

May 17, 2021



Super League Gaming Reports First Quarter 2021 Results

Highest quarterly revenue level in company's history more than triple first quarter 2020 level

SANTA MONICA, Calif., May 17, 2021 (GLOBE NEWSWIRE) -- **Super League Gaming** (Super League or the Company) (Nasdaq: SLGG), a global leader in competitive video gaming and esports entertainment for everyday players around the world, reported recent operational developments and financial results for the first quarter ended March 31, 2021.

Highlights and Recent Operational Developments

- First quarter revenues reach record \$788,000 in 2021, up 224% compared to 2020;
- First quarter gross profit margins increased 475 basis points to 57%;
- First quarter views and impressions reached 578.0 million vs. 199.0 million in Q1 2020;
- Registered users increased to 3.7 million in Q1 2021, up from 1.3 million in Q1 2020;
- Total engagement hours climbed to 34.6 million in Q1 2021 compared to 10.0 million in Q1 2020.
- Pending acquisition of Mobcrush greatly expands the Company's technology and audience platform, positioning Company for step-function increase in revenues;

Management Commentary

"In the first quarter, we continued to build on the momentum we generated in 2020, expanding our customer base among both gamers and advertisers, and more than tripling our revenues and nearly all of our KPI's," said Ann Hand, Chief Executive Officer of Super League Gaming. "We have demonstrated the growing power of our platform for bringing competitive gamers together and generating compelling content. More importantly, the pending acquisition of Mobcrush represents a truly transformative move that we believe will dramatically broaden our revenue opportunities and our ability to accelerate growth. Our future has never been brighter."

First Quarter 2021 Financial Results

Revenues in the first quarter of 2021 increased 224% to \$788,000, compared to \$243,000 in the comparable prior year quarter. Advertising and sponsorships revenues, which includes brand sponsorships and customized brand partner programs, and traditional advertising, comprised approximately 71% of revenues for the first quarter of 2021, as compared to 85% for the comparable prior year quarter, and increased 170% compared to the prior year quarter. The increase primarily reflects significant increases in advertising revenues on the

Company's owned and operated digital channels, reflecting the continued focus on the monetization of its increasing premium advertising inventory. Content sales revenues, which includes esports and entertainment content related revenues and third-party content licensing, comprised approximately 21% of revenues for the first quarter of 2021, as compared to 9% for the comparable prior year quarter, and increased 690% compared to the prior year quarter. Direct-to-consumer revenues comprised approximately 8% of revenues for the first quarter of 2021, as compared to 6% for the comparable prior year quarter, and increased 327% compared to the prior year quarter.

First quarter 2021 cost of revenue increased 192% to \$342,000 compared to \$117,000 in the comparable prior year quarter, compared to the 224% increase in revenues for the same quarterly periods, due primarily to the increase in related revenues. As a percent of revenue, gross profit in the first quarter of 2021 increased 475 basis points to 57% compared to 52% in the prior year quarter. The less than proportionate increase in cost of revenue was driven by the significant increase in lower cost advertising and third-party content sales revenues in the first quarter of 2021 compared to the prior year quarter.

Total operating expense in the first quarter of 2021 was \$5.1 million compared to \$5.3 million in the comparable prior year quarter. The decrease was primarily due to a decrease in technology platform infrastructure and general and administrative costs, including a significant decrease in noncash stock compensation expense, partially offset by increased selling, marketing and advertising expense in support of the increased revenue and Mobcrush acquisition transaction related expenses. Non-cash stock compensation charges for the first quarter of 2021 and 2020 totaled \$411,000 and \$702,000, respectively.

On a GAAP-basis, which includes the impact of noncash charges, net loss in the first quarter of 2021 was \$4.6 million or \$(0.23) per share, compared to a net loss of \$5.1 million or \$(0.60) per share in the comparable prior year quarter. The weighted average diluted share count for the first quarter of 2021 was 19.8 million compared to 8.6 million for the first quarter of 2020.

Proforma net loss for the first quarter of 2021, which excludes the impact of noncash charges, was \$4.2 million, relatively flat compared to a proforma net loss of \$4.1 million in the comparable prior year quarter. As noted above, the change was primarily due to an increase in sales, marketing and advertising and Mobcrush acquisition transaction related expenses, partially offset by lower overall technology platform infrastructure costs, and lower general and administrative costs, as well as by the increase in higher margin advertising and third-party content sales revenue, which, on a combined basis, rose 218% in the first quarter of 2021 compared to the prior year quarter.

Liquidity

As of March 31, 2021, the Company had cash of \$36.7 million and no debt, compared to \$7.9 million in cash and no debt as of December 31, 2020. During the first quarter of 2021, the Company raised approximately \$33.4 million in net proceeds from the sale of approximately 7.5 million shares of common stock at a weighted average price of \$4.47 per share.

Conference Call

The Company will hold a conference call on **Thursday, May 27 at 5:00 p.m. Eastern time** to discuss its first quarter 2021 results and provide a business update.

Date: Thursday, May 27, 2021
Time: 5:00 p.m. Eastern time (2:00 p.m. Pacific time)
Toll-free dial-in number: (866) 987-6716
International dial-in number: (630) 652-5945
Conference ID: 6849285

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Gateway Investor Relations at (949) 574-3860.

The conference call will be broadcast live and available for replay [here](#) and via the investor relations section of the Company's website at www.SuperLeague.com.

A replay of the conference call will be available after 8:00 p.m. Eastern time on the same day through 8:00 p.m. Eastern time on June 3, 2021.

Toll-free replay number: (855) 859-2056.
International replay number: (404) 537-3406
Replay ID: 6849285

About Super League Gaming

Super League Gaming (Nasdaq: SLGG) is a leading gaming community and content platform that gives everyday gamers multiple ways to connect and engage with others, while enjoying the video games they love. Powered by patented, proprietary technology systems, Super League offers players the ability to create gameplay-driven experiences they can share with friends, the opportunity to watch live streaming broadcasts and gameplay highlights across digital and social channels, and the chance to compete in events and challenges designed to celebrate victories and achievements across multiple skill levels. With gameplay and content offerings featuring more than a dozen of the top video game titles in the world, Super League is building a broadly inclusive, global brand at the intersection of gaming, experiences and entertainment. Whether to access its expanding direct audience or the company's unique content production and virtual event capabilities, third parties ranging from consumer brands, video game publishers, television companies, traditional sports organizations, concert promoters and more, are turning to Super League to provide integrated solutions that drive business growth. For more: superleague.com

Forward-Looking Statements

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995. Statements in this press release that are not strictly historical are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements involve substantial risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed or implied by such statements. Forward-looking statements in this communication include, among other things, statements about our possible or assumed business strategies, potential growth opportunities, new products and potential market opportunities. Risks and uncertainties include, among other things, our ability to implement our plans, forecasts and other expectations with respect our business; our ability to realize the anticipated benefits of events that took place during and subsequent to the quarter ended March 31, 2021, including the possibility that the expected benefits will not be realized or will not be realized within the expected time period; unknown liabilities that

may or may not be within our control; attracting new customers and maintaining and expanding our existing customer base; our ability to scale and update our platform to respond to customers' needs and rapid technological change; increased competition on our market and our ability to compete effectively; expansion of our operations and increased adoption of our platform internationally; and our ability to consummate the merger transaction with Mobcrush and if consummated, whether the merger transaction with Mobcrush will prove beneficial to the Company. Additional risks and uncertainties that could affect our financial results are included in the section titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2020 and other filings that we make from time to time with the Securities and Exchange Commission which, once filed, are available on the SEC's website at www.sec.gov. In addition, any forward-looking statements contained in this communication are based on assumptions that we believe to be reasonable as of this date. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons if actual results differ materially from those anticipated in the forward-looking statements.

Information About Non-GAAP Financial Measures

As used herein, "GAAP" refers to accounting principles generally accepted in the United States of America. To supplement our financial statements included in our annual and quarterly reports filed with the SEC, which financial statements are prepared and presented in accordance with GAAP, this earnings release includes proforma net loss, a financial measure that is considered a non-GAAP financial measure as defined in Rule 101 of Regulation G promulgated by the Securities and Exchange Commission. Generally, a non-GAAP financial measure is a numerical measure of a company's historical or future performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use proforma net loss, proforma earnings per share (EPS) and other non-GAAP financial measures for internal financial and operational decision-making purposes and to evaluate period-to-period comparisons of the performance and results of operations of our business. Our management believes these non-GAAP financial measures provide meaningful supplemental information regarding the performance of our business by excluding non-cash stock compensation charges, non-cash interest charges on convertible debt, and non-cash prepaid in-kind advertising charges that may not be indicative of our recurring core business operating results. These non-GAAP financial measures also facilitate management's internal planning and comparisons to our historical performance and liquidity. We believe these non-GAAP financial measures are useful to investors as they allow for greater transparency with respect to key metrics used by management in its financial and operational decision making and are used by our institutional investors and the analyst community to help them analyze the performance and operational results of our core business.

Proforma Net Loss and EPS. We define Proforma Net Loss as net loss calculated in accordance with GAAP, but excluding non-cash stock compensation charges, non-cash interest charges on convertible debt (including accrued periodic interest, periodic or accelerated amortization of debt discount charges and charges related to convertible debt

related beneficial conversion features), and non-cash prepaid in-kind advertising charges. Proforma EPS is defined as Proforma net income divided by the weighted average outstanding shares, on a fully diluted basis, calculated in accordance with GAAP, for the respective reporting period.

Due to the inherent volatility in stock prices, the use of estimates and assumptions in connection with the valuation and expensing of share-based awards and the variety of award types that companies can issue under FASB ASC Topic 718, management believes that providing a non-GAAP financial measure that excludes non-cash stock compensation allows investors to make meaningful comparisons between our recurring core business operating results and those of other companies period to period, as well as providing our management with a critical tool for financial and operational decision making and for evaluating our own period-to-period recurring core business operating results.

Non-cash interest charges related to convertible debt outstanding, if any, including accrued periodic interest, periodic or accelerated amortization of debt discount charges and charges related to convertible debt related beneficial conversion features, primarily reflects the attribution of value to common stock purchase warrants and the beneficial conversion feature embedded in the convertible debt instruments, and the expensing of these amounts on a straight-line basis over the term of the convertible debt as additional interest cost related to the debt. These non-cash amounts are reflected in other expense and are not expenses associated with our core business operations. Management believes that providing a non-GAAP financial measure that excludes non-cash interest charges allows investors to make meaningful comparisons between our recurring core business operating results and those of other companies period to period, as well as providing our management with a critical tool for financial and operational decision making and for evaluating our own period-to-period recurring core business operating results.

There are several limitations related to the use of proforma net loss and EPS versus net loss EPS calculated in accordance with GAAP. For example, non-GAAP net loss excludes the impact of significant non-cash stock compensation and debt related interest charges that are or may be recurring, and that may or will continue to be recurring for the foreseeable future. In addition, non-cash stock compensation is a critical component of our employee compensation and retention programs and the cost associated with common stock purchase warrants and beneficial conversion features embedded in convertible debt outstanding is a critical component of the cost of debt financings. Management compensates for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP net loss and evaluating non-GAAP net loss in conjunction with net loss and EPS calculated in accordance with GAAP.

The accompanying table below titled "Reconciliation of GAAP to Non-GAAP Financial Information" provides a reconciliation of the non-GAAP financial measures presented to the most directly comparable financial measures prepared in accordance with GAAP.

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SUPER LEAGUE GAMING, INC.
CONDENSED BALANCE SHEETS
(Unaudited)

	Balance At March 31, 2021	Balance At December 31, 2020
Assets		
Cash	\$ 36,742,000	\$ 7,942,000
Accounts receivable	915,000	588,000
Prepaid expenses and other current assets	751,000	837,000
Total current assets	38,408,000	9,367,000
Property and Equipment, net	119,000	138,000
Intangible and Other Assets, net	1,927,000	1,907,000
Goodwill	2,565,000	2,565,000
Total assets	\$ 43,019,000	\$ 13,977,000
Liabilities		
Accounts payable and accrued expenses	\$ 1,637,000	\$ 1,829,000
Deferred Revenue	8,000	-
Total current liabilities	1,645,000	1,829,000
Long-term note payable	1,211,000	1,208,000
Total Liabilities	2,856,000	3,037,000
Stockholders' Equity		
Common Stock	33,000	25,000
Additional paid-in capital	149,299,000	115,459,000
Accumulated deficit	(109,169,000)	(104,544,000)
Total stockholders' equity	40,163,000	10,940,000
Total liabilities and stockholders' equity	\$ 43,019,000	\$ 13,977,000

SUPER LEAGUE GAMING, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	March 31,	
	2021	2020
REVENUE	\$ 788,000	\$ 243,000
COST OF REVENUE	(342,000)	(117,000)
GROSS PROFIT	446,000	126,000
 OPERATING EXPENSES		
Selling, marketing and advertising	1,483,000	1,273,000
Technology and platform development	1,603,000	1,949,000
General and administrative	1,986,000	2,052,000
Total operating expenses	5,072,000	5,274,000
 NET OPERATING LOSS	(4,626,000)	(5,148,000)
 OTHER INCOME (EXPENSE)		
Interest expense	(3,000)	-
Other	4,000	14,000
OTHER INCOME (EXPENSE)	1,000	14,000
 NET LOSS	\$ (4,625,000)	\$ (5,134,000)
 Net loss attributable to common stockholders - basic and diluted		
Basic and diluted loss per common share	\$19,807,775	\$ 8,584,834
Weighted-average number of shares outstanding, basic and diluted	\$ (0.23)	\$ (0.60)

SUPER LEAGUE GAMING, INC.
Reconciliation of GAAP to Non-GAAP Financial Information
(Unaudited)

	Three Months Ended	
	March 31,	
	2021	2020
GAAP net loss	\$ (4,625,000)	\$ (5,134,000)
Add back:		

Non-cash stock compensation	411,000	702,000
Other noncash items	-	306,000
Proforma net loss	\$ (4,214,000)	\$ (4,126,000)
Pro forma non-GAAP net earnings (loss) per common share — diluted	\$ (0.21)	\$ (0.48)
Non-GAAP weighted-average shares — diluted	19,807,775	8,584,834

SUPER LEAGUE GAMING, INC.
CONDENSED STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months Ended	
	March 31,	
	2021	2020
Operating Activities		
Net loss	\$ (4,625,000)	\$ (5,134,000)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	266,000	525,000
Stock-based compensation	411,000	702,000
Changes in assets and liabilities		
Accounts Receivable	(327,000)	(76,000)
Prepaid Expenses and Other Assets	86,000	(560,000)
Accounts payable and accrued expenses	(192,000)	1,242,000
Deferred Revenue	8,000	(87,000)
Accrued interest on notes	3,000	-
Net Cash Used in Operating Activities	(4,370,000)	(3,388,000)
Investing Activities		
Purchase of property and equipment	(1,000)	(4,000)
Capitalization of software development costs	(192,000)	(240,000)
Acquisition of other intangibles	(73,000)	(39,000)
Net Cash Used in Investing Activities	(266,000)	(283,000)
Financing Activities		
Proceeds from issuance of common stock, net	33,398,000	-
Proceeds from option and warrant exercises	38,000	-
Net Cash Provided by Financing Activities	33,436,000	-
Net Cash Increase for the Period	28,800,000	(3,671,000)
Cash at Beginning of the Period	7,942,000	8,442,000

Cash at End of the Period

\$36,742,000 \$ 4,771,000



Source: Super League Gaming