the residual value. 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.

#### **Leases**

All leases are expensed on a straight-line basis over the term of the lease.



## 14. Participations in subsidiaries

(SEK)	Parent Company	
	31/12/2020	31/12/2019
<b>Shares in subsidiaries</b>		
Opening balance, carrying amount	1,632,001	600,001
Shareholder contribution	516,059	1,032,000
Impairment	-2,048,059	-
<b>Closing balance, carrying amount</b>	<b>100,001</b>	<b>1,632,001</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

## 15. 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 US and Canada are included in the US segment and the UK is included in EU for 2020. 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	2020				
	Sweden	EU	US	Rest of World	Total
<b>Operating income</b>					
Net sales	761	5,382	10,887	43,332	<b>60,361</b>
Other operating income	401	-	-	-	<b>401</b>
<b>Total operating income</b>	<b>1,161</b>	<b>5,382</b>	<b>10,887</b>	<b>43,332</b>	<b>60,762</b>
<b>Operating expenses</b>					
Direct expenses in the form of prize pools	-1,551	-9,845	-17,343	-71,073	-99,813
Other external costs	-119,869	-	-	-	-119,869
Costs for remuneration of employees	-91,190	-	-	-	-91,190
Depreciation of:					
– Property, plant and equipment	-1,216	-	-	-	-1,216
Other operating expenses	-381	-	-	-	-381
<b>Total operating expenses</b>	<b>-214,207</b>	<b>-9,845</b>	<b>-17,343</b>	<b>-71,073</b>	<b>-312,468</b>
<b>Operating profit/loss</b>	<b>-213,046</b>	<b>-4,463</b>	<b>-6,456</b>	<b>-27,742</b>	<b>-251,706</b>

Group, segments	2019				
	Sweden	EU	US	Rest of World	Total
<b>Operating income</b>					
Net sales	5,498	4,988	7,523	5,658	<b>23,658</b>
Other operating income	54	-	-	-	<b>54</b>
<b>Total operating income</b>	<b>5,542</b>	<b>4,988</b>	<b>7,523</b>	<b>5,658</b>	<b>23,712</b>
<b>Operating expenses</b>					
Direct expenses in the form of prize pools	-8,503	-10,332	-15,548	-8,993	<b>-43,376</b>
Other external costs	-72,737	-	-	-	<b>-72,737</b>
Costs for remuneration of employees	-44,872	-	-	-	<b>-44,872</b>
Depreciation of:					
– Property, plant and equipment	-161	-	-	-	<b>-161</b>
Other operating expenses	-291	-	-	-	<b>-291</b>
<b>Total operating expenses</b>	<b>-126,564</b>	<b>-10,332</b>	<b>-15,548</b>	<b>-8,993</b>	<b>-161,437</b>
<b>Operating profit/loss</b>	<b>-121,022</b>	<b>-5,343</b>	<b>-8,025</b>	<b>-3,336</b>	<b>-137,725</b>

	Sweden	EU	US	Rest of World	Total
<b>Assets</b>	<b>181,163</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181,163</b>

Group, categories of income	2020					
	Subscription & other	Prize money	Pay to enter	Broadcasting rights	Ads & sponsorship	Total
<b>Operating income</b>						
Net sales	1,769	-	58,473	61	59	60,361
Other operating income	401	-	-	-	-	401
<b>Total</b>	<b>2,169</b>	<b>-</b>	<b>58,473</b>	<b>61</b>	<b>59</b>	<b>60,762</b>

Group, categories of income	2019					
	Subscription & other	Prize money	Pay to enter	Broadcasting rights	Ads & sponsorship	Total
<b>Operating income</b>						
Net sales	1,538	1,452	19,224	939	506	23,658
Other operating income	54	-	-	-	-	54
<b>Total</b>	<b>1,592</b>	<b>1,452</b>	<b>19,224</b>	<b>939</b>	<b>506</b>	<b>23,712</b>

## 16. Other operating income and expenses

Other operating income	Group		Parent Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Exchange rate gains	262	54	49	10
Allowance in the form of sick pay	139	-	-	-
<b>Total</b>	<b>401</b>	<b>54</b>	<b>49</b>	<b>10</b>
Other operating expenses	Group		Parent Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Exchange rate losses	-381	-291	-193	-46
<b>Total</b>	<b>-381</b>	<b>-291</b>	<b>-193</b>	<b>-46</b>

## 17. Parent Company – intra-Group sales and purchases

During the year, the Parent Company made purchases of Group-wide services for a total of SEK 212,386 thousand (113,322) from Group companies. No sales took place between the Parent Company and Group companies during the year or in the preceding year.

## 18. Property, plant and equipment

### Equipment, tools, fixtures and fittings and improvement expenditure on other property

	Group		Parent Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Opening balance, carrying amount	1,345	270	-	-
Purchases	959	1,236	-	-
Depreciation/amortisation	-494	-161	-	-
<b>Total</b>	<b>1,810</b>	<b>1,345</b>	<b>-</b>	<b>-</b>

### Equipment, tools, fixtures and fittings and improvement expenditure on other property

	Group		Parent Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Historical cost	2,564	1,605	-	-
Accumulated depreciation	-754	-260	-	-
<b>Carrying amount</b>	<b>1,810</b>	<b>1,345</b>	<b>-</b>	<b>-</b>

## 19. Leases

The Group has identified its lease assets as the rental agreements that the Group has entered into, two out of three of which expire within one year and are therefore treated as short-term leases in accordance with IFRS 16:53c. Therefore, only one lease has been identified as a right-of-use asset in accordance with IFRS 16. No leases included under IFRS 16 were identified in 2019, which is why there are no comparative figures.

Amounts recognised in profit/loss	Right-of-use assets	Lease liabilities
<b>Opening balance, 1 January 2020</b>	-	-
Additional leases	1,732	1,732
Depreciation of right-of-use assets	-722	-
Interest expenses for lease liability	-	47
Lease payments	-	-752
<b>Closing balance, 31 December 2020</b>	<b>1,010</b>	<b>1,027</b>

At 31 December 2020, the Group has obligations under short-term lease agreements of SEK 1,334 thousand (1,334). During the full year 2020, the Group expensed lease payments related to short-term leases amounting to SEK 1,334 thousand.

Maturity analysis	Group
	31/12/2020
Within one year	-877
Later than one year but within five years	-150
More than five years	-
	<b>-1,027</b>
<b>Classified as:</b>	
Non-current liabilities	-150
Current liabilities	-877

## 20. Financial assets and liabilities

Categories of financial assets and liabilities

Group	31/12/2020	31/12/2019
	Amortised cost	
Other financial assets	9,564	9,564
Other non-current receivables	69	69
Trade receivables	9	354
Other receivables	3,401	8,276
Cash and cash equivalents	383,244	158,039
<b>Total</b>	<b>396,287</b>	<b>176,302</b>

Group	31/12/2020	31/12/2019
	Amortised cost	
Long-term lease liability	150	-
Trade payables	14,825	13,318
Other current liabilities	22,555	20,015
Short-term lease liability	877	-
<b>Total</b>	<b>38,407</b>	<b>33,333</b>

## 21. Trade and other receivables

Other receivables	Group		Parent Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Trade receivables	9	354	9	354
Tax account	309	124	-	62
VAT receivable	2,534	8,273	8,473	8,273
Receivables, Group companies	-	-	11,538	10,335
Miscellaneous	558	82	70	50
<b>Total</b>	<b>3,410</b>	<b>8,832</b>	<b>20,090</b>	<b>19,074</b>

Prepaid expenses and accrued income	Group		Parent Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Prepaid rent	179	384	-	-
Accrued income	205	1,184	204	1,184
Prepaid licence fees	2,377	-	-	-
Miscellaneous	119	1,747	107	32
<b>Total</b>	<b>2,880</b>	<b>3,315</b>	<b>311</b>	<b>1,216</b>

## 22. Equity

(SEK)	Issue amount	Number of shares	Share capital	Share premium reserve	Total
Company foundation, 28/08/2014	50,000	50,000	50,000	-	<b>50,000</b>
New share issue, 12/05/2015	2,580,900	11,450	3,072	2,622,954	<b>2,580,900</b>
New share issue, 29/06/2015	4,306,218	102,529	5,127	4,301,091	<b>4,306,218</b>
New share issue, 22/08/2015	2,207,184	52,552	2,628	2,204,556	<b>2,207,184</b>
New share issue, 15/09/2016	44,520,000	296,800	14,840	40,080,796	<b>40,080,796</b>
New share issue, 09/12/2016	480,000	3,200	160	479,840	<b>480,000</b>
New share issue, 21/11/2017	22,649,940	125,833	6,292	22,643,648	<b>22,649,940</b>
Bonus share issue, 10/01/2018	-	1,000,000	427,015	-427,015	-
New share issue, 17/01/2018	99,583,720	408,130	126,520	92,956,600	<b>93,083,120</b>
New share issue, 17/01/2018	456,280	1,870	580	455,700	<b>456,280</b>
New share issue, 25/03/2019	225,000,950	575,450	178,389	209,045,983	<b>209,224,372</b>
New share issue, 06/10/2020	500,000,080	1,030,928	319,588	459,972,572	<b>460,292,160</b>
<b>Total</b>	<b>901,835,272</b>	<b>3,658,742</b>	<b>1,134,210</b>	<b>834,336,726</b>	<b>835,470,936</b>

## 23. Employee benefits etc.

Personnel expenses	Group	
	2020	2019
Salaries and other remuneration	-66,061	-31,295
Social security contributions	-18,976	-8,980
Pension cost	-3,618	-2,130
Other personnel expenses	-2,535	-2,467
<b>Total</b>	<b>-91,190</b>	<b>-42,405</b>

Group	2020		2019	
	Salaries and other remuneration	Social security contributions (including pension expenses)	Salaries and other remuneration	Social security contributions (including pension expenses)
Board members, President and other senior executives	22,782	7,165	7,901	2,482
Other employees	43,278	12,184	23,394	5,286
(Pension expenses)		(3,618)		(3,342)
<b>Total</b>	<b>66,061</b>	<b>22,968</b>	<b>31,295</b>	<b>7,768</b>

	2020		2019	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Parent Company, Sweden	-	-	-	-
Subsidiaries, Sweden	88	23	46	9
<b>Total</b>	<b>88</b>	<b>23</b>	<b>46</b>	<b>9</b>

The average age for the Group is 33 (33).

Group	2020		2019	
	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	1	9	-
<b>Total</b>	<b>14</b>	<b>1</b>	<b>14</b>	<b>-</b>

Parent Company	2020		2019	
	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	-	-	-	-
<b>Total</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>-</b>

### 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. 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.



## 24. Auditors' fees

Audit assignment refers to the audit of the annual report and accounting records, as well as the Board of Directors' and President/Group CEO'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	
	2020	2019	2020	2019
Audit assignment	-1,193	-555	-1,122	-390
<b>Total</b>	<b>-1,193</b>	<b>-555</b>	<b>-1,122</b>	<b>-390</b>

No other fees other than the standard audit fee have been paid.

## 25. Contractual liabilities and other liabilities

Contractual liabilities and other liabilities consist of the following:

Other current liabilities	Group		Parent Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Payroll tax	3,933	1,246	-	-
VAT	-	4,143	-	-
Miscellaneous	4,111	1,266	836	60
Contractual liabilities (client fund liabilities)	14,511	13,370	14,511	13,370
<b>Total</b>	<b>22,555</b>	<b>20,025</b>	<b>15,347</b>	<b>13,430</b>

Accrued expenses and deferred income	Group		Parent Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Accrued social security contributions	1,984	1,721	-	-
Accrued personnel expenses	6,314	5,476	-	-
Miscellaneous	3,762	3,217	2,109	2,150
<b>Total</b>	<b>12,060</b>	<b>10,414</b>	<b>2,109</b>	<b>2,150</b>

## 26. Finance income and costs

Finance income	Group		Parent Company	
	2020	2019	2020	2019
Other finance income	22	16	-	-
<b>Total</b>	<b>22</b>	<b>16</b>	<b>-</b>	<b>-</b>

Finance costs	Group		Parent Company	
	2020	2019	2020	2019
Interest expense, leases	-47	-	-	-
Other finance costs	-247	-62	-199	-46
Impairment of shares in subsidiaries	-	-	-2,048	-
<b>Total</b>	<b>-294</b>	<b>-62</b>	<b>-2,247</b>	<b>-46</b>

## 27. Tax expense

An analysis of the Group's income tax and the impact of non-taxable income and non-deductible expenses is presented below. An explanation is also given of estimates made of the Group's tax position.

Reconciliation of theoretical tax expense and recognised tax	Group		Parent Company	
	2020	2019	2020	2019
Profit/loss before tax	-251,979	-137,771	-253,475	-136,739
Income tax calculated at Parent Company's tax rate, 21.4% (21.4%)	53,924	29,483	54,244	29,262

Tax impact of:				
- Non-capitalised loss carry-forwards	-51,318	-28,471	-52,176	-29,261
- Non-taxable income	-	-	-	-
- Non-taxable expenses	-2,606	-1,012	-2,068	-1
- Tax on other items	-	-	-	-
<b>Tax expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Loss carry-forwards	Group		Parent Company	
	2020	2019	2020	2019
Unused loss carry-forwards for which no deferred tax assets have been recognised	472,810	223,437	474,820	223,413
<b>Potential tax break, 20.6%</b>	<b>101,181</b>	<b>47,816</b>	<b>101,611</b>	<b>47,810</b>

Unused loss carry-forwards are not time limited. For further information on recognised losses and significant estimates relating to them, see Note 13.15.

## 28. Non-cash items

Non-cash items	Group		Parent Company	
	2020	2019	2020	2019
Depreciation/amortisation	494	161	-	-
Impairments	-	-	2,048	-
Interest	17	-	-	-46
Provision	2,312	-	2,312	-
<b>Total</b>	<b>2,823</b>	<b>161</b>	<b>4,360</b>	<b>-46</b>

## 29. 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 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.

	2020	2019
<b>Equity</b>		
Profit/loss for the year attributable to Parent Company shareholders, SEK th.	-251,979	-137,771
Weighted average number of shares for calculation of earnings per share	2,873,542	2,340,089
Basic earnings per share, SEK, based on profit/loss attributable to Parent Company shareholders	-88	-52

## 30. 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

## 31. Related party transactions

In the Group, transactions between the Parent Company and its related subsidiaries have been eliminated on consolidation and therefore disclosures regarding these transactions are not provided for the Group.

The following transactions with related parties took place during the year: In November and December, former Chairman Johan Persson fulfilled an operative role in the Group, for which he submitted an invoice of SEK 300 thousand. During the year Board member Fredrik Nybladh, who is also the brother of founder Patrik Nybladh, assisted the company in negotiations with property owners and fulfilled an operative role in connection with preparations for the issue. Fredrik submitted an invoice totalling SEK 544 thousand for this work.

Patrik Nybladh's partner, Vanessa Tönsfeldt, completed tasks and invoiced for her time in 2020. In total Vanessa has invoiced SEK 618 thousand for work carried out in connection with refurbishments.

## 32. 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.

2020	Basic salary/fee	Variable	Other benefits	Pension expense	Severance pay	Total
Board members	-400	-	-	-	-	<b>-400</b>
Company Management	-12,762	-9,620	-	-1,703	-	<b>-24,085</b>
Other senior executives	-	-	-	-	-	-
<b>Total remuneration and other benefits</b>	<b>-12,762</b>	<b>-9,620</b>	<b>-</b>	<b>-1,703</b>	<b>-</b>	<b>-24,485</b>
2019	Basic salary/fee	Variable	Other benefits	Pension expense	Severance pay	Total
Board members	-200	-	-	-	-	<b>-200</b>
Company Management	-7,701	-	-	-1,256	-	<b>-8,957</b>
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>

### 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.

## 33. Contingent liabilities

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

	Group		Parent Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
<b>Total</b>	-	-	-	-

## 34. 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, 2020
<b>Currency risk</b>	Fluctuations in exchange rates impact on income statement, balance sheet and cash flow.	Monitoring of transaction volumes.	Low exchange rate exposure, unchanged.
<b>Interest rate risk</b>	Any change in market interest rates affects the 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.
<b>Liquidity risk</b>	The risk of not being able to fulfil payment obligations.	High payment capacity.	Tied-up capital in line with expectations.
<b>Financing risk</b>	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.
<b>Credit risk</b>	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).

There is no external borrowing at present, so the interest rate risk is negligible.

### Liquidity risk

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

The Group's maturity analysis of discounted payments is shown in summary below.

Maturity analysis of discounted payments

31/12/2020				
Group	Within one year	Between 1 and 2 years	Between 2 and 3 years	Total
Other non-current liabilities	-	-	-	-
Trade payables	14,825	-	-	14,825
Lease liability	877	149	-	1,027
Other current liabilities	22,555	-	-	22,555
<b>Total</b>	<b>38,257</b>	<b>149</b>	<b>-</b>	<b>38,407</b>

31/12/2019				
Group	Within one year	Between 1 and 2 years	Between 2 and 3 years	Total
Other non-current liabilities	-	-	-	-
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>

### Financing risk

Financing risk is the risk that financing with 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.

## 35. Measurement at fair value

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

## 36. Principles and processes for capital management

### Management of capital

The Group's objective in management of its capital structure is to ensure the Group's continued operation to make future returns to shareholders possible. The Group intends to pay dividends in the long term, amounting to a maximum of 50 percent of operating profit after tax. The remaining 50 percent will be reinvested in the Group's business in the form of expansion or acquisitions. The Group has not established further quantitative targets for the size of equity before a dividend can be paid, but this is under review.

	Group	
	31/12/2020	31/12/2019
Net debt	-	-
Total equity	349,198	136,839
Debt/equity ratio	-	-

## 37. Events after the balance sheet date

In winter 2021, Chairman Johan Persson and Patrik Nybladh decided to switch roles. Johan Persson therefore stepped down as Chairman and Board member, and the Board appointed Patrik Nybladh as Chairman in his place. Meanwhile the Board appointed Johan Persson as the new President.

Patrik Nybladh has since accepted his new operative role as Chief Investment Officer, CIO.

Jonas Eriksson was appointed to the Board as a new member and Chairman of the Board at an extraordinary meeting on 13 April 2021. Johan Persson was re-elected as a Board member. At the same time, Peter Eriksén and Fredrik Nybladh declined re-election.

As of 13 April, the Board therefore consists of Jonas Eriksson, Johan Persson, Håkan Jerner and Patrik Nybladh.

## 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 and consolidated 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, June 2021

The income statement and balance sheet will be presented to the Annual General Meeting, to be held on \*\* June 2021, for approval.

### Johan Persson

President, Board member

### Jonas Eriksson

Chairman

### Håkan Jerner

Board member

### Patrik Nybladh

Board member

Our auditor's report was presented on \*\* June 2021  
Grant Thornton Sweden AB

### Carl Niring

Authorised public accountant

## AUDITOR'S REPORT

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

### Auditor's 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 2020.

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 the parent company at 31 December 2020 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 at 31 December 2020 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 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 practices in Sweden. Our responsibilities under those standards are further described in the section entitled 'Auditor's responsibilities'. 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 these requirements.

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

#### Other information besides the annual report and consolidated accounts

The 'other information' referred to in the auditor's report can be found on pages 2–25. The annual accounts are on page 26 onwards. The board of directors and the president are responsible for such other information.

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 obliged to report it. We have nothing to report in this regard.

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

The board of directors and the president are responsible for preparing the annual report 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 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 as a going concern. 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 responsibilities

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

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

- Identify and assess the risks of material misstatement in the annual 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 conclude 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 report 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, structure and 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 2020 financial year and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be managed 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 practices in Sweden. Our responsibilities in this regard are described in more detail under the section entitled 'Auditor's responsibilities'. 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 these 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 responsibilities

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, \*\* 2021

Grant Thornton Sweden AB

Carl Niring

Authorised Public Accountant

### G-Loot

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Any questions? Please contact us via social media channels, [info@gloom.com](mailto:info@gloom.com), or call us on +46 (0)8 – 21 09 09  
For support, use [help.gloom.com](http://help.gloom.com).



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