

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): June 1, 2021

**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, Suite #203**

**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:**

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

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On June 1, 2021, Super League Gaming, Inc. (the *Company*) completed the previously disclosed merger with Mobcrush Streaming, Inc. (*Mobcrush*) pursuant to which the Company acquired all of the issued and outstanding shares of Mobcrush (the *Merger*). At closing, the Company issued to former stockholders of Mobcrush, or reserved for issuance pursuant to stock options to be granted to Mobcrush employees retained in connection with the Merger, an aggregate total of 12,582,202 shares of the Company's common stock, par value \$0.001 per share (*Common Stock*), as consideration for the Merger. A copy of the press release issued by the Company regarding closing of the Merger is attached to this Current Report on Form 8-K as Exhibit 99.1, and is incorporated by reference herein.

The material terms of the Merger are contained in that certain Agreement and Plan of Merger, dated March 9, 2021, and amended on April 20, 2021, by and between the Company, SLG Merger Sub II, Inc. and Mobcrush (the *Merger Agreement*), as previously disclosed in Item 1.01 and attached thereto as Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the *SEC*) on March 11, 2021, and Item 1.01 and attached thereto as Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on April 21, 2021.

**Item 3.02 Unregistered Sales of Equity Securities.**

Please see Item 2.01 with respect to shares of the Company's Common Stock issued upon the closing of the Merger.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.***Appointment of Michael Wann*

In connection with the Merger and pursuant to the Merger Agreement, on June 1, 2021, the Company appointed Michael Wann to serve as the Company's Chief Strategy Officer and to serve as a director on the Company's Board of Directors (the *Board*).

Mr. Wann, age 49, served as Chief Executive Officer of Mobcrush from May 2017 until the closing of the Merger. Prior to Mobcrush, Mr. Wann served as Chief Revenue Officer and as an advisor for Fullscreen, Inc. from January 2014 to December 2017. Mr. Wann has also held various senior management positions at Tastemade, SpinMedia, Inc. and Demand Media. Mr. Wann holds a BA in Political Science and Government, and an MBA from University of Redlands.

Effective June 1, 2021, the Company and Mr. Wann entered into an employment agreement, pursuant to which Mr. Wann will serve as the Company's Chief Strategy Officer for an initial period of three years, and, provided that neither party provides 30 days' notice prior to the expiration of the Term or a Renewal Term (defined below) of their intent to allow the agreement to expire and thereby terminate, the agreement shall continue in effect for successive periods of one year (each, a *Wann Renewal Term*). The employment agreement with Mr. Wann provides for a base annual salary of \$300,000, which amount may be increased annually, at the sole discretion of the Board. Additionally, Mr. Wann shall be entitled to (i) health insurance for himself and his dependents, for which the Company shall pay 90% of the premiums, (ii) reimbursement for all reasonable business expenses, and (iii) participate in the Company's 401(k) Plan.

In connection with his appointment, Mr. Wann received options to purchase up to 120,000 shares of Common Stock, which options have a term of 10 years, an exercise price of \$4.96 and will vest at the rate of (i) one-quarter (25.0%) on the one-year anniversary of the Effective Date, and (ii) 1/36th per month thereafter over the following three (3) years.

Except as disclosed herein, there are no other arrangements or understandings between Mr. Wann and any other person pursuant to which he was appointed as Chief Strategy Officer or as a director, and Mr. Wann is not a participant in any related party transaction required to be reported pursuant to Item 404(a) of Regulation S-K.

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**Item 9.01 Financial Statements and Exhibits.**

(a) Financial statements of business acquired.

The following financial statements of Mobcrush are being filed as exhibits hereto and are incorporated by reference herein:

Exhibit 99.2 — Mobcrush audited financial statements, including the independent auditor’s report as of and for the years ended December 31, 2020, and December 31, 2019.

Exhibit 99.3 — Mobcrush unaudited financial statements for the period ended March 31, 2021.

(b) Pro forma financial information.

The pro forma financial information required by Item 9.01(b) of Form 8-K are not included in this Current Report. The Company intends to file this pro forma financial information by an amendment within the timeframe permitted by Item 9.01(b).

(c) Not Applicable.

(d) Exhibits.

[99.1](#) Press release issued by Super League Gaming, Inc., dated June 2, 2021.

[99.2](#) Audited financial statements of Mobcrush Streaming, Inc. for the year ended December 31, 2020 and Independent Auditor’s Report thereon.

[99.3](#) Unaudited financial statements of Mobcrush Streaming, Inc. for the period ended March 31, 2021.

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**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: June 7, 2021

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

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## Super League Finalizes Acquisition of Mobcrush, Establishing One of the Largest Verifiable and Addressable Audiences of Passionate Gamers in the U.S.

*Combined platforms and properties provide brands, advertisers, and other consumer-facing businesses with scalable access to the most critical content engagement channels – in-game experiences, in-stream video integrations, in-event programs*

**Santa Monica, Calif. - (June 2, 2021)** – [Super League Gaming, Inc.](#) (Nasdaq: SLGG), a global leader in competitive video gaming and esports entertainment for everyday players around the world, announced today the successful closing of its previously-announced acquisition of [Mobcrush Streaming, Inc.](#)

Mobcrush is a live streaming technology platform used by hundreds of thousands of gaming influencers who generate and distribute almost two million hours of original content annually and have accumulated more than 4.5 billion fans and subscribers across the most popular live streaming and social media platforms, including Twitch, YouTube, Facebook, Instagram, Twitter, and more. Mobcrush also operates Mineville, one of six official Minecraft servers in partnership with Microsoft, reaching more than 20 million players annually.

On May 27, 2021, Super League shareholders approved the issuance of approx. 12.6 million shares of common stock as merger consideration to fund the acquisition of Mobcrush.

The newly combined company provides a highly scalable, gaming-centric media platform for brands and advertisers to reach a monthly U.S. audience of over 75 million, which is one of the largest addressable audiences of gamers and equivalent to a Top 100 U.S. Nielsen media property. Together, Super League and Mobcrush expect to deliver more than 9 billion video views across digital and social media live streaming and on-demand platforms.

“We are thrilled to complete this acquisition and have already been working towards our shared mission to empower passionate gamers and inspire them to create dynamic and highly engaging content,” said Ann Hand, Chief Executive Officer of Super League. “In fact, we have already won our first deal as a combined company and know we are just getting started. With this powerful platform, we are ready to achieve a new level of scale through our incredible suite of proprietary tools accessible to all gamers as we work to capitalize on multiple opportunities to generate revenue from advertiser solutions, direct to consumer and content monetization.”

Details regarding the transaction, including a copy of the merger agreement, can be found in Super League’s current report on Form 8-K, filed with the Securities and Exchange Commission on March 11, 2021 and are available in the SEC Filings section of Super League’s investor relations website [here](#).

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**About Super League Gaming**

Super League Gaming (NASDAQ: SLGG) is a leading gaming and esports content and community platform that gives tens of millions of players multiple ways to create, connect, compete, and enjoy the video games they love. Fueled by proprietary and patented technology systems, Super League's offerings include competitive gaming tournaments featuring many of the biggest titles in the world, gameplay properties that allow young gamers to experience and build their own imaginative Minecraft worlds, and production and distribution software tools that power billions of views of live streaming and video-on-demand content annually. Through partnerships with world class consumer brands, in-game player monetization, and a fully-virtual cloud-based video production studio, Super League is building a broadly inclusive, global brand at the intersection of gaming, experiences, and entertainment. For more: [superleague.com](http://superleague.com)

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**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 year ended December 31, 2020, including the possibility that the expected benefits, including those that may be related to the Agreement and Plan of Merger, dated March 9, 2021, by and between Super League Gaming, Inc. and Mobcrush Streaming, Inc. (the "Merger Agreement"), 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-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](http://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.

**Audited Consolidated Financial Statements of Mobcrush Streaming, Inc. as of December 31, 2020 and 2019, and the Notes Related Thereto**

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**Mobcrush Streaming, Inc.**

Consolidated Financial Statements  
Periods Ended December 31, 2020 and 2019



Mobcrush Streaming, Inc.

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## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Mobcrush Streaming, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Mobcrush Streaming Inc. and its subsidiaries (the Company) as of December 31, 2020 (Successor) and 2019 (Predecessor), the related consolidated statements of operations, stockholders' equity and cash flows for the period from May 4, 2020 to December 31, 2020 (Successor), the period from January 1, 2020 to May 3, 2020 (Predecessor), and the year ended December 31, 2019 (Predecessor), and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 (Successor) and 2019 (Predecessor), and the results of its operations and its cash flows for the for the period from May 4, 2020 to December 31, 2020 (Successor), the period from January 1, 2020 to May 3, 2020 (Predecessor), and the year ended December 31, 2019 (Predecessor), in conformity with accounting principles generally accepted in the United States of America.

### Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations and negative cash flows from operations. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters also are described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Baker Tilly US, LLP

We have served as the Company's auditor since 2021.

Irvine, California  
April 19, 2021

**Mobcrush Streaming, Inc.**  
**Consolidated Balance Sheets**

	<u>Successor</u>	<u>Predecessor</u>
	December	December
	31, 2020	31, 2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,712,103	\$ 2,865,694
Accounts receivable	1,134,216	947,001
Prepaid expenses	215,647	324,962
Unbilled revenue	-	7,600
Total current assets	<u>3,061,966</u>	<u>4,145,257</u>
Property and equipment - Net	21,035	43,009
Intangible Assets	2,500,952	-
Goodwill	1,115,919	-
<b>TOTAL ASSETS</b>	<u>\$ 6,699,872</u>	<u>\$ 4,188,266</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 934,111	\$ 655,017
Accrued expenses	1,323,175	1,204,581
Deferred revenue	180,000	18,661
Convertible note due to stockholder	-	3,127,543
Total current liabilities	<u>2,437,286</u>	<u>5,005,802</u>
<b>Commitments and Contingencies (Note 9)</b>		
<b>Stockholders' Equity (Deficit)</b>		
Series Seed preferred stock, \$0.0001 par value; 3,036,264 shares authorized, issued and outstanding at December 31, 2019; liquidation preference of \$2,600,258 at December 31 2019	-	2,600,258
Series Seed-1 preferred stock, \$0.0001 par value; 1,569,961 shares authorized, issued and outstanding at December 31, 2019; liquidation preference of \$2,999,993 at December 31 2019	-	2,299,993
Series A preferred stock, \$0.0001 par value; 15,979,351 and 3,267,496 shares authorized, issued and outstanding at December 31, 2020 and 2019; liquidation preference of \$15,979,351 and \$13,252,964 at December 31 2020 and 2019	3,414,972	11,249,989
Series A-1 preferred stock, \$0.0001 par value; 7,263,341 shares authorized, 4,539,605 shares issued and outstanding at December 31, 2020; liquidation preference of \$4,999,921 at December 31, 2020	4,891,283	-
Series B preferred stock, \$0.0001 par value; 3,917,958 shares authorized, 3,917,949 shares issued and outstanding at December 31, 2019; liquidation preference of \$19,999,954 at December 31, 2019	-	19,808,899
Common stock, \$0.01 and \$0.0001 par value at December 31, 2020 and 2019; 27,237,530 and 20,000,000 shares authorized at December 31, 2020 and 2019; 1,000 and 4,442,399 shares issued and outstanding at December 31, 2020 and 2019	10	40,901
Additional paid-in capital	66,445	915,429
Accumulated deficit	(4,110,124)	(37,733,005)
Total stockholders' equity (deficit)	<u>4,262,586</u>	<u>(817,536)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<u>\$ 6,699,872</u>	<u>\$ 4,188,266</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

Mobcrush Streaming, Inc.

Consolidated Statements of Operations

	<u>Successor</u> <u>Period from</u> <u>May 4, 2020</u> <u>to December</u> <u>31, 2020</u>	<u>Predecessor</u> <u>Period from</u> <u>January 1,</u> <u>2020 to May</u> <u>3, 2020</u>	<u>Predecessor</u> <u>Year ended</u> <u>December</u> <u>31, 2019</u>
<b>Revenues</b>	<b>\$ 4,456,992</b>	<b>\$ 2,070,483</b>	<b>\$ 3,973,876</b>
Cost of sales	<u>2,967,036</u>	<u>1,201,850</u>	<u>2,823,994</u>
<b>Gross Profit</b>	<b>1,489,956</b>	<b>868,633</b>	<b>1,149,882</b>
<b>Operating Expenses</b>			
Selling and marketing expenses	<b>1,211,419</b>	1,001,255	1,992,673
Research and development expenses	<b>2,117,869</b>	1,432,701	3,712,227
General and administrative expenses	<b>2,262,548</b>	1,721,947	3,053,139
<b>Loss from Operations</b>	<b><u>(4,101,880)</u></b>	<b><u>(3,287,270)</u></b>	<b><u>(7,608,157)</u></b>
<b>Other Income (Expense)</b>			
Interest income	-	9,323	51,518
Interest expense	-	(53,591)	(12,560)
Other income (expense)	<b><u>(8,244)</u></b>	<b><u>(2,960)</u></b>	<b><u>(14,422)</u></b>
<b>Total Other Income (Expense)</b>	<b><u>(8,244)</u></b>	<b><u>(47,228)</u></b>	<b><u>24,536</u></b>
<b>Net Loss</b>	<b><u>\$ (4,110,124)</u></b>	<b><u>\$ (3,334,498)</u></b>	<b><u>\$ (7,583,621)</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

Mobcrush Streaming, Inc.

Consolidated Statements of Stockholders' Equity (Deficit)

Predecessor	Series Seed Preferred Stock		Series Seed-1 Preferred Stock		Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
<b>Balance at January 1, 2019</b>	3,036,264	\$ 600,258	1,569,961	\$ 299,993	3,267,496	\$ 1,249,989	3,917,949	\$ 9,808,899	4,422,399	\$ 40,901	\$ 546,168	\$ 30,149,384	\$ 4,396,824
Stock-based compensation expense	-	-	-	-	-	-	-	-	-	-	369,261	-	369,261
Net loss	-	-	-	-	-	-	-	-	-	-	-	(7,583,621)	(7,583,621)
<b>Balance at December 31, 2019</b>	3,036,264	\$ 600,258	1,569,961	\$ 299,993	3,267,496	\$ 1,249,989	3,917,949	\$ 9,808,899	4,422,399	\$ 40,901	\$ 915,429	\$ 37,733,005	(817,536)
Stock-based compensation expense	-	-	-	-	-	-	-	-	-	-	132,826	-	132,826
Net loss	-	-	-	-	-	-	-	-	-	-	-	(3,334,498)	(3,334,498)
<b>Balance at May 3, 2020</b>	3,036,264	\$ 600,258	1,569,961	\$ 299,993	3,267,496	\$ 1,249,989	3,917,949	\$ 9,808,899	4,422,399	\$ 40,901	\$ 1,048,255	\$ 41,067,503	\$ 4,019,208
Successor	Series A Preferred Stock		Series A-1 Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total				
	Shares	Amount	Shares	Amount	Shares	Amount							
<b>Balance at May 4, 2020</b>	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
Issuance of common stock	-	-	-	-	1,000	10	-	-	10	-	-	-	10
Issuance of Series A preferred stock for cash and assignment of note receivable	15,979,351	3,414,972	-	-	-	-	-	-	-	-	-	-	3,414,972
Issuance of Series A-1 preferred stock, net of issuance costs of \$108,638	-	-	4,539,605	4,891,283	-	-	-	-	-	-	-	-	4,891,283
Stock-based compensation expense	-	-	-	-	-	-	-	-	-	-	66,445	-	66,445
Net loss	-	-	-	-	-	-	-	-	-	-	-	(4,110,124)	(4,110,124)
<b>Balance at December 31, 2020</b>	-	\$ -	15,979,351	\$ 3,414,972	4,539,605	\$ 4,891,283	1,000	\$ 10	\$ 66,445	\$ 4,110,124	\$ 262,586	\$ 262,586	

The accompanying notes are an integral part of these consolidated financial statements.

**Mobcrush Streaming, Inc.**  
**Consolidated Statement of Cash Flows**

	<u>Successor</u> Period from May 4, 2020 to December 31, 2020	<u>Predecessor</u> Period from January 1, 2020 to May 3, 2020	<u>Predecessor</u> Year ended December 31, 2019
<b>Cash Flows From Operating Activities</b>			
Net loss	\$ (4,110,124)	\$ (3,334,498)	\$ (7,583,621)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	356,061	12,121	44,256
Loss (gain) on disposal of fixed assets	(521)	-	1,010
Stock-based compensation expense	66,445	132,826	369,261
Non-cash interest expense	-	53,591	12,561
Increase (decrease) in cash resulting from changes in:			
Accounts receivable	(706,865)	519,650	249,832
Prepaid expenses	(39,321)	148,636	(97,720)
Unbilled receivables	4,516	3,084	544,600
Accounts payable	45,991	233,103	543,268
Accrued expenses	723,107	(599,220)	127,553
Deferred revenue	180,000	(18,661)	18,661
Net cash used in operating activities	<u>(3,480,711)</u>	<u>(2,849,368)</u>	<u>(5,770,339)</u>
<b>Cash Flows From Investing Activities:</b>			
Purchases of property and equipment	(12,137)	(13,268)	(16,698)
Proceeds from disposal of fixed assets	10,610	-	-
Net cash used in investing activities	<u>(1,527)</u>	<u>(13,268)</u>	<u>(16,698)</u>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issuance of common and preferred stock, net of \$108,638 offering costs	5,191,283	-	-
Principal borrowings from the CARES Act loan	-	546,810	-
Principal repayments on the CARES Act loan	-	(546,810)	-
Proceeds from issuance of convertible promissory notes	-	-	3,114,982
Net cash (used in) provided by financing activities	<u>5,191,283</u>	<u>-</u>	<u>3,114,982</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>1,709,045</b>	<b>(2,862,636)</b>	<b>(2,672,055)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>3,058</b>	<b>2,865,694</b>	<b>5,537,749</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b><u>\$ 1,712,103</u></b>	<b><u>\$ 3,058</u></b>	<b><u>\$ 2,865,694</u></b>
<b>Supplemental Disclosures of Cash Flow Information:</b>			
Cash paid during the year for:			
Interest	\$ -	\$ -	\$ -
Income taxes	\$ 8,765	\$ 2,959	\$ 14,422
<b>Non-cash investment and financing activities</b>			
Issuance of preferred stock in exchange for assignment of note receivable	\$ 3,114,982	\$ -	\$ -
Noncash assets and liabilities acquired from Mobcrush, Inc.	\$ 3,114,982	\$ -	\$ -

*The accompanying notes are an integral part of these consolidated financial statements.*

**Mobcrush Streaming, Inc.**  
**Notes to the Consolidated Financial Statements**

**1. Organization and Business**

*Nature of operations*

**Mobcrush Streaming, Inc.** (“the Company”) was formed on April 1, 2020. The Company provides mobile livestreaming services. On May 4, 2020, the Company acquired the assets of Mobcrush, Inc., which was formed on July 17, 2014. Among the assets acquired were the wholly owned stock of INPvP, LLC. The financial results of this wholly owned subsidiary are included in these consolidated financial statements. All intercompany balances and transactions have been eliminated in consolidation.

**2. Basis of Presentation and Principles of Consolidation**

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles (“GAAP”) as promulgated in the United States of America. As a result of the change in control of the Company on May 4, 2020, Mobcrush Streaming, Inc. applied the acquisition method of accounting with respect to the assets and liabilities of Mobcrush, Inc. and its subsidiary INPvP, LLC that it acquired, which were remeasured to fair value as of the date of the transaction. The Company’s consolidated financial statements for periods following the close of the transaction are labeled “Successor” and reflect Mobcrush Streaming Inc.’s basis of accounting in the new fair values of the assets and liabilities of Mobcrush Inc. acquired businesses. All periods prior to the close of the transaction reflect the historical accounting basis in the Company’s assets and liabilities and are labeled “Predecessor”. The Company’s consolidated financial statements and footnotes include a black line division, which appears between the columns titled Predecessor and Successor, which signifies that the amounts shown for the periods to and following the May 4, 2020 transaction are not comparable. See Note 4 for additional information on the May 4, 2020 transaction.

**3. Summary of Significant Accounting Principles**

*Going concern uncertainties and liquidity requirements*

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The consolidated financial statements do not reflect any adjustments relating to the recoverability and reclassification of assets and liabilities that might be necessary if the Company is unable to continue as a going concern. Since inception, the Company has incurred losses and negative cash flows from operations. Management expects to incur additional operating losses and negative cash flows from operations in the foreseeable future as the Company continues its product development programs. For the years ended December 31, 2020 and 2019, the Company incurred net losses had cash used in operations as follows:

	<b>Successor</b>	<b>Predecessor</b>	
	<b>Period from May 4, 2020 to December 31, 2020</b>	Period from January 1, 2020 to May 3, 2020	Year ended December 31, 2019
Net loss	<b>\$ (4,110,124)</b>	\$ (3,334,498)	\$ (7,583,621)
Cash used in operations	<b>\$ (3,480,711)</b>	\$ (2,849,368)	\$ (5,770,339)

As of December 31, 2020, the Company had cash and cash equivalents of approximately \$1,712,000 and an accumulated deficit of approximately \$4,110,000.

Based on the Company's current level of expenditures, the Company believes that its existing cash and cash equivalents as of December 31, 2020 will not provide sufficient funds to enable it to meet its obligations for the next 12 months from the issuance of the Company's consolidated financial statements as of and for the year ended December 31, 2020.

On March 9, 2021, the Company entered into an agreement to be acquired by a public company (see Note 13). Should this acquisition not be consummated, the Company plans to raise additional capital by selling shares of capital stock or other equity or debt securities. However, the Company can give no assurance that such capital will be available on favorable terms or at all. The Company may need additional financing thereafter until it can achieve profitability.

Although the Company is actively pursuing the aforementioned sale of the Company, if the transaction is not completed the Company may not be able to raise cash on terms acceptable to the Company or at all. There can be no assurance that the Company will be successful in obtaining additional funding. Financings, if available, may be on terms that are dilutive to shareholders, and the prices at which new investors would be willing to purchase the Company's securities may be lower than the current price of ordinary shares. The holders of new securities may also receive rights, preferences or privileges that are senior to those of existing holders of ordinary shares. If additional financing is not available or is not available on acceptable terms, the Company could be forced to delay, reduce, or eliminate its research and development programs or future commercialization efforts, which could adversely affect its future business prospects and its ability to continue as a going concern. .

#### *Use of estimates*

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates made by management include, but are not limited to, the stage of completion of contracts, realization of deferred tax assets, accrued liabilities, stock-based compensation and the fair value of the Company's Common Stock and Preferred Stock.

#### *Cash and cash equivalents*

The Company considers all highly liquid investments with original maturities of 90 days or less at the date of purchase to be cash equivalents.

#### *Accounts receivable and allowance for doubtful accounts*

Accounts receivable are derived from services delivered to customers and are stated at their net realizable value.

#### *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Equipment, computers, software, and furniture and fixtures are depreciated over periods ranging from five to seven years, and leasehold improvements over the shorter period of the lease or the life of the asset. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Deductions are made for retirements resulting from renewals or betterments.



### Acquisitions

For acquisitions that meet the definition of a business under ASC 805, the Company records the acquisition using the acquisition method of accounting. All of the assets acquired, liabilities assumed, contractual contingencies, and contingent consideration, when applicable, are recorded at fair value at the acquisition date. Any excess of the purchase price over the fair value of the net assets acquired is recorded as goodwill. The application of the acquisition method of accounting requires management to make significant estimates and assumptions in the determination of the fair value of assets acquired and liabilities assumed in order to properly allocate purchase price consideration. For acquisitions that do not meet the definition of a business under ASC 805, the Company accounts for the transaction as an asset acquisition.

### Goodwill and intangible assets

Goodwill is tested for impairment at a minimum on an annual basis. Goodwill is tested for impairment at the reporting unit level by first performing a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. If the reporting unit does not pass the qualitative assessment, then the reporting unit's carrying value is compared to its fair value. The fair values of the reporting units are estimated using market and discounted cash flow approaches. Goodwill is considered impaired if the carrying value of the reporting unit exceeds its fair value. The discounted cash flow approach uses expected future operating results. Failure to achieve these expected results may cause a future impairment of goodwill at the reporting unit.

The Company conducted its annual impairment test of goodwill as of December 31, 2020. As a result of this test, the Company recorded no impairment charge to its goodwill for the year ended December 31, 2020.

Intangible assets consist of trademarks, purchased customer and advertiser relationships, influencers/content creators, and purchased technology. Intangible assets are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from 4 to 10 years. No significant residual value is estimated for intangible assets. The Company evaluates long-lived assets (including intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An asset is considered impaired if its carrying amount exceeds the undiscounted future net cash flow the asset is expected to generate.

The Company's evaluation of its long-lived assets completed during the years ended December 31, 2020 and 2019 resulted in no impairment charges.

Amortization expense for intangible assets was approximately \$339,000 during the period from May 4, 2020 through December 31, 2020;\$0 during the period from January 1, 2020 through May 3, 2020;and \$0 during 2019.

Future amortization on intangible assets for the next five years is as follows:

2021	\$ 508,571
2022	508,571
2023	508,571
2024	501,905
2025	281,571

### Preferred stock

The Company records Preferred Stock at fair value on the dates of issuance, net of issuance costs. Preferred stock is recorded as stockholders' equity.

### *Income taxes*

For the years ended December 31, 2020 and 2019 income taxes are recorded in accordance with Financial Accounting Standards Board (“FASB”) ASC Topic 740, Income Taxes (“ASC 740”), which provides for deferred taxes using an asset and liability approach. Under this method, the Company records deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates expected to be in effect when the differences are expected to reverse. Valuation allowances are provided when necessary to reduce net deferred tax assets to the amount that is more likely than not to be realized. Based on the available evidence, the Company is unable, at this time, to support the determination that it is more likely than not that its deferred tax assets will be utilized in the future. Accordingly, the Company recorded a full valuation allowance as of December 31, 2020 and 2019. The Company intends to maintain valuation allowances until sufficient evidence exists to support its reversal.

Current income taxes (benefits) are based upon the year's income taxable for federal and state tax reporting purposes. Deferred income taxes (benefits) are provided for certain income and expenses, which are recognized in different periods for tax and financial reporting purposes.

### *Revenue recognition*

Revenue is recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. In this regard, revenue is recognized when: (i) the parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations; (ii) the entity can identify each party's rights regarding the goods or services to be transferred; (iii) the entity can identify the payment terms for the goods or services to be transferred; (iv) the contract has commercial substance (that is, the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract); and (v) it is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

The Company generates revenues and related cash flows from (i) platform generated sales transactions, and (ii) advertising and third-party content.

### *Platform Generated Sales Transactions*

The Company generates in-game Platform sales revenues via digital goods sold within the platform, including cosmetic items, durable goods, player ranks and game modes, leveraging the flexibility of the Microsoft Minecraft Bedrock platform, and powered by the InPvP cloud architecture technology platform. Revenue is generated when transactions are facilitated between Microsoft and the end user, either via in-game currency or cash.

Revenue for digital goods sold on the platform is recognized when Microsoft (our partner) collects the revenue and facilitates the transaction on the platform. Revenue for such arrangements includes all revenue generated, bad debt, make goods, and refunds of all transactions managed via the platform by Microsoft. The revenue is recognized on a reconciled monthly basis. Payments are made to the Company monthly by Microsoft based on the reconciled sales revenue generated.

### Advertising and Third-Party Content Revenue

The Company generates content through digital experiences that offer opportunities for generating advertising revenue across social platforms and influencer activations including live streaming. The Company's technology allows creators to live stream to their fans across multiple social platforms and integrate with a sponsored message or ad placement during the session.

For advertising and third-party content arrangements that include performance obligations satisfied over time, customers typically simultaneously receive and consume the benefits under the arrangement as the Company satisfies its performance obligations, over the applicable contract term. As such, revenue is recognized over the contract term based upon progress toward complete satisfaction of the contract performance obligations (typically utilizing a time, effort or delivery-based method of estimation). Payments are typically due from customers once delivery is complete for shorter campaigns. In the case of some longer campaigns, the Company can break out the campaign billables into installments.

Revenue billed or collected in advance is recorded as deferred revenue until the event occurs or until applicable performance obligations are satisfied as described above. As of December 31, 2020, the Company expects 100% of total deferred revenue to be realized in less than a year.

Revenue was comprised of the following for the periods presented:

	<u>Successor</u>	<u>Predecessor</u>	
	<u>Period from</u>	<u>Period from</u>	
	<u>May 4, 2020</u>	<u>January 1,</u>	<u>Year ended</u>
	<u>to</u>	<u>2020 to May</u>	<u>December</u>
	<u>December</u>	<u>3, 2020</u>	<u>31, 2019</u>
	<u>31, 2020</u>		
Platform generated	<u>\$ 1,312,164</u>	<u>\$ 796,245</u>	<u>\$ 1,702,455</u>
Advertising and content	<u>3,144,828</u>	<u>1,274,238</u>	<u>2,221,421</u>
Other			<u>50,000</u>
Total revenue	<u>\$ 4,456,992</u>	<u>\$ 2,070,483</u>	<u>\$ 3,973,876</u>

### *Research and development*

The Company engages in new product development efforts. Research and development expenses relating to possible future products are expensed as incurred.

### *Leases*

The Company leases all its office space and may enter into various other operating lease agreements in conducting its business. At the inception of a lease, the Company evaluates the lease agreement to determine whether the lease is an operating or capital lease. Operating lease expenses are recognized in the consolidated statement of operations on a straight-line basis over the term of the related lease. Some of the Company's lease agreements may contain renewal options, tenant improvement allowances, rent abatements or rent escalation clauses. When such items are included in a lease agreement, the Company records a deferred rent asset or liability on the consolidated balance sheet equal to the difference between the rent expense and cash rent payments.

### *Stock-based compensation*

The Company accounts for its stock-based compensation in accordance with ASC 718, *Compensation- Stock Compensation*. The Company accounts for all stock-based compensation awards using a fair-value method on the grant date and recognizes the fair value of each award as an expense over the requisite service period.

The Company follows ASC 505-50, *Equity-Based Payments to Non-Employees*, for stock options issued to consultants and other non-employees. In accordance with ASC 505-50, these stock options issued as compensation for services provided to the Company are accounted for based upon the fair value of the services provided or the estimated fair market value of the option, whichever can be more clearly determined. The fair value of the equity instrument, which is revalued at each reporting period, is charged directly to compensation expense and additional paid-in capital over the period during which services are rendered.

### *Recent accounting standards adopted*

In May 2014, the FASB issued ASC 606, *Revenue from Contracts with Customers*. This standard superseded nearly all existing revenue recognition guidance under GAAP. Under this standard, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. This standard also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The Company adopted this standard prior to January 1, 2019.

### *Recent accounting standards not yet adopted*

In February 2016, the FASB issued an ASU that requires lessees to present right-of-use assets and lease liabilities on the balance sheet. The new guidance is to be applied using a modified retrospective approach at the beginning of the earliest comparative periods in the financial statements and is effective for fiscal years beginning after December 15, 2021 and early adoption is permitted. The Company is evaluating the impact that this guidance will have on its financial position, results of operations and financial statement disclosures.

In June 2016, the FASB issued guidance on the measurement and recognition of credit losses on most financial assets. For trade receivables, loans, and held-to-maturity debt securities, the current probable loss recognition methodology is being replaced by an expected credit loss model. For available-for-sale debt securities, the recognition model on credit losses is generally unchanged, except the losses will be presented as an adjustable allowance. The guidance will be applied retrospectively with the cumulative effect recognized as of the date of adoption. The guidance will become effective at the beginning of the Company's first quarter of the fiscal year ending December 31, 2021 but can be adopted as early as the beginning of the first quarter of fiscal year ending December 31, 2020. The Company is currently assessing the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures.

#### 4. Acquisition of Mobcrush, Inc.

On May 4, 2020, the Company entered into Asset Purchase Agreement with Mobcrush, Inc., a Delaware Corporation (“Seller”), whereby the Company acquired assets and assumed certain liabilities of the Seller, which included the wholly owned stock of its subsidiary INPvP, LLC (“the Acquisition”). Consideration for the Acquisition consisted of the forgiveness of the convertible promissory note described in Note 6.

The acquisition of Mobcrush, Inc. was accounted for as a business combination using the acquisition method pursuant to FASB ASC Topic 805. As the acquirer for accounting purposes, the Company has estimated the Purchase Price, assets acquired and liabilities assumed as of the acquisition date, with the excess of the Purchase Price over the fair value of net assets acquired recognized as goodwill. An independent valuation expert assisted the Company in determining these fair values.

The Purchase Price allocation as of the acquisition date is presented as follows:

	<u>May 4, 2020</u>
Purchase price:	
Forgiveness of debt, at fair value	\$ 3,114,982
Total Purchase Price	<u>\$ 3,114,982</u>
Purchase price allocation:	
Cash	\$ 3,058
Accounts receivable	427,351
Other current assets	180,842
Property and equipment	36,000
Identifiable intangible assets	2,840,000
Goodwill	1,115,919
Total identifiable assets required	<u>\$ 4,603,170</u>
Accounts payable	(888,120)
Accrued expenses	(600,068)
Net assets acquired	<u>\$ 3,114,982</u>

The allocation of the purchase price for Mobcrush, Inc.’s intangible assets were as follows:

	<u>Estimated Fair Value</u>	<u>Useful Life (Years)</u>
Developed technology	\$ 1,140,000	4-5
Customer relationships	200,000	7
Advertiser relationships	500,000	10
Influencers / content creators	600,000	5
Trademarks	400,000	5
Total intangible assets	<u>\$ 2,840,000</u>	

## 5. Balance Sheet Components

### Property and Equipment

Property and equipment consisted of the following:

	<u>Successor</u>	<u>Predecessor</u>
<i>December 31,</i>	<u>2020</u>	<u>2019</u>
Computer and equipment	\$ 38,048	\$ 330,568
Leasehold improvements		25,070
Furniture and fixtures		93,026
Software		7,840
	<u>38,048</u>	<u>456,504</u>
Less accumulated depreciation and amortization	<u>(17,013)</u>	<u>(413,495)</u>
	<u>\$ 21,035</u>	<u>\$ 43,009</u>

Depreciation expense was approximately \$17,000 during the period from May 4, 2020 through December 31, 2020; \$12,000 during the period from January 1, 2020 through May 3, 2020; and \$44,000 during 2019. Depreciation expense is included in general and administrative expenses in the consolidated statement of operations.

### Accrued Expenses

Accrued expenses consisted of the following:

	<u>Successor</u>	<u>Predecessor</u>
<i>December 31,</i>	<u>2020</u>	<u>2019</u>
Accrued partner expenses	\$ 599,587	\$ 248,050
Accrued payroll & payroll taxes	386,247	495,825
Accrued infrastructure expenses	190,303	213,937
Accrued commission	115,802	54,522
Other accrued expenses	31,236	192,247
Total accrued expenses	<u>\$ 1,323,175</u>	<u>\$ 1,204,581</u>

## 6. Debt

### Convertible Promissory Note

In December 2019, the Company issued a \$3,114,982 convertible promissory note to a minority stockholder. The note bore interest at 5% compounded annually and was due at the earlier of January 31, 2020 or the closing of the next equity financing. Upon the next equity financing, the note was to be automatically converted into the shares issued in the equity financing at a conversion price equal to 75% of the price per share paid in the equity financing. In May 2020, the note holder formed Mobcrush Streaming, Inc. and assigned the note to that company. On May 4, 2020, in connection with Mobcrush Streaming, Inc.'s purchase of the assets of Mobcrush, Inc., the note plus accrued interest balance of \$3,181,134 was forgiven. The fair value of the loan forgiveness was considered part of the purchase price consideration (see Note 4).

### CARES Act Payroll Protection Program Loan

During 2020 the Company received and repaid \$546,810 in loans under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

## 7. Stockholders' Equity

### Mobcrush, Inc. (Predecessor)

The Amended and Restated Certificate of Incorporation dated September 8, 2016 authorized the issuance of 20,000,000 shares of Common Stock and 11,791,679 shares of Preferred Stock, with a par value of \$0.0001 per share.

#### *Preferred Stock*

During 2019 and the period from January 1, 2020 through May 3, 2020, the following shares of Mobcrush, Inc. preferred stock were outstanding: 3,036,264 shares of Series Seed; 1,569,961 shares of Series Seed-1; 3,267,496 shares of Series A; and 3,917,949 shares of Series B.

#### *Conversion*

At the option of the holder, shares of Series Seed, Series Seed-1, Series A, and Series B Preferred Stock were convertible into Common Stock at a conversion rate of one-to-one, subject to adjustments for stock dividends, splits, combinations and similar events. Automatic conversion would occur in the event of a firmly underwritten public offering of Common Stock of the Company with total proceeds to the Company of at least \$30,000,000, before deduction of underwriters' commissions and expenses.

#### *Redemption*

The shares of the Series Seed, Series Seed-1, Series A, and Series B Preferred Stock were redeemable only upon acquisition or liquidation of the Company.

#### *Liquidation preference*

With respect to any distributions in connection with a liquidation, dissolution or winding up of the Company, or in connection with the sale of voting control of all or substantially all of the assets of the Company, by way of merger, acquisition, consolidation or similar transaction, prior to any distribution to Common Stockholders, the holders of Series Seed, Series Seed-1, Series A, and Series B Preferred Stock were entitled to receive \$0.8564, \$1.4650, \$4.0560, and \$5.1047 per share, respectively, plus any declared but unpaid dividends, adjusted to reflect any dividends previously paid. If, upon the occurrence of such event, the assets and funds distributed among the holders of Series Seed, Series Seed-1, Series A, and Series B Preferred Stock shall be insufficient to permit the payment to such holders of the full liquidation preference amounts, the entire assets and funds of the Company legally available shall be distributed ratably among the Preferred Stock holders in proportion to the preferential amount to which each holder is entitled.

After payment of the liquidation preferences, the holders of Common Stock were entitled to receive the remaining assets of the Company available for distribution to its stockholders pro rata based on the number of shares of Common Stock held by each holder.

#### *Voting rights*

The holders of vested shares of Common Stock shall be entitled to vote on any matter submitted to a vote of the stockholders and each such holder shall be entitled to one vote per share of Common Stock held. The holders of Series Seed, Series Seed-1, Series A, and Series B Preferred Stock shall be entitled to vote together with the Common Stock as a single class on any matter submitted to a vote of the stockholders, and shall be entitled to the number of votes equal to the number of Common Stock issuable upon conversion of their respective shares of Preferred Stock at the time such shares are voted. The holders of a majority of the Preferred Stock have additional voting rights as specified in the Company's Amended and Restated Certificate of Incorporation.

### Mobcrush Streaming, Inc. (Successor)

The Amended and Restated Certificate of Incorporation dated May 29, 2020 authorize the issuance of 27,237,530 shares of Common Stock with a par value of \$0.01 per share, and 23,242,692 shares of Preferred Stock with a par value of \$0.0001 per share.

#### *Preferred Stock*

In May 2020 upon inception of Mobcrush Streaming, Inc., the Company issued 1,000 shares of common stock and 15,979,351 shares of Series A preferred stock to the convertible promissory note holder described in Note 6. As consideration for the shares, the investor paid cash of \$300,000 and assigned the note receivable to Mobcrush Streaming, Inc. The fair value of the assigned note receivable was determined to be \$3,114,982.

During the period from May 4, 2020 through December 31, 2020, the Company issued an aggregate of 4,539,605 shares of Series A-1 preferred stock for proceeds of approximately \$4,891,000, net of issuance costs of approximately \$109,000.

#### *Conversion*

At the option of the holder, shares of Series A and Series A-1 Preferred Stock are convertible into Common Stock at a conversion rate of one-to-one, subject to adjustments for stock dividends, splits, combinations and similar events. Automatic conversion will occur in the event of a firmly underwritten public offering of Common Stock of the Company with total proceeds to the Company of at least \$30,000,000, before deduction of underwriters' commissions and expenses.

#### *Redemption*

The shares of the Series A and Series A-1 Preferred Stock are redeemable only upon acquisition or liquidation of the Company.

#### *Liquidation preference*

With respect to any distributions in connection with a liquidation, dissolution or winding up of the Company, or in connection with the sale of voting control of all or substantially all of the assets of the Company, by way of merger, acquisition, consolidation or similar transaction, prior to any distribution to Common Stockholders, the holders of Series A and Series A-1 Preferred Stock are entitled to receive \$1.00 and \$1.1014 per share, respectively, plus any declared but unpaid dividends, adjusted to reflect any dividends previously paid. If, upon the occurrence of such event, the assets and funds distributed among the holders of Series A and Series A-1 Preferred Stock shall be insufficient to permit the payment to such holders of the full liquidation preference amounts, the entire assets and funds of the Company legally available shall be distributed ratably among the Preferred Stock holders in proportion to the preferential amount to which each holder is entitled.

After payment of the liquidation preferences, the holders of Common Stock are entitled to receive the remaining assets of the Company available for distribution to its stockholders pro rata based on the number of shares of Common Stock held by each holder.

#### *Voting rights*

The holders of vested shares of Common Stock shall be entitled to vote on any matter submitted to a vote of the stockholders and each such holder shall be entitled to one vote per share of Common Stock held. The holders of Series A and Series A-1 Preferred Stock shall be entitled to vote together with the Common Stock as a single class on any matter submitted to a vote of the stockholders, and shall be entitled to the number of votes equal to the number of Common Stock issuable upon conversion of their respective shares of Preferred Stock at the time such shares are voted. The holders of a majority of the Preferred Stock have additional voting rights as specified in the Company's Amended and Restated Certificate of Incorporation.



## 8. Equity Awards

In 2014, the Board of Directors of Mobcrush, Inc. approved the Mobcrush, Inc. 2014 Equity Incentive Plan (the "2014 Plan"). The Plan provided for the issuance of Common Stock options, appreciation rights, and other awards to employees, directors, and consultants. The number of shares that may be issued under the Plan was not to exceed 4,416,538 shares. Options issued under the Plan generally vested over a four-year period with cliff vesting for the first year and had a 10-year expiration date. During 2020, the 2014 Plan terminated upon the sale of Mobcrush, Inc.'s assets to Mobcrush Streaming, Inc.

In 2020, the Board of Directors of Mobcrush Streaming, Inc. approved the Mobcrush Streaming, Inc. 2020 Equity Incentive Plan (the "2020 Plan"). The Plan provided for the issuance of Common Stock options, appreciation rights, and other awards to employees, directors, and consultants. The number of shares that may be issued under the Plan may not exceed 3,993,838 shares. Options issued under the Plan generally vest over a four-year period with cliff vesting for the first year and have a 10-year expiration date.

The Company adopted the fair value recognition provisions in accordance with authoritative guidance related to equity-based payments. Compensation expenses in 2020 and 2019 include the portion of awards vested in the periods for all equity-based awards granted, based on the grant date fair value estimated using a Black-Scholes option valuation model, consistent with authoritative guidance, using the weighted average assumptions in the table below:

	<u>Successor</u>	<u>Predecessor</u>	
	<b>Period from May 4, 2020 to December 31, 2020</b>	Period from January 1, 2020 to May 3, 2020	Year ended December 31, 2019
Expected volatility	76.00%	47.67%	47.67%
Dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	0.11%	2.8%	2.8%
Expected term in years	3.00	2.00	2.00

*Expected Volatility* - The expected volatility is based on a peer group in the industry in which the Company does business.

*Dividend Yield* - The Company has not, and does not, intend to pay dividends.

*Risk-free Interest Rate* - The Company applies the risk-free interest rate based on the U.S. Treasury yield in effect at the time of the grant consistent with the expected term of the award.

*Expected Term in Years* - The Company calculated the expected term using the Simplified Method. This method uses the average of the contractual term of the option and the weighted average vesting period in accordance with authoritative guidance.

*Forfeitures* - Share-based compensation expense recognized in the consolidated statement of operations is based on awards ultimately expected to vest, reduced for estimated forfeitures. Authoritative guidance applicable to equity-based compensation requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. A forfeiture rate of 0% was used for 2020 and 2019.

Estimates of fair value are not intended to predict actual future events or the value ultimately realized by employees who receive equity awards, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by the Company in accordance with authoritative guidance.

A summary of the Company's share option activity is as follows:

2014 Plan (Predecessor)

	Number of Shares	Weighted Average Exercise Price	Intrinsic Value*
Options outstanding at January 1, 2019	2,830,363	\$ 1.44	\$ 1,339,634
Granted	188,749	\$ 1.91	
Options outstanding at December 31, 2019	3,019,112	\$ 1.47	\$ 1,348,125
Granted	218,145	\$ 1.91	-
Forfeited	(3,237,257)	\$ 1.50	-
Options outstanding at May 4, 2020	-	\$ -	\$ -
Options vested and exercisable at May 4, 2020	-	\$ -	\$ -

\* The estimate of fair value of the Company's Common Stock on December 31, 2019 was \$1.91 per share.

During the period from January 1, 2020 through May 3, 2020 and the year ended December 31, 2019, share-based compensation expense of approximately \$133,000 and \$369,000, respectively, was included in general and administrative expenses in the consolidated statement of operations.

The weighted average fair value of grant date awards granted during the period from January 1, 2020 through May 3, 2020 and the year ended December 31, 2019 was \$0.54 and \$0.54 per share, respectively.

2020 Plan (Successor)

	Number of Shares	Weighted Average Exercise Price	Intrinsic Value*
Options outstanding at May 4, 2020	-	\$ -	\$ -
Granted	3,306,220	\$ 0.17	-
Options outstanding at December 31, 2020	3,306,220	\$ 0.17	\$ -
Options vested and exercisable at December 31, 2020	545,129	\$ 0.17	\$ -

\* The estimate of fair value of the Company's Common Stock on December 31, 2020 was \$0.17 per share.

Additional information regarding options outstanding as of December 31, 2020 is as follows:

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life in Years	Number Exercisable	Weighted Average Remaining Contractual Life in Years
\$ 0.17	3,306,220	9.73	545,129	9.72
	3,306,220	9.73	545,129	9.72

The intrinsic value for options exercised represents the difference between the estimate of fair value based on the valuation of the shares on the date of exercise and the exercise price of the share option.

During the period from May 4, 2020 through December 31, 2020, share-based compensation expense of approximately \$66,000 was included in general and administrative expenses in the consolidated statement of operations.

As of December 31, 2020, there was approximately \$176,000 of total unrecognized compensation expense related to unvested share-based compensation arrangements granted under the Plan. The cost is expected to be recognized over a weighted average period of 3.37 years.

The weighted average fair value of grant date awards granted during the period May 4, 2020 through December 31, 2020 was \$0.08 per share. There were 687,618 stock option shares available to be issued at December 31, 2020.

## 9. Commitment and Contingencies

### *Operating leases*

Rent expense, net of sublease income, was approximately \$0 during the period from May 4, 2020 through December 31, 2020; \$370,000 during the period from January 1, 2020 through May 3, 2020; and \$338,000 for the year ended December 31, 2019. The facility lease of Mobcrush, Inc. was not among the assets acquired by Mobcrush Streaming, Inc. on May 4, 2020 and was terminated. The Company did not enter into any leases or subleases subsequent to that date. As such, the Company has no future lease commitments as of December 31, 2020.

### *Litigation*

In the normal course of business, the Company may possibly be named as a defendant in various lawsuits; there are no such lawsuits currently pending nor is management aware of any such potential lawsuits.

## 10. Concentrations

### *Credit risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents.

The Company maintains cash balances at financial institutions located in California. Accounts at these institutions are secured by the Federal Deposit Insurance Corporation. At times, balances may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk with respect to its cash and cash equivalents.

### *Customers*

The Company grants unsecured credit to its customers based on an evaluation of the customer's financial condition and a cash deposit is generally not required. Management believes its credit policies do not result in significant adverse risk and historically has not experienced significant credit-related losses.

During the period from May 4, 2020 through December 31, 2020, the Company had three major customers that accounted for approximately 29%, 14%, and 14%, respectively, of the Company's total revenues. At December 31, 2020, the amounts receivable (payable) from these customers were approximately \$198,000, \$240,000, and (\$40,000).

During the period from January 1, 2020 through May 3, 2020, the Company had three major customers that accounted for approximately 38%, 29%, and 27%, respectively, of the Company's total revenues.

During 2019, the Company had two major customers that accounted for approximately 42% and 12%, respectively, of the Company's total revenues. At December 31, 2019, the amounts receivable from these customers were approximately \$209,000 and \$480,000.

## 11. Income Taxes

### *Coronavirus Aid, Relief and Economic Security Act*

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted and signed into law in response to the market volatility and instability resulting from the COVID-19 pandemic. It includes a significant number of tax provisions and lifts certain deduction limitations originally imposed by the Tax Cuts and Jobs Act of 2017 (the 2017 Act). The changes are mainly related to: (1) the business interest expense disallowance rules for 2019 and 2020; (2) net operating loss rules; (3) charitable contribution limitations; (4) employee retention credit; and (5) the realization of corporate alternative minimum tax credits. The Company does not anticipate the application of the CARES Act provisions to materially impact the overall Consolidated Financial Statements.

The components of current income tax expense are as follows:

	<u>Successor</u>	<u>Predecessor</u>	
	<u>Period from May 4, 2020 to December 31, 2020</u>	<u>Period from January 1, 2020 May 3, 2020</u>	<u>Year ended December 31, 2019</u>
Federal	\$	\$	\$
State			
<b>Total income tax expense</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Significant components of the Company's net deferred tax asset at December 31, 2020 and 2019 are as follows:

<i>December 31,</i>	<u>Successor</u>	<u>Predecessor</u>
	<u>2020</u>	<u>2019</u>
Deferred tax assets:		
Net operating loss	\$ 958,000	\$ 9,114,000
Depreciation and amortization	58,000	
Credits		1,011,000
Other		
<b>Total deferred tax assets</b>	<b>1,016,000</b>	<b>10,125,000</b>
Valuation allowance	<b>(1,016,000)</b>	<b>(10,125,000)</b>
<b>Net deferred tax assets</b>	<b>\$</b>	<b>\$</b>

In assessing the realizability of deferred tax assets of approximately \$1,016,000 at December 31, 2020 management considered whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

A reconciliation of the expected tax computed at the U.S. statutory federal income tax rate to the total provision for income taxes follows:

	<u>Successor</u>	<u>Predecessor</u>	
	<u>Period from</u>	<u>Period from</u>	
	<u>May 4, 2020</u>	<u>January 1,</u>	<u>Year ended</u>
	<u>to</u>	<u>2020 to May</u>	<u>December</u>
	<u>December</u>	<u>3, 2020</u>	<u>31, 2019</u>
	<u>31, 2020</u>	<u>3, 2020</u>	<u>31, 2019</u>
Computed expected tax expense	\$ (863,000)	\$ (700,000)	\$ (1,593,000)
State taxes, net of federal benefit			
Non-deductible expenses	15,000	696,000	90,000
Change in valuation allowance	848,000	4,000	1,503,000
Total income tax expense	\$ --	\$	\$

Realization of a portion of the Company's deferred tax assets is dependent upon the Company generating sufficient taxable income in future years to obtain benefit from the reversal of temporary differences.

Management considered all available evidence under existing tax law and anticipated expiration of tax statutes and determined that a valuation allowance was required as of December 31, 2020 and 2019, respectively, for those deferred tax assets that are not expected to provide future tax benefits.

At December 31, 2020, the Company has available net operating loss carryforwards of approximately \$3,834,000 for federal income tax purposes, all of which were generated after 2017 and can be carried forward indefinitely under the Tax Cuts and Jobs Act.

At December 31, 2020, the net operating losses for state purposes are approximately \$2,194,000 and will begin to expire in 2035 if not utilized.

At December 31, 2020, the Company has federal and state income tax credit carryforwards of approximately \$0 and \$0, respectively. The federal credit carryovers begin to expire in 2038. The state credit carryovers do not expire.

The Company has not completed a study to determine whether any ownership change per the provisions of Section 382 of the Internal Revenue Code of 1986, as amended, as well as similar state provisions, has occurred. Utilization of the Company's net operating loss and income tax credit carryforwards may be subject to a substantial annual limitation due to ownership changes that may have occurred or that could occur in the future. These ownership changes may limit the amount of the net operating loss and income tax credit carryover that can be utilized annually to offset future taxable income. In general, an "ownership change" as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders.

#### *Uncertain tax positions*

In accordance with authoritative guidance, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. The Company has no material uncertain tax positions as of December 31, 2020.

The Company recognizes interest and penalties related to unrecognized tax positions within the income tax expense line in the accompanying consolidated statement of operations. There were no accrued interest and penalties associated with uncertain tax positions as of December 31, 2020 and 2019.

The Company is subject to U.S. federal and state income tax, and in the normal course of business, its income tax returns are subject to examination by the relevant taxing authorities. As of December 31, 2020, the 2017 – 2020 tax years remain subject to examination in the U.S. federal tax and various state tax jurisdictions. However, to the extent allowed by law, the taxing authorities may have the right to examine the period from 2013 through 2020 where net operating losses and income tax credits were generated and carried forward and make adjustments to the amount of the net operating loss and income tax credit carryforward amount. The Company is not currently under examination by federal or state jurisdictions.

## 12. Related Party Transactions

In December 2019, the Company issued a \$3,114,982 convertible promissory note to a minority stockholder. See Notes 4, 6, and 7.

## 13. Subsequent Events

The Company has evaluated subsequent events through April 19, 2021, the date which the consolidated financial statements were available to be issued.

### *Bridge Note*

On February 23, 2021, the Company issued a \$500,000 convertible promissory note to a stockholder. The note bears interest at 12% compounded monthly and is due February 23, 2022. Upon the closing of a sale of the Company (as contemplated by the Merger Agreement discussed below), the note will automatically convert into the common shares of the acquirer (i.e. Super League Gaming, Inc.).

### *Proposed Acquisition of Mobcrush Streaming, Inc.*

On March 9, 2021, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Super League Gaming, Inc. ("Super League"), a publicly traded company. Upon completion of the Merger, the Company will be a wholly-owned subsidiary of Super League Gaming, Inc.

In accordance with the terms and subject to the conditions of the Merger Agreement: (A) each outstanding share of the Company's common stock and preferred stock (other than dissenting shares) will be canceled and converted into the right to receive (i) 0.528 shares of Super League's common stock ("Super League Common Stock"), as determined in the Merger Agreement (the "Share Conversion Ratio"), and (ii) any cash in lieu of fractional shares of Super League Common Stock otherwise issuable under the Merger Agreement (the "Merger Consideration"); (B) vested stock options will be converted into comparable options that are exercisable for shares of Super League Common Stock, with a value determined in accordance with the Share Conversion Ratio; and (C) unvested stock options will either be (i) converted into comparable options that are exercisable for shares of Super League Common Stock, with a value as determined by the Super League and the Company prior to the closing of the Merger, or (ii) terminated and re-issued as options that are exercisable for shares of Super League Common Stock with a value as determined by Super League and the Company prior to the closing of the Merger. Subject to certain adjustments and other terms and conditions more specifically set forth in the Merger Agreement, Super League will be issuing 12,582,204 shares of Super League Common Stock as the Merger Consideration. The Merger Agreement contains representations, warranties and covenants of each of the parties thereto that are customary for transactions of this type.

The obligations of the Company and Super League to consummate the Merger are subject to certain closing conditions, including, but not limited to the approval of Super League's and the Company's shareholders.

**Unaudited Pro Forma Condensed Combined Financial Information,  
and the Related Notes Thereto, of Super League Gaming, Inc.  
as of and for the Year ended December 31, 2020**

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## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

### Overview

On March 9, 2021, Super League Gaming, Inc. (the "Company" or "Super League") entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among Mobcrush Streaming, Inc. ("Mobcrush"), the Company, and SLG Merger Sub II, Inc., a wholly-owned subsidiary of the Company ("Merger Co"). The Merger Agreement provides for the acquisition of Mobcrush by the Company pursuant to the merger of Merger Co with and into Mobcrush, with Mobcrush as the surviving corporation (the "Merger"). Upon completion of the Merger, Mobcrush will be a wholly-owned subsidiary of the Company.

In accordance with the terms and subject to the conditions of the Merger Agreement: (A) each outstanding share of Mobcrush common stock, par value \$0.001 per share ("Mobcrush Common Stock"), and Mobcrush preferred stock, par value \$0.001 ("Mobcrush Preferred Stock", and with the Mobcrush Common Stock, the "Mobcrush Stock") (other than dissenting shares) will be canceled and converted into the right to receive (i) 0.528 shares of the Company's common stock, par value \$0.001 per share ("Company Common Stock"), as determined in the Merger Agreement (the "Share Conversion Ratio"), and (ii) any cash in lieu of fractional shares of Common Stock otherwise issuable under the Merger Agreement (the "Merger Consideration"). Subject to certain adjustments and other terms and conditions more specifically set forth in the Merger Agreement, the Company will be issuing 12,582,204 shares of Company Common Stock as the Merger Consideration.

The obligations of the Company and Mobcrush to consummate the Merger are subject to certain closing conditions, including, but not limited to the approval of Mobcrush's and the Company's shareholders.

### Pro Forma Condensed Combined Information

The following unaudited pro forma condensed combined financial information combines the historical financial statements of Super League and Mobcrush and gives effect to the Merger as if the Merger had previously occurred on the dates specified below. The pro forma adjustments reflecting the completion of the Merger are based upon the acquisition method of accounting in accordance with U.S. generally accepted accounting principles ("GAAP"), and upon the assumptions set forth in the notes to the unaudited pro forma condensed combined financial statements.

In accordance with the acquisition method of accounting, the actual financial statements of Super League will reflect the Mobcrush acquisition only from and after the actual date of acquisition. Super League has not yet undertaken any detailed analysis of the fair value of Mobcrush's assets and liabilities and will not finalize the purchase price allocation related to the Merger until after the merger is consummated.

The unaudited pro forma condensed combined balance sheet as of December 31, 2020, gives effect to the Merger as if it had taken place on December 31, 2020. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2020, reflect the Merger as if it had taken place on January 1, 2020.

The unaudited pro forma condensed combined financial information, and the accompanying notes, should be read in conjunction with the historical financial statements of the Company as of and for the year ended December 31, 2020, which are included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 19, 2021, including the notes thereto. The unaudited pro forma condensed combined financial information, and the accompanying notes, should also be read in conjunction with the historical financial statements of Mobcrush as of and for the years ended December 31, 2020, and 2019, including the notes thereto, included elsewhere herein.



The estimated acquisition consideration and estimated fair value of assets acquired and liabilities assumed in Note 2 and the preliminary pro forma adjustments in Note 3, are based upon preliminary estimates and currently available information. Final acquisition accounting adjustments may differ from the preliminary pro forma adjustments presented herein.

For purposes of the pro forma condensed combined information, adjustments for estimated transaction and integration costs for the Merger have been excluded. Aggregate estimated transaction costs are expected to be approximately \$900,000 and include estimated costs associated with legal, advisory and accounting fees of both companies. In addition, the combined company will incur integration costs related to system and other conversions and other integration costs. The specific details of these integration plans will continue to be refined over the next several quarters.

The unaudited pro forma condensed combined financial information included herein does not give effect to any potential cost reductions or other operating efficiencies that could result from the Merger, including but not limited to those associated with potential (i) reductions of corporate overhead, (ii) eliminations of duplicate functions and (iii) increased operational efficiencies through the adoption of best practices and capabilities from each company.

The unaudited pro forma condensed combined balance sheet and statements of operations are for informational purposes only. They do not purport to indicate the results that would have actually been obtained had the acquisition been completed on the assumed date or for the periods presented, or which may be obtained in the future.

**SUPER LEAGUE GAMING, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
As of December 31, 2020

	<u>Super League Gaming, Inc.</u>	<u>Mobcrush Successor</u>	<u>Preliminary Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 7,942,000	\$ 1,712,000	\$ (1,712,000) (A)	\$ 7,942,000
Accounts receivable	588,000	1,134,000		1,722,000
Prepaid expenses and other current assets	837,000	216,000		1,053,000
<b>Total current assets</b>	<u>9,367,000</u>	<u>3,062,000</u>	<u>(1,712,000)</u>	<u>10,717,000</u>
Property and Equipment, net	138,000	21,000	44,000 (C)	203,000
Intangible and Other Assets, net	1,907,000	2,501,000	3,480,000 (C),(E)	7,888,000
Goodwill	2,565,000	1,116,000	29,401,000 (C),(E)	33,082,000
<b>Total assets</b>	<u>\$ 13,977,000</u>	<u>\$ 6,700,000</u>	<u>\$ 31,213,000</u>	<u>\$ 51,890,000</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 1,829,000	\$ 2,258,000	\$ (1,712,000) (A)	\$ 2,375,000
Deferred Revenue	-	180,000	(180,000) (B)	-
<b>Total current liabilities</b>	<u>1,829,000</u>	<u>2,438,000</u>	<u>(1,892,000)</u>	<u>2,375,000</u>
Note Payable	1,208,000	-	-	1,208,000
<b>Total liabilities</b>	<u>3,037,000</u>	<u>2,438,000</u>	<u>(1,892,000)</u>	<u>3,583,000</u>
<b>Stockholders' Equity</b>				
Preferred stock, par value \$0.001 per share; 10,000,000 shares authorized; no shares issued or outstanding				
Preferred Series A - Mobcrush		3,415,000	(3,415,000) (D)	-
Preferred Series A-1- Mobcrush		4,891,000	(4,891,000) (D)	-
Common stock, par value \$0.001 per share; 100,000,000 shares authorized; 15,483,010 and 8,573,922 shares issued and outstanding as of December 31, 2020 and 2019, respectively.				
	25,000	-	13,000 (D)	38,000
Additional paid-in capital	115,459,000	66,000	38,841,000 (D),(E.1)	154,366,000
Accumulated deficit	(104,544,000)	(4,110,000)	2,557,000 (C), (D), (E), (E.1)	(106,097,000)
<b>Total stockholders' equity</b>	<u>10,940,000</u>	<u>4,262,000</u>	<u>33,105,000</u>	<u>48,307,000</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 13,977,000</u>	<u>\$ 6,700,000</u>	<u>\$ 31,213,000</u>	<u>\$ 51,890,000</u>

**SUPER LEAGUE GAMING, INC.**  
**UNAUDITED PRO FORMA CONDENSEDCOMBINED STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2020

	Super League Gaming, Inc.	Mobcrush		Preliminary Pro Forma Adjustments	Pro Forma Combined
		Successor Period from May 4, 2020 to December 31, 2020	Predecessor Period from January 1, 2020 to May 3, 2020		
<b>Revenue</b>	\$ 2,064,000	\$ 4,457,000	\$ 2,070,000	\$ -	\$ 8,591,000
<b>Cost of Revenues</b>	(856,000)	(2,967,000)	(1,202,000)	-	(5,025,000)
<b>Gross Profit</b>	1,208,000	1,490,000	868,000	-	3,566,000
<b>Operating Expenses</b>					
Selling, marketing and advertising	5,403,000	1,211,000	1,001,000	-	7,615,000
Technology Platform and Infrastructure	6,647,000	2,118,000	1,433,000	-	10,198,000
General and administrative	7,901,000	2,263,000	1,722,000	1,553,000	(F), (I) 13,439,000
<b>Total operating expenses</b>	19,951,000	5,592,000	4,156,000	1,553,000	31,252,000
<b>Net operating loss</b>	(18,743,000)	(4,102,000)	(3,288,000)	(1,553,000)	(27,686,000)
<b>Other income (expense)</b>					
Interest expense	(8,000)		(54,000)	54,000	(G) (8,000)
Other	19,000	(8,000)	7,000	-	18,000
<b>Total other income (expense)</b>	11,000	(8,000)	(47,000)	54,000	10,000
<b>Net Loss</b>	\$ (18,732,000)	\$ (4,110,000)	\$ (3,335,000)	\$ (1,499,000)	\$ (27,676,000)
<b>Basic and diluted loss per common share</b>					
	\$ (1.64)			\$ -	\$ (1.15)
<b>Weighted-average number of shares outstanding, basic and diluted</b>					
	11,430,057			12,582,204	(H) 24,012,261

## NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

### 1. Description of Transaction and Basis of Presentation

On March 9, 2021, the Company entered into a Merger Agreement by and among Mobcrush, the Company, and Merger Co. The Merger Agreement provides for the acquisition of Mobcrush by the Company pursuant to the merger of Merger Co with and into Mobcrush, with Mobcrush as the surviving corporation. Upon completion of the Merger, Mobcrush will be a wholly-owned subsidiary of the Company.

In accordance with the terms and subject to the conditions of the Merger Agreement: (A) each outstanding share of Mobcrush Stock, (other than dissenting shares) will be canceled and converted into the right to receive (i) 0.528 shares of the Company Common Stock, as determined in the Merger Agreement, and (ii) any cash in lieu of fractional shares of Company Common Stock otherwise issuable under the Merger Agreement. Subject to certain adjustments and other terms and conditions more specifically set forth in the Merger Agreement, the Company will be issuing 12,582,204 shares of Company Common Stock as the Merger Consideration.

The obligations of the Company and Mobcrush to consummate the Merger are subject to certain closing conditions, including, but not limited to the approval of Mobcrush's and the Company's shareholders.

The accompanying unaudited pro forma condensed combined financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and certain footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading.

The accompanying unaudited pro forma condensed combined balance sheet as of December 31, 2020 gives effect to the Merger as if it had taken place on December 31, 2020. The unaudited pro forma condensed combined statement of operation for the year ended December 31, 2020, reflects the Merger as if it had taken place on January 1, 2020. The estimated fair values of the assets acquired and liabilities assumed in Note 2 and the preliminary pro forma adjustments in Note 3, are based upon preliminary estimates and currently available information. Final acquisition method accounting adjustments may differ from the pro forma adjustments presented.

The pro forma adjustments include the application of the acquisition method of accounting pursuant to ASC Topic 805, "Business Combinations" ("ASC 805"). ASC 805 requires, among other things, that identifiable assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. Under the acquisition method of accounting, the purchase consideration is allocated to the assets acquired, including tangible assets, and identifiable intangible assets and liabilities assumed, based on their estimated fair market values on the date of acquisition. Any excess purchase price after the initial allocation to identifiable net tangible and identifiable intangible assets is assigned to goodwill. Amounts attributable to intangible assets other than goodwill are amortized using the straight-line method over the estimated economic useful life of the underlying intangible asset. Fair value measurements can be highly subjective, and it is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

The historical consolidated financial data has been adjusted to give effect to pro forma events that are (1) directly attributable to the Merger, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results. The pro forma adjustments are preliminary and based on management's preliminary estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the acquisition and certain other adjustments.

### 2. Merger Consideration and Estimated Fair Value of Assets Acquired and Liabilities Assumed

The following preliminary allocation of the Merger Consideration is based on the Company's preliminary estimates of the fair value of the tangible and intangible assets and liabilities of Mobcrush as of December 31, 2020. The final determination of the allocation of the purchase price will be based on the fair value of such assets and liabilities as of the actual consummation date of the acquisition and will be completed after the acquisition is consummated. Such final determination of the purchase price allocation may be different than the preliminary estimates used in these pro forma condensed combined financial statements.

*Merger Consideration.* As described above, the Merger Consideration is primarily comprised of 12,582,204 shares of Company Common Stock. A preliminary estimate of the purchase consideration, assuming the transaction closed on January 29, 2021, is as follows (rounded to nearest thousandth, except share and per share information):

Number of shares of Super League common stock	12,582,204
Super League closing stock price - January 29, 2021	\$ 3.07
Total estimated purchase price Fair value of shares of Super League common stock	<u>\$ 38,627,000</u>

For pro forma purposes, the fair value of the Company Common Stock used in determining the estimated Merger Consideration was \$3.07 per share based on the closing price of Company Common Stock on January 29, 2021.

The final Merger Consideration could significantly differ from the amounts presented in the unaudited pro forma condensed combined financial information due to changes in Company Common Stock price as of the actual closing date of the Merger. A sensitivity analysis related to the fluctuation in the Company Common Stock price was performed to assess the impact that a hypothetical change of 20% on the closing price of Company Common Stock on January 29, 2021 would have on the equity component of the estimated Merger Consideration and estimated goodwill as of the closing date, as follows:

<b>Change in Stock Price:</b>	<b>Stock Price</b>	<b>Equity Component of Merger Consideration</b>	<b>Estimated Goodwill</b>
Increase 20%	\$ 3.68	\$ 46,303,000	\$ 38,243,000
Decrease 20%	\$ 2.46	\$ 30,952,000	\$ 22,792,000

As of April 30, 2021, the Company's Common Stock closing price was \$5.38.

*Estimated Fair Value of Assets Acquired and Liabilities Assumed* Other than as described above relating to the equity component of the Merger Consideration, the unaudited pro forma condensed combined balance sheet as of December 31, 2020 gives pro forma effect to the Merger as if it was completed on December 31, 2020. The estimated preliminary purchase price of Mobcrush is allocated to the assets to be acquired and liabilities to be assumed, based on the following preliminary basis as of December 31, 2020:

	<u>Amount</u>
<b>Assets Acquired and Liabilities Assumed:</b>	
Fair value of net tangible assets acquired	\$ 840,000
Intangible assets acquired - patents	7,270,000
Goodwill	<u>30,517,000</u>
Total	<u>\$ 38,627,000</u>

Management is primarily responsible for determining the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed as of the acquisition date. For the final analysis, management anticipates considering a number of factors, including reference to an independent analysis of estimated fair values solely for the purpose of allocating the purchase price, which is not yet complete. The preliminary estimates are subject to revision as more detailed analysis is completed and additional information on the fair values of the assets and liabilities acquired as of the acquisition date becomes available. Any change in the estimated fair value of the net assets acquired will change the amount of the Merger Consideration allocable to tangible and intangible assets acquired, and to goodwill, if any. Final acquisition method accounting adjustments may therefore differ materially from the proforma adjustments presented herein.

Immediately prior to the effective time of the Merger, each vested option to acquire shares of Mobcrush common stock will be exercised so that, at the effective time of the Merger, shares of Mobcrush common stock issued upon exercise of these vested options will receive shares of Super League common stock issuable as Merger Consideration. Unvested options to acquire shares of Mobcrush common stock that are outstanding immediately prior to the effective time shall be canceled, and a number of options to purchase shares of Super League common stock will be issued to replace the cancelled options in a manner consistent with options currently granted by Super League under the 2014 Plan (the *'Replacement Options'*). The total number of Replacement Options to be issued to assumed Mobcrush employees upon closing of the Merger is estimated to be approximately 500,000 stock options. The actual amount of Replacement Options issued has not yet been determined and may differ materially from the preliminary estimate provided herein.

The Merger will be treated for tax purposes as a nontaxable transaction and, as such, the historical tax bases of the acquired assets and assumed liabilities, net operating losses, and other tax attributes of Mobcrush will carryover. As a result, no new tax goodwill will be created in connection with the Merger as there is no step-up to fair value of the underlying tax bases of the acquired net assets. The acquisition method of accounting includes the establishment of a net deferred tax asset or liability resulting from book tax basis differences related to assets acquired and liabilities assumed on the date of acquisition. Acquisition date deferred tax assets primarily relate to certain net operating loss carryforwards of Mobcrush. Acquisition date deferred tax liabilities related to specifically identified non-goodwill intangibles resulting from the acquisition. For purposes of the pro forma condensed combined financial information, the estimated net deferred tax liability would be offset by the Company's existing net deferred tax assets, against which the Company recorded a full valuation allowance as of December 31, 2020.

### 3. Adjustments to Unaudited Pro Forma Condensed Combined Financial Statements

The following is a discussion of the adjustments made in connection with the preparation of the unaudited pro forma condensed combined financial statements. Each of these adjustments is based on a preliminary assessment of currently available information, including preliminary estimates of the fair values of Mobcrush's assets and liabilities and estimated periodic amortization of such adjustments to the extent applicable, and other preliminary estimates, as described above. Actual adjustments will be made when the final estimate of the fair value of Mobcrush's assets and liabilities on the acquisition date is determined. Accordingly, the actual adjustments to Mobcrush's assets and liabilities and the related amortization of such adjustments, and other estimates, may differ materially from the estimates reflected in the unaudited pro forma condensed combined financial statements contained herein.

The accompanying unaudited pro forma combined balance sheet gives effect to the Merger as if it had taken place on December 31, 2020. The column entitled "Mobcrush Successor" on the unaudited pro forma combined balance sheet reflects the historical unaudited balance sheet of Mobcrush as of December 31, 2020. The unaudited pro forma combined statements of operations for the year ended December 31, 2020, reflect the Merger as if it had taken place on January 1, 2020. The columns entitled "Mobcrush Successor" and "Mobcrush Predecessor" on the unaudited pro forma condensed combined statements of operations reflects the historical unaudited operating results of Mobcrush for the applicable periods presented.

## Unaudited Pro Forma Condensed Combined Balance Sheet

The unaudited pro forma condensed combined balance sheet also give effect to the following pro forma adjustments:

- (A) To reflect the acquisition of Mobcrush's net liabilities at closing, pursuant to the terms of the Merger Agreement. The adjustment contemplates that Mobcrush will use existing cash to extinguish the applicable portion of liabilities as of the proforma balance sheet date.
- (B) To reflect the estimated fair value of deferred revenues in connection with the application of the acquisition method of accounting.
- (C) To reflect the preliminary estimated fair value of identifiable assets acquired and liabilities assumed. Intangible assets are amortized over the estimated economic useful lives of the underlying identifiable intangible assets, estimated as described below, for purposes of the pro forma condensed combine income statements included herein. Also reflects the reversal of fiscal 2020 depreciation and amortization expense for Mobcrush pre-merger fixed assets and intangibles, totaling \$29,000.
- (D) To reflect the transfer of the Merger Consideration as described above, primarily consisting of the issuance of 12,582,204 shares of Company Common Stock to the selling shareholders of Mobcrush, pursuant to the terms of the Merger Agreement. Also includes pro forma adjustments to eliminate the net equity of Mobcrush in connection with the application of the acquisition method of accounting.
- (E) To reflect the reversal of Mobcrush's pre-merger existing intangibles and goodwill as of December 31, 2020, in connection with the application of acquisition method of accounting. Also reflects the recording of estimated pro forma amortization of identifiable intangibles acquired in connection with the Merger totaling \$1,289,000 for the period presented.
- (E.1) To record in additional paid-in capital and accumulated deficit, estimated annual noncash stock compensation expense, totaling \$293,000, in connection with the issuance of an estimated 500,000 Replacement Stock Options by Super League to certain Mobcrush employees assumed in connection with the Merger, estimated using a Black-Scholes calculation, based on an estimated stock price of \$3.07. The actual amount of Replacement Options to be issued has not yet been determined and may differ materially from the preliminary estimate provided herein.

## Unaudited Pro Forma Condensed Combined Income Statement

The unaudited pro forma condensed combined income statement also give effect to the following pro forma adjustments:

- (F) To reflect amortization of the estimated intangible assets acquired on a straight-line basis over the estimated economic useful life of the respective assets. The preliminary allocation of Merger Consideration to the intangible assets acquired and the related estimated useful lives was as follows:

Description	Amount	Estimated Useful Life (years)	Amortization Expense per Year
Developed Technology	\$ 2,500,000	5	\$ 500,000
Influencers/Content Creators	1,800,000	5	360,000
Advertiser and Agency Relationships	1,540,000	10	154,000
Trademarks	1,000,000	5	200,000
Other	466,000	5-7	75,000
	<u>\$ 7,306,000</u>		<u>\$ 1,289,000</u>

Also reflects the reversal of fiscal 2020 depreciation and amortization expense for Mobcrush pre-merger fixed assets and intangibles, totaling \$29,000.

- (G) To exclude interest expense related to a convertible promissory note to a minority stockholder of Mobcrush, issued in December 2019, totaling \$3,115,000, bearing interest at 5% compounded annually, with an original maturity of the earlier of January 31, 2020, or the closing of the next equity financing. In May 2020, the note holder became the majority stockholder of Mobcrush Streaming, Inc. and assigned the note to that company. On May 4, 2020, in connection with Mobcrush Streaming, Inc.'s purchase of the assets of Mobcrush, Inc., the note plus accrued interest balance of \$3,181,000 was forgiven. This loan forgiveness was considered part of the May 4, 2020 purchase price consideration. There is no debt outstanding as of December 31, 2020. As such, the interest expense related to the promissory note has been excluded from the accompanying unaudited pro forma combined statements of operations for the periods presented.
- (H) The denominator in computing pro forma earnings (loss) per share includes only those common shares to be issued as Merger Consideration in connection with the Merger on a pro forma basis, totaling 12,582,204 shares.
- (I) To record estimated annual noncash stock compensation expense, totaling \$293,000, in connection with the issuance of an estimated 500,000 Replacement Stock Options by Super League to certain Mobcrush employees assumed in connection with the Merger, estimated using a Black-Scholes calculation, based on an estimated stock price of \$3.07. The actual amount of Replacement Options to be issued has not yet been determined and may differ materially from the preliminary estimate provided herein.