

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 11, 2020

Super League Gaming, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation)

001-38819
(Commission File Number)

47-1990734
(IRS Employer Identification Number)

2912 Colorado Avenue
Santa Monica, California 90404
(Address of principal executive offices)

(802) 294-2754
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|--------------------------|--|
| Common Stock, par value \$0.001 per share | SLGG | Nasdaq Capital Market |

Item 2.02 Results of Operations and Financial Condition.

On November 11, 2020, Super League Gaming, Inc. (the "Company") issued a press release to announce the Company's financial results for its fiscal quarter ended September 30, 2020. A copy of the press release is attached hereto as Exhibit 99.1.

The information furnished herein and therein shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits Index

| Exhibit No. | Description |
|----------------------|---|
| 99.1 | Press Release issued by Super League Gaming, Inc., dated November 11, 2020. |

Disclaimer.

This Current Report on Form 8-K may contain, among other things, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, (i) statements with respect to the Company's plans, objectives, expectations and intentions; and (ii) other statements identified by words such as "may", "could", "would", "should", "believes", "expects", "anticipates", "estimates", "intends", "plans" or similar expressions. These statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Super League Gaming, Inc.

Date: November 12, 2020

By: /s/ Clayton Haynes
Clayton Haynes
Chief Financial Officer



SUPER LEAGUE GAMING REPORTS THIRD QUARTER 2020 RESULTS

Santa Monica, Calif. - (November 11, 2020) - Super League Gaming (Super League or the Company) (NASDAQ: SLGG), a leader in bringing live and digital esports entertainment directly to everyday gamers around the world, reported financial results for the third quarter ended September 30, 2020.

Highlights

- Highest quarterly revenue in the Company's history, up 105% over the prior year.
- Gross margin of 54%, reflecting lower cost digital activations.
- Operating expenses relatively flat versus prior year period.
- Continued expansion of strategic partnerships including Topgolf, HIT PARADER, the Singleton Foundation and others.

Key Performance Indicators (KPIs) Through September 30, 2020

- Registered users up 144% to 2.4 million versus 1.0 million at year end 2019.
- Engagement hours increased 218% to 47.7 million hours of gameplay versus 15.0 million hours for the full year 2019.
- Viewer Impressions grew to 1.4 billion, nearly 12 times the level for the full year 2019.

Management Commentary

"In the third quarter, we saw many of the elements of our strategic and operating plans come together to produce our strongest quarterly revenues to date," said Ann Hand, CEO of Super League. "We continue to track far ahead of our 2020 audience growth targets. In addition, we are selling more effectively against our growing ad inventory and expanding the breadth of our partnerships. We are pleased to have been able to produce this growth in the midst of a global pandemic, which continues to constrain the advertising market."

Third Quarter 2020 Financial Results

Revenues in the third quarter of 2020 increased 105% to \$718,000 compared to \$350,000 in the comparable prior year quarter. The increase was primarily driven by a significant increase in advertising and content sales revenues relative to the comparable prior year quarter, reflecting our continued focus on the acceleration of the monetization of our expanding advertising inventory and amateur gameplay content.

Third quarter 2020 cost of revenue increased 70% to \$327,000 compared to \$192,000 in the comparable prior year quarter, as compared to the 105% increase in related revenues for the same period. The decrease in cost of revenue as a percentage of revenue was driven by the significant increase in lower cost advertising and content sales revenues in the third quarter of 2020.

Total operating expenses in the third quarter of 2020 were \$4.7 million compared to \$4.6 million in the comparable prior year quarter. The variance reflects an increase in sales and marketing personnel costs related to the investment in our direct sales force since the end of the prior year quarter, and an increase in technology platform costs and corporate insurance costs. The increase was partially offset by a decrease in non-cash stock compensation costs.

On a GAAP-basis, net loss in the third quarter of 2020 was \$4.3 million or \$(0.36) per share, compared to a net loss of \$4.4 million or \$(0.52) per share in the comparable prior year quarter. Non-cash charges in the third quarter of 2020 included \$0.5 million of stock-based compensation expenses, compared to \$0.7 million in the comparable prior year period.

Proforma net loss for the third quarter of 2020 was \$3.8 million compared to a proforma net loss of \$3.7 million in the comparable prior year quarter.

At September 30, 2020, the Company's cash position totaled \$10.3 million compared to \$8.4 million at December 31, 2019, including approximately \$8.4 million in net proceeds from the sale of 4.98 million shares of common stock, pursuant to an underwritten public offering that closed in the third quarter of 2020.

Conference Call

The Company will hold a conference call today at 5:00 p.m. Eastern time to discuss its third quarter 2020 results and provide a business update.

Date: Wednesday, November 11, 2020
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: 3156519

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 November 18, 2020.

Toll-free replay number: (855) 859-2056
International replay number: (404) 537-3406
Replay ID: 3156519

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.

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 to our business; our ability to realize the anticipated benefits of events that took place during and subsequent to the quarter ended September 30, 2020, 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, and expansion of our operations and increased adoption of our platform internationally. 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-Q for the period ended September 30, 2019, our Annual Report on Form 10-K for the year ended December 31, 2019 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 condensed financial statements included in our Quarterly Report on Form 10-Q for the period ended September 30, 2020, which financial statements were 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 September 30, 2020 | Balance At December 31, 2019 |
|---|--|---|
| Assets | | |
| Cash | \$ 10,346,000 | \$ 8,442,000 |
| Accounts receivable | 972,000 | 293,000 |
| Prepaid expenses and other current assets | 1,213,000 | 924,000 |
| Total current assets | <u>12,531,000</u> | <u>9,659,000</u> |
| Property and Equipment, net | 160,000 | 239,000 |
| Intangible and Other Assets, net | 1,953,000 | 1,984,000 |
| Goodwill | 2,565,000 | 2,565,000 |
| Total assets | <u>\$ 17,209,000</u> | <u>\$ 14,447,000</u> |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 727,000 | \$ 853,000 |
| Deferred Revenue | 31,000 | 151,000 |
| Total current liabilities | <u>758,000</u> | <u>1,004,000</u> |
| Long-term note payable | 1,205,000 | - |
| Total Liabilities | <u>1,963,000</u> | <u>1,004,000</u> |
| Stockholders' Equity | | |
| Common Stock | 25,000 | 18,000 |
| Additional paid-in capital | 115,025,000 | 99,237,000 |
| Accumulated deficit | (99,804,000) | (85,812,000) |
| Total stockholders' equity | <u>15,246,000</u> | <u>13,443,000</u> |
| Total liabilities and stockholders' equity | <u>\$ 17,209,000</u> | <u>\$ 14,447,000</u> |

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|----------------|------------------------------------|-----------------|
| | 2020 | 2019 | 2020 | 2019 |
| REVENUE | \$ 718,000 | \$ 350,000 | \$ 1,285,000 | \$ 822,000 |
| COST OF REVENUE | (327,000) | (192,000) | (560,000) | (379,000) |
| GROSS PROFIT | 391,000 | 158,000 | 725,000 | 443,000 |
| OPERATING EXPENSES | | | | |
| Selling, marketing and advertising | 1,476,000 | 1,063,000 | 4,005,000 | 3,202,000 |
| Technology and platform development | 1,430,000 | 1,319,000 | 5,109,000 | 3,772,000 |
| General and administrative | 1,782,000 | 2,201,000 | 5,615,000 | 9,535,000 |
| Total operating expenses | 4,688,000 | 4,583,000 | 14,729,000 | 16,509,000 |
| NET OPERATING LOSS | (4,297,000) | (4,425,000) | (14,004,000) | (16,066,000) |
| OTHER INCOME (EXPENSE) | | | | |
| Interest expense | (3,000) | - | (5,000) | (9,938,000) |
| Other | 2,000 | 8,000 | 17,000 | 13,000 |
| OTHER INCOME (EXPENSE) | (1,000) | 8,000 | 12,000 | (9,925,000) |
| NET LOSS | \$ (4,298,000) | \$ (4,417,000) | \$ (13,992,000) | \$ (25,991,000) |
| Net loss attributable to common stockholders - basic and diluted | | | | |
| Basic and diluted loss per common share | \$ (0.36) | \$ (0.52) | \$ (1.39) | \$ (3.39) |
| Weighted-average number of shares outstanding, basic and diluted | 12,063,778 | 8,569,922 | 10,084,002 | 7,663,243 |

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

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|-----------------------|--------------------------|------------------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| GAAP net loss | \$ (4,298,000) | \$ (4,417,000) | \$ (13,992,000) | \$ (25,991,000) |
| Add back: | | | | |
| Non-cash stock compensation | 472,000 | 737,000 | 1,570,000 | 5,266,000 |
| Non-cash debt related interest charges | - | - | - | 9,938,000 |
| Other noncash items | - | - | 413,000 | - |
| Proforma net loss | <u>\$ (3,826,000)</u> | <u>\$ (3,680,000)</u> | <u>\$ (12,009,000)</u> | <u>\$ (10,787,000)</u> |
| Pro forma non-GAAP net earnings (loss) per common share — diluted | \$ (0.32) | \$ (0.43) | \$ (1.19) | \$ (1.41) |
| Non-GAAP weighted-average shares — diluted | <u>12,063,778</u> | <u>8,569,922</u> | <u>10,084,002</u> | <u>7,663,243</u> |

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

For the Nine Months Ended
September 30,
2020 **2019**

Operating Activities

| | | |
|---|---------------------|---------------------|
| Net loss | \$ (13,992,000) | \$ (25,991,000) |
| Adjustments to reconcile net loss to net cash used in operations: | | |
| Depreciation and amortization | 1,098,000 | 657,000 |
| Stock-based compensation | 1,570,000 | 5,266,000 |
| Amortization of discount on convertible notes | - | 2,684,000 |
| Beneficial conversion feature | - | 7,067,000 |
| Changes in assets and liabilities | | |
| Accounts Receivable | (679,000) | 171,000 |
| Prepaid Expenses and Other Assets | (430,000) | (852,000) |
| Accounts payable and accrued expenses | (125,000) | 601,000 |
| Deferred Revenue | (121,000) | 68,000 |
| Accrued interest on notes | 5,000 | 187,000 |
| Net Cash Used in Operating Activities | (12,674,000) | (10,142,000) |

Investing Activities

| | | |
|--|------------------|--------------------|
| Cash paid for acquisition of Framerate | - | (1,491,000) |
| Purchase of property and equipment | (7,000) | (56,000) |
| Capitalization of software development costs | (877,000) | (839,000) |
| Acquisition of other intangibles | (104,000) | (138,000) |
| Net Cash Used in Investing Activities | (988,000) | (2,524,000) |

Financing Activities

| | | |
|--|-------------------|-------------------|
| Proceeds from issuance of common Stock, net | 14,356,000 | 22,458,000 |
| Proceeds from long-term note payable | 1,200,000 | - |
| | <u>10,000</u> | <u>20,000</u> |
| Proceeds from option and warrant exercises | - | - |
| Net Cash Provided by Financing Activities | 15,566,000 | 22,478,000 |

| | | |
|--|-----------------------------|-----------------------------|
| Net Cash Increase for the Period | 1,904,000 | 9,812,000 |
| Cash at Beginning of the Period | 8,442,000 | 2,774,000 |
| Cash at End of the Period | <u>\$ 10,346,000</u> | <u>\$ 12,586,000</u> |