

GP Investments, Ltd.

Consolidated Interim Financial
Statements as of and for the
Nine-month Period Ended
September 30, 2020 and
Report on Review

Deloitte Touche Tohmatsu Auditores Independentes

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors and Shareholders of
GP Investments, Ltd.

Introduction

We have reviewed the accompanying consolidated interim financial statements of GP Investments, Ltd., which comprise the balance sheet as of September 30, 2020 and the related statements of income (loss) and comprehensive income (loss) for the three and nine-month periods then ended, and the changes in shareholders equity and cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the consolidated interim financial statements in accordance with accounting principles generally accepted in the United States of America. Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review of Interim Financial Information (ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above were not prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Other matter

Audit and review of the corresponding amounts

The corresponding amounts for the year ended December 31, 2019, presented for comparison purposes, were audited by another independent auditor, who issued an unmodified opinion on March 30, 2020. The corresponding amounts for the three and nine-month periods ended September 30, 2019, presented for comparison purposes, were reviewed by another independent auditor, who issued an unmodified review report on November 13, 2019.

São Paulo, November 13, 2020


DELOITTE TOUCHE TOHMATSU
Auditores Independentes


Guilherme Jorge Dagli Júnior
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GP Investments, Ltd.

Consolidated interim balance sheet as of September 30, 2020 and December 31, 2019 In thousands of US dollars, unless otherwise indicated

Assets	Note	Septmber 30,	December 31,	Liabilities and shareholders' equity	Note	Septmber 30,	December 31,
		2020	2019			2020	2019
		(Unaudited)				(Unaudited)	
Current assets				Current liabilities			
Cash and cash equivalents	3	64,280	66,488	Accounts payable		2,523	4,695
Financial investments	4	94,323	100,981	Taxes payable		795	1,832
Management and performance fees		48	27,918	Payroll accruals, bonuses and related charges		1,192	38,461
Deferred costs and prepaid expenses		636	820	Loans and financings	11	20,095	
Other		4,283	17,173	Accrued interest on perpetual notes		3,271	1,396
				Other		2,217	2,412
		163,569	213,380			30,093	48,796
Non-current assets				Non-current liabilities			
Investments				Perpetual notes	10	67,488	69,941
Equity portfolio	7(a)	326,255	565,609	Provision for contingencies	12	29,978	29,978
Financial investments at fair value through						97,466	99,919
profit and loss	7(b)	5,606	8,524	Shareholders' equity			
Receivables from related parties	6	15,200	15,204	Share capital	16	274	274
Funds held in escrow	5	3,089	9,364	Share premium		601,009	597,639
Receivables from employees and shareholders		5,710	8,519	Accumulated losses		(334,201)	(208,559)
Furniture and equipment		565	740	Accumulated other comprehensive loss		(27,806)	(23,802)
Other		555	3,812	BDRs acquired by wholly-owned subsidiary			
				(treasury shares)		(5,043)	(988)
		356,980	611,772	Attributable to shareholders		234,233	364,564
				Non-controlling interest		158,757	311,873
						392,990	676,437
Total assets		520,549	825,152			520,549	825,152

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

GP Investments, Ltd.

Consolidated interim statement of income (loss) for the nine and three-month periods ended September 30, 2020 and 2019

In thousands of US dollars, unless otherwise indicated

		Nine-month period ended September 30,		Three-month period ended September 30,	
	Note	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Revenues					
Appreciation (depreciation) in equity portfolio	7(a)	(218,642)	102,367	(65,370)	30,479
Reversal of unrealized fair value on disposal of equity portfolio	7(a)	-	(21,262)	-	(7,664)
Realized gain (loss) - private equity, net		(25,900)	14,906	(126)	2,340
Management fees		3,918	7,443	942	2,448
Dividends		117	10,441	-	7,913
Performance fees		-	179	-	-
Other		137	611	-	161
Total revenues		<u>(245,250)</u>	<u>114,685</u>	<u>(64,554)</u>	<u>35,677</u>
Expenses	17				
General and administrative		(11,092)	(14,433)	(4,144)	(4,446)
Contingencies		(603)	(1,478)	(177)	(587)
Bonuses and carried on unrealized gain		5,779	-	-	-
Bonuses and carried on realized gain		(1,315)	(3,883)	(225)	(1,199)
Total expenses		<u>(7,231)</u>	<u>(19,794)</u>	<u>(4,546)</u>	<u>(6,232)</u>
Financial income		3,307	3,761	714	(809)
Financial expenses		(19,348)	(9,593)	(3,903)	(3,922)
Financial income (expenses), net		<u>(16,041)</u>	<u>(5,832)</u>	<u>(3,189)</u>	<u>(4,731)</u>
Net income (loss) before taxes		<u>(268,522)</u>	<u>89,059</u>	<u>(72,289)</u>	<u>24,714</u>
Income taxes	9	(229)	(871)	(15)	(279)
Net income (loss) for the period		<u>(268,751)</u>	<u>88,188</u>	<u>(72,304)</u>	<u>24,435</u>
Attributable to					
Shareholders of GP Investments, Ltd.		(125,642)	33,339	(36,280)	7,917
Non-controlling interest		(143,109)	54,849	(36,024)	16,518
		<u>(268,751)</u>	<u>88,188</u>	<u>(72,304)</u>	<u>24,435</u>
Weighted average number of shares - basic	15(b)	109,745,820	109,745,820	109,745,820	109,745,820
Profit (loss) per share attributable to GP Investments, Ltd. - basic in US\$		<u>(1.14)</u>	<u>0.30</u>	<u>(0.33)</u>	<u>0.07</u>
Weighted average number of shares - diluted	15(b)	109,745,820	109,745,820	109,745,820	109,745,820
Profit (loss) per share attributable to GP Investments, Ltd. - diluted in US\$		<u>(1.14)</u>	<u>0.30</u>	<u>(0.33)</u>	<u>0.07</u>

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

GP Investments, Ltd.

Consolidated interim statement of comprehensive income (loss) for the nine and three - month periods ended September, 2020 and 2019

In thousands of US dollars, unless otherwise indicated

	Nine-month period ended September 30,		Three-month period ended September 30,	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Net income (loss) for the period	<u>(268,751)</u>	<u>88,188</u>	<u>(72,304)</u>	<u>24,435</u>
Other comprehensive income (loss)				
Foreign currency translation adjustment	<u>(4,129)</u>	<u>(1,101)</u>	<u>(273)</u>	<u>(1,292)</u>
Other comprehensive income (loss)	<u>(4,129)</u>	<u>(1,101)</u>	<u>(273)</u>	<u>(1,292)</u>
Comprehensive income (loss)	<u>(272,880)</u>	<u>87,087</u>	<u>(72,577)</u>	<u>23,143</u>
Attributable to				
Shareholders of GP Investments, Ltd.	(129,644)	32,281	(36,553)	6,675
Non-controlling interests	<u>(143,236)</u>	<u>54,806</u>	<u>(36,024)</u>	<u>16,468</u>
Comprehensive income (loss)	<u>(272,880)</u>	<u>87,087</u>	<u>(72,577)</u>	<u>23,143</u>

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

GP Investments, Ltd.

Consolidated interim statement of changes in shareholders' equity for the nine-month period ended September 30, 2020 and 2019

In thousands of US dollars, unless otherwise indicated

	Note	Share capital	Share premium	Accumulated losses	Accumulated other comprehensive income (loss)	BDRs acquired by wholly owned subsidiary (treasury shares)	Non-controlling interest	Total
At December 31, 2018		274	597,360	(282,880)	(23,200)	(322)	315,730	606,962
Capital contribution by Limited Partners	15(d) (i)						29,739	29,739
Distribution to Limited Partners	15(d) (ii)						(69,021)	(69,021)
Distribution to non-controlling Spice							(4,000)	(4,000)
Capital contribution in non-controlling Food First Global Restaurants							6,292	6,292
Capital subscription			(55)					(55)
Acquisition treasury shares						(666)		(666)
Changes in non-controlling interest							(1,816)	(1,816)
Share based compensation recognized during the period			253					253
Income for the period				33,339			54,849	88,188
Gain on dilution of participation of non-controlling interest shareholders			23					23
Cumulative translation adjustment					(1,058)		(43)	(1,101)
At September 30, 2019 (unaudited)		274	597,581	(249,541)	(24,258)	(988)	331,730	654,799
At December 31, 2019		274	597,639	(208,559)	(23,802)	(988)	311,873	676,437
Capital contribution by Limited Partners	15(d) (i)						1,998	1,998
Distribution to Limited Partners	15(d) (ii)						(6,561)	(6,561)
Non-controlling Spice							1,978	1,978
Repurchase of shares from non controlling Bravo/Brio - Spice							(8,583)	(8,583)
Acquisition of treasury shares	15 (c)					(4,055)		(4,055)
Changes in non-controlling interest							2,138	2,138
Share based compensation recognized during the period	16 (ii)		204					204
Income (loss) for the period				(125,642)			(143,109)	(268,751)
Gain on dilution of participation of minorities shareholders			3,166					3,166
Sale of non controlling interest-BRZ							(853)	(853)
Cumulative translation adjustment					(4,004)		(124)	(4,128)
At September 30, 2020 (unaudited)		274	601,009	(334,201)	(27,806)	(5,043)	158,757	392,990

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

GP Investments, Ltd.

Consolidated interim statement of cash flows for the nine and thre month periods ended September 30, 2020 and 2019

In thousands of US dollars, unless otherwise indicated

	Notes	Nine-month period ended September 30,		Three-month period ended September 30,	
		2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Cash flows from operating activities					
Net income (loss) for the period		(268,751)	88,188	(72,304)	43,730
Reconciliation of net income(loss) to cash from operating activities					
Depreciation (appreciation) in fair value of the investments	7 (a)	249,332	(102,367)	65,370	(48,542)
Reversal of unrealized fair value on disposal of investments	7 (a)	(25,810)	21,262	-	10,847
Non-controlling interest		-	-	-	-
Gain (loss) on dilution of participation of minorities shareholders		(29)	13	-	-
Realized loss (gain), net		25,900	(14,906)	126	(9,523)
Stock based compensation		204	253	47	78
Accrued interests and foreign exchange variation on escrow account		1,396	(434)	90	(160)
Accrued interests on loan receivable		-	100	-	(24)
Accrued interests on perpetual notes		(336)	(226)	(210)	(298)
Accrued interests on financial assets at fair value through profit and loss		3,043	1,001	231	(35)
Amortization of deferred costs and prepaid expenses		184	797	(61)	411
Bonuses and carried on urealized gain		26,806	-	-	-
Provision for contingencies		-	(19)	-	-
Depreciation of furniture and equipment		82	156	23	56
Cash reserves		298	(26,298)	117	-
		12,319	(32,480)	(6,571)	(3,460)
Changes in assets/liabilities					
Loan receivable from related parties		5	2,651	-	1,306
Management and performance fees		1,098	(87)	-	(323)
Receivables from employees and shareholders		2,809	2,086	128	(268)
Accounts payable		(2,173)	(2,488)	(878)	(784)
Taxes payable		(1,037)	(6)	(43)	151
Other - long term		3,258	-	(3)	-
Payroll, performance bonuses and related charges		(37,270)	(2,714)	243	1,542
Other assets		12,896	1,238	4,780	406
Other liabilities		(135)	951	(848)	3,567
Net cash provided (used) in operating activities		(8,230)	(30,849)	(3,192)	2,137
Cash flows from investing activities					
Proceeds from sale of financial investments		11,506	18,997	5,074	-
Acquisition of financial investments		(4,212)	(1,207)	(529)	(65)
Transfer to SPVs for payment of expenses	7 (a)	(132)	(735)	(24)	(103)
Financial investments and trading securities, net		(933)	41	(704)	(271)
(Acquisition) sale of investments owned through Spice		(7,021)	(15,856)	85	(3,148)
Proceeds from sale of investments, private equity		-	81,535	-	-
Acquisition of Rimini		-	(22)	-	(22)
Proceeds from release of escrow		4,880	12,381	-	9,344
Acquisitin of investment - Inova FIP		(3,015)	-	(3,015)	-
Sale (acquisition) of real estate investments		2,603	-	-	-
Sale (acquisition) of furniture and equipment		67	(81)	-	(29)
Sale (acquisition) of other invested assets		(5,041)	(9,112)	(111)	(3,211)
Sale (acquisition) of financial assets at fair value through profit and loss		2,432	14	25	24
Net cash provided by (used in) investing activities		1,134	85,955	801	2,519
Cash flows from financing activities					
Capital contribution by limited partners	15 (d) (i)	1,687	22,904	-	22,904
Capital contribution by limited partners - real estate	15 (d) (i)	208	1,317	-	216
Distribution to limited partners	15 (d) (ii)	(4,793)	(57,160)	(2,624)	(56,090)
Distribution to limited partners - real estate	15 (d) (ii)	(1,530)	(4,237)	-	(2,329)
Distribution to other non-controlling		(132)	(2,106)	-	-
Amortization of perpetual notes		(242)	(23,162)	-	17
Capital subscription		-	(55)	-	-
Acquisition of treasury shares		(4,055)	(666)	(469)	(127)
Proceeds from loans		20,000	-	20,000	-
Non-controlling interest FoodFirst - Spice		(456)	6,292	-	6,292
Repurchase of shares from non-controlling interests - Spice		(2,955)	-	-	-
Repurchase of shares from non-controlling interests - BRZ		(853)	-	-	-
Net cash provided by (used in) financing activities		6,879	(56,873)	16,907	(29,117)
Effects of exchange rate changes on cash and equivalents foreign subsidiaries		(1,991)	(2,915)	1,317	(2,495)
Net increase (decrease) in cash and cash equivalents		(2,208)	(4,683)	15,833	15,126
Cash and cash equivalents at beginning of the period		66,488	101,097	48,447	81,288
Cash and cash equivalents at end of the period		64,280	96,414	64,280	96,414
Supplemental information					
Interest paid		5,625	9,520	1,875	2,875
Income taxes and social contributions paid		629	500	18	130

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

GP Investments, Ltd.

Notes to the consolidated interim financial

statements as of and for the nine-month period ended September 30, 2020

In thousands of US dollars, unless otherwise indicated

1 Business

GP Investments, Ltd. ("Company" or "GP") is an Investment Company domiciled in the Islands of Bermuda ("Bermuda") and its operations comprise private equity and real estate business, including the management of Limited Partnerships, which are conducted through its subsidiaries GP North America, GP UK Corporate, GP Cash Management, G2D Investments, GPAM, GPIC and Spice.

The Company's shares are listed on the Luxembourg Stock Exchange and traded on the Euro MTF market and are also listed and traded in the form of Brazilian Depositary Receipts (BDR) on the Brazilian Stock Exchange (B3) under the ticker "GPIV33".

Spice Private Equity Ltd. ("Spice") is a Swiss stock corporation established under the relevant provisions of the Swiss Code of Obligations and domiciled in Zug. Spice's shares are listed on the SIX Swiss Exchange.

G2D Investments, Ltd. ("G2D"), a company ultimately controlled by GP Investments, Ltd. ("GP") was incorporated on July 27, 2020, in Bermuda, with the objective of investing in innovative and high-growth companies in Brazil, the United States and Europe.

2 Summary of significant accounting policies

(a) Basis of presentation

The consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019 and the quarter ended September 30, 2019 considering that its purpose is to provide an update on the activities, events and significant circumstances in relation to those presented in the annual financial statements.

The preparation of consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosures in the interim financial statements. Actual results could differ from those estimates. Such estimates include, but are not limited, to the valuation of the investments made by GP and its subsidiaries.

3 Cash and cash equivalents

<u>Denomination</u>	<u>September 30, 2020 (Unaudited)</u>	<u>December 31, 2019</u>
US dollars (USD)	63,173	63,451
Brazilian reais (BRL)	978	2,473
Swiss francs (CHF)	129	410
Sterling pounds (GBP)		153
Euro (EUR)	0	1
	<u>64,280</u>	<u>66,488</u>

GP Investments, Ltd.

Notes to the consolidated interim financial

statements as of and for the nine-month period ended September 30, 2020

In thousands of US dollars, unless otherwise indicated

4 Financial investments

<u>At fair value through profit and loss</u>	<u>Currency</u>	<u>September 30, 2020 (Unaudited)</u>	<u>December 31, 2019</u>
Corporate bonds	US\$	-	29,501
Investment in funds	R\$	557	568
Investment in funds	US\$	38,963	15,812
Cash reserves	US\$	54,802	55,100
		<u>94,322</u>	<u>100,981</u>

Cash reserves relates to the amount retained at the GPCP IV Fund level for potential liabilities that may arise during the liquidation process of the GPCP IV fund.

5 Escrow account

	<u>September 30, 2020 (Unaudited)</u>	<u>December 31, 2019</u>
Sascar sale	<u>3,089</u>	<u>9,364</u>
	<u>3,089</u>	<u>9,364</u>

Sascar sale

In June 2014, GPCP V announced the sale of Sascar to Michelin Group for the total Enterprise Value of R\$ 1.6 billion, translating into a FMV of approximate US\$ 221 million for GPCP V. The deal comprised 100% of Sascar's shares and GPCP V would receive R\$ 543.9 million, having already received R\$ 474.8 million up to December 2014. In addition, R\$ 69.1 million (equivalent of US\$ 28.2 million) shall be maintained in escrow and will be held until all of the legal causes are resolved. The escrow amount is adjusted monthly and in September 30, 2020 was equivalent to US\$ 3,089 (December 31, 2019 – US\$ 9,364).

GP Investments, Ltd.**Notes to the consolidated interim financial****statements as of and for the nine-month period ended September 30, 2020****In thousands of US dollars, unless otherwise indicated**

6 Receivables from related parties

As of September 30, 2020, the Company held receivables from related parties totaling US\$ 15,200 (December 31, 2019 - US\$ 15,204). These receivables are related to GP Investments Acquisition Corp. ("GPIAC") and to LBR (Lácteos Brasil S.A.). The total amount is broken down as follows:

Receivables	September 30, 2020 (Unaudited)	December 31, 2019
Receivables from LBR	2,840	2,844
Receivables from GPIAC	12,360	12,360
	<u>15,200</u>	<u>15,204</u>

The amount receivable from GPIAC refers to the money that the Company used in the acquisition of Rimini.

GP Investments, Ltd.

Notes to the consolidated interim financial
statements as of and for the nine-month period ended September 30, 2020
In thousands of US dollars, unless otherwise indicated

7 Investments

(a) Equity portfolio

At September 30, 2020, the Company's equity portfolio consists primarily of investments made by the funds GPCP IV, GPCP V, GPCP VI, GPRE and by the subsidiary GPIC.

		September 30, 2020 (Unaudited)			December 31, 2019		Net change in unrealized gain (loss) on investment for the period ended in September 30 (Unaudited)	
	Total direct and indirect - %	Cost	General partner's valuation	Total direct and indirect - %	Cost	General partner's valuation	2020	2019
Investments of the private equity funds at fair value								
Level I								
RHI Magnesita	-	-	-	-	-	-	-	6,978
Centauro (*)	14.7	141,149	159,615	16.9	141,149	309,500	(149,885)	95,353
BR Properties	2.2	26,644	14,427	2.2	26,644	32,483	(18,056)	6,442
		167,793	174,042		167,793	341,983	(167,941)	108,773
Level III								
Lácteos Brasil (LBR)	38.9	260,895	-	38.9	260,878	-	(17)	(206)
San Antonio	58.1	354,401	-	58.1	354,401	-	-	-
Allis	75.1	56,515	-	75.1	56,482	-	(33)	(144)
EBAM	76.9	82,984	-	76.9	82,941	-	(43)	(1,219)
Beleza Natural	32.6	-	-	32.6	30,652	-	30,652	(759)
		754,795	-		785,354	-	30,559	(2,328)

(*) In April, 2019, Centauro launched its IPO (Initial Public Offer), becoming a listed company at B3 (Brasil, Bolsa, Balcão). After the IPO, GP's stake on the company was diluted to 16.9%. In September, 2019, GP's investment in Centauro is shown as a Level I class Company. In June, 2020, Centauro launched its first follow-on since opening its capital in 2019. GP's stake at the investment after the follow-on was diluted to 14.7%.

GP Investments, Ltd.

Notes to the consolidated interim financial statements as of and for the nine-month period ended September 30, 2020

In thousands of US dollars, unless otherwise indicated

		September 30, 2020 (Unaudited)			December 31, 2019		Net change in unrealized gain (loss) on investment for the period ended in September 30 (Unaudited)	
	Total direct and indirect - %	Cost	General partner's valuation	Total direct and indirect - %	Cost	General partner's valuation	2020	2019
Investment held directly by the Company								
Rimini Street	1.9	12,026	3,864	1.9	12,000	4,656	(818)	(924)
GP Investments Acquisition Corp. - Level III	1.1	6,117	380	1.1	6,088	817	(466)	(900)
G2D Investments, Ltd – Level III								
The Craftory, LTD	16.4	16,291	16,291				-	
BLU Pagamentos S.A.	24.3	12,067	28,926				16,859	
Expanding Capital	*	8,136	8,136				-	
Sim;paul	5.0	1,882	1,803				(79)	
Quero Educação	3.2	5,000	5,000				-	
CERC	3.4	3,072	2,830				(242)	
Spice – Level III	63.5			58.5				
Direct Co-Investments		179,774	63,982		188,491	149,268	(76,569)	(4,759)
Global EM Funds Portfolio		8,732	8,489		8,219	13,611	(5,635)	2,765
Latin American Portfolio		76	22		620	595	(29)	(991)
Asia-Pacific Funds Portfolio		3,033	160		3,033	347	(187)	-
Escrow account							(4,880)	(13,598)
Other investments		(229)	484		25,084	33,901	(8,105)	576
		<u>1,178,565</u>	<u>314,409</u>		<u>1,196,681</u>	<u>545,178</u>	<u>(217,533)</u>	<u>88,615</u>
Real estate investments		<u>57,597</u>	<u>11,846</u>		<u>60,193</u>	<u>20,431</u>	<u>(5,989)</u>	<u>(7,510)</u>
Total		<u>1,236,162</u>	<u>326,255</u>		<u>1,256,874</u>	<u>565,609</u>	<u>(223,522)</u>	<u>81,105</u>

(**) In September 30, 2020 – Represented by approximately 25,6% of Bbridge Capital I LP and 100% of Expanding Capital II-A LP.

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The changes in the investment account were as follows:

	September 30, 2020 (Unaudited)	December 31, 2019
At the beginning of the year	565,609	537,379
Appreciation (depreciation) in fair value of investments	(218,642)	192,144
Reversal of unrealized fair value on disposal of investments	(4,880)	(31,581)
Beleza Natural - divestment cost	(30,652)	-
Exchange of shares - BLU Pagamentos S.A.	12,067	-
Exchange of shares - Expanding Capital	8,136	-
Exchange of shares - Sim;paul	1,882	-
Exchange of shares - Quero Educação	5,000	-
Exchange of shares - CERC	3,072	-
Transfer to SPVs for payment of expenses	93	709
Real Estate capital reduction	(2,596)	(10,049)
Escrow account	4,880	13,598
Return of capital - Spice portfolio	(31)	(8,044)
RHI Magnesita - divestment cost	-	(159,580)
Change of investments - other investments	(25,268)	829
Spice portfolio - investments in Leon Restaurants	-	7,715
Spice portfolio - investments in The Craftory	4,537	9,587
Spice portfolio - investments in Rimini Street Inc.	3,048	-
Spice portfolio - investment in FoodFirst Global Restaurants, Inc.	-	12,901
At the end of the period	326,255	565,608

During nine month period of 2020, the COVID-19 outbreak has caused unprecedented uncertainties as well as severe economic and social consequences worldwide. Lock-downs and social distancing measures have had particularly negative effects on the retail and restaurant sectors, to which the Company is heavily exposed. As a result, the fair value of the Company's investments was negatively impacted.

Centauro, a Company's investment (Level I) in retail space, suffered an impact on its market value, mainly due to restrictions imposed on its activities in its stores according to information disclosed in the market. The e-commerce activities remain functioning through Centauro's online platform.

During the first quarter of 2020, FoodFirst, a Spice's investment (Level III) in the restaurant space, closed all but twenty-one of its restaurant locations across the U.S., which caused a precipitous decline in system-wide sales, thereby halting all the Company's significant turnaround efforts. Subsequently, on April 10, 2020, the company sought protection pursuant to a Chapter 11 filing in the State of Florida.

On June 17, 2020, a joint venture ("JV") formed between Earl Enterprises, the parent company of Buca di Beppo and Planet Hollywood, and Spice Private Equity Ltd. ("Spice PE") and co-investors acquired substantially all assets from FoodFirst, including BRIO Italian Grille and BRAVO! Italian Kitchen brands. On August 4, 2020, FoodFirst bankruptcy case was dismissed by Orlando's Bankruptcy Court.

To fund the restructuring process, acquisition of secured debt and other expenses, Spice PE has invested USD 4.5 million, which now represents the fair market value of its indirect ownership of approximately 35% of the JV's economic interest, compared to Spice PE's 60% ownership stake in FoodFirst as of December 2019 (December 31, 2019 Fair value was USD 36 million).

Leon, a Spice's investment (Level III) in the restaurant space, had its same-store sales decline by single-digit when compared to the first quarter of 2019. In anticipation of the lockdown in the UK, LEON converted multiple units into small grocery stores, selling premade meals and its own retail products. Also, the delivery strategy was strengthened in an attempt to mitigate additional dine-in sale declines. The fair value of such investment as of September 30, 2020 was USD 51 million (December 31, 2019 was USD 72 million).

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The Company, through one of its subsidiaries, acquired approximately 5% of additional stake of Spice's shares.

On May 17, 2020 the Company sold all of its shares from Beleza Natural at a price of R\$ 1.00.

Blu is a fintech that proposes to reduce transaction costs between retailers and suppliers in specific segments, such as furniture, mattresses and clothes by anticipating receivables, in addition to offering installments and promoting credit for the beginning storekeeper. Blu's digital platform offers simple and advantageous solutions that help retailers to grow and reduce transaction costs, while allowing industries to sell more, mitigating default risks.

The Craftory is a permanent capital investment holding company that seeks to invest in innovative consumer goods companies and brands that have a major cause and socio-environmental impact.

Expanding Capital is a venture capital fund based in San Francisco, California, whose objective is to invest in technology companies. Since then, Expanding Capital has managed to invest in companies led by the main venture capital funds in the world, with a very robust pipeline.

Sim;paul is a fintech with the objective of innovating the financial market and the experience of its clients by offering investment advice with simplicity, freedom and transparency. Sim;paul intends to offer a brokerage platform with a unique value proposal for AAIs (Autonomous Investment Agent), through a partnership model.

Quero Educação operates an educational marketplace that connects students to courses, schools and colleges in Brazil. Its platform allows students to find information about courses, schools and colleges where they wish to study, compare university programs and options, learn about tuition and scholarships, apply and enroll in educational programs.

CERC or Central de Recebíveis, is a fintech based in São Paulo operating in the documentary receivables area, which seeks to streamline documentary receivables in Brazil, including, for example, seeking the creation of an insurance register and a settlement chamber.

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(b) Financial investments at fair value through profit and loss

			2020			2019		
			(Unaudited)					
Investments in funds	Currency	Domicile	Fair value as of September 30,	Cost	Unrealized gain (loss)	Fair value as of December, 31	Cost	Unrealized gain (loss)
Level III								
Logística Brasil	R\$	Brazil	1,110	190	(2,298)	4,166	949	(288)
Empreendedor Brasil	R\$	Brazil	741	230	(111)	953	331	(24)
Brasil Agronegócio FIP	R\$	Brazil	960	1,498	(120)	1,680	2,098	(124)
Brasil Sustentabilidade FIP	R\$	Brazil	561	560	14	782	795	18
Brasil Portos e Ativos Logísticos FIP	R\$	Brazil	485	1,011	46	826	1,399	(57)
Terras Brasil	R\$	Brazil	37	177	(10)	117	248	(5)
GP FIDC FVS	R\$	Brazil	69	83	(15)	-	-	-
GP FIDC FVS 2	R\$	Brazil	1,646	(15)	1,661	-	-	-
Total			5,606	3,736	(832)	8,524	5,821	(480)

8 Fair value measurements

	September 30, 2020 (Unaudited)			
	Total	Level I	Level II	Level III
Investments in equity portfolio at fair value through profit and loss	313,925	177,906		136,019
Real estate investments	11,846			11,846
Other investments	484			484
Total equity portfolio	326,255	177,906		148,349
Investments in funds - financial assets at fair value through profit and loss	5,606			5,606
Financial investments at fair value through profit and loss	94,323	94,323		
Total assets at fair value	426,184	272,229		153,955
	December 31, 2019			
	Total	Level I	Level II	Level III
Investments in equity portfolio at fair value through profit and loss	511,277	346,639		164,638
Real estate investments	20,431			20,431
Other investments	33,901			33,901
Total equity portfolio	565,609	346,639		218,970
Investments in funds - financial assets at fair value through profit and loss	8,524			8,524
Financial investments at fair value through profit and loss	100,981	100,981		

GP Investments, Ltd.**Notes to the consolidated interim financial****statements as of and for the nine-month period ended September 30, 2020**

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	December 31, 2019		
	Total	Level I	Level II Level III
Total assets at fair value	<u>675,114</u>	<u>447,620</u>	<u>227,494</u>

As of December 31, 2019 and September 30, 2020 the investments in San Antonio, LBR, Allis, Real Estate, EBAM, Beleza Natural and Spice's Portfolio were classified as Level III. In the cases of these unlisted entities, fair values were based on unobservable inputs, calculated, among others, using discounted cash flow methodology, the income approach (i.e. multiples of EBTIDA) or last recent price acquisitions agreed with non-related party investors, as per guidance of ASC 820-10.

The changes in the investments equity portfolio and in funds measured at fair value through profit and loss, for which the Company has used Level III inputs to determine fair value of the period ended September 30, 2020 are as follows:

Balance as of December 31, 2019	227,494
Unrealized loss	(54,763)
Reversal of unrealized fair value on disposal of investments	4,880
Beleza Natural - divestment cost	(30,652)
Exchange of shares - BLU Pagamentos S.A.	12,067
Exchange of shares - Expanding Capital	8,136
Exchange of shares - Sim;paul	1,882
Exchange of shares - Quero Educação	5,000
Exchange of shares - CERC	3,072
Transfer to SPVs for payment of expenses	69
Real Estate - capital reduction	(2,596)
Return of capital - Spice portfolio	(31)
Spice portfolio - investment in Leon Restaurants	-
Spice portfolio - investment in The Craftory	4,537
Spice portfolio - investment in FoodFirst Global Restaurants, Inc.	-
Spice portfolio - investment in Rimini Street Inc.	3,048
Changes of investments - other investments	(25,270)
Changes of financial investments – at fair value through profit and loss	(2,918)
Balance as of September 30, 2020 (Unaudited)	<u>153,956</u>

As of December 31, 2019 and September 30, 2020, the Company classified the following investments as Level I: Rimini Street, Inc., Centauro and BR Properties, which fair values were based on quoted prices observable on the London Stock Exchange, NASDAQ and B3, respectively.

9 Income taxes

Income tax and social contribution amounts for the nine-month period ended September 30, 2020 and 2019, presented in the statements of operations are reconciled to their nominal rates as follow:

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Net income (loss) for the period before income taxes	(268,522)	89,059
Net income (loss) generated by subsidiaries domiciled in the		

GP Investments, Ltd.**Notes to the consolidated interim financial****statements as of and for the nine-month period ended September 30, 2020****In thousands of US dollars, unless otherwise indicated**

Bahamas, Bermuda and Cayman Islands (non-taxable income/nondeductible expenses)	(268,751)	(84,310)
Taxable income attributable to the Brazilian subsidiaries of GP Investments, Ltd. before income taxes	668	4,749
Income tax and social contribution benefit expense at nominal rates in Brazil - 34%	(234)	(1,614)
Adjustments to obtain the effective rates Net effect of the presumed profit tax regime in Brazil	5	743
Income tax and social contribution expense	(229)	(871)

10 Perpetual notes

	<u>Currency</u>	<u>Annual interest rate - %</u>	<u>September 30, 2020</u> <u>(Unaudited)</u>	<u>December 31, 2019</u>
Perpetual notes	US dollars	10	67,488	69,941
			67,488	69,941

11 Loans and financings

On July 31, 2020, the Company obtained a loan with BTG in the amount of R\$ 104,066, equivalent to USD 20 million, with maturity in July 2021 and an interest rate of 2.5% .

12 Provision for contingencies

As of September 30, 2020, the provision for contingencies amounts to US\$ 29,978 (December 31, 2019 – US\$ 29,978), related mainly to civil and labor litigations. Management believes that additional disclosure related to these provisions might negatively impact the settlement of such cases.

Based on current facts and taking into consideration the opinion of the Company's legal advisors, management believes that the existing provisions are sufficient to cover any losses related current process.

(i) Possible losses, not provided in the balance sheet

As of September 30, 2020 and December 31, 2019 the Company had civil and labor litigations involving risks of losses classified by management as possible, amounting to US\$ 76,838 and US\$ 2,600, respectively, which is based on the evaluation of the legal advisors, for which no provision for estimated losses was recognized.

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There were no significant changes in the balances for contingencies not provided in the balance sheet during the three and nine-month periods ended September 30, 2020. For more detailed information please refer to Note 11 to the financial statements for the year ended December 31, 2019.

13 Commitments

As of September 30, 2020, the Company had an amount of US\$ 209,313, US\$ 4,453, US\$ 4,975 and US\$ 4,063 in outstanding commitments to GPCP V, GP Real Estate A, LP, GP Real Estate B, LP and GP Real Estate C, LP respectively (December 31, 2019 – US\$ 223,462, US\$ 4,175, US\$ 4,657 and US\$ 3,816, respectively). Unfunded committed capital from the limited partners is not shown on the balance sheet, as GP has no unconditional right to receive cash as long as it has not identified an investment to invest in.

14 Fair value of financial instruments

ASC 825-10 - "Disclosures About Fair Value of Financial Instruments" requires disclosure of the estimated fair values of financial instruments. The fair value of a financial instrument is the amount at which an instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Quoted market prices, if available, are utilized as estimates of the fair value of financial instruments.

The market values of financial instruments are close to their book values and were substantially represented by financial investments.

Currency risk

Exposure to currency risk arises from assets in currencies other than the company's functional currency (US Dollar). The main exposure corresponds to GP's investment portfolio, which currently holds assets in US Dollar, Brazilian Real and British Pound.

As of September 30, 2020, GP Cash Management Ltd held no exposures to short-term investments priced in currencies other than the company's functional currency.

15 Risks and risk management

The main risks related to financial instruments are: credit risk, market risk, liquidity risk and currency risk. Management of these risks is a process that involves different levels of the Company and covers several policies and strategies. Other than the investments in shares and the interests in GPCP IV, GPCP V and GPCP VI, on September 30, 2020, there was no significant concentration of credit, market, liquidity or currency risks related to banks and financial investment funds.

There were no significant changes in the risks and risk management during the three and nine-month period ended September 30, 2020. For more detailed information please refer to Note 14 of the financial statements for the year ended December 31, 2019.

GP Investments, Ltd.**Notes to the consolidated interim financial****statements as of and for the nine-month period ended September 30, 2020****In thousands of US dollars, unless otherwise indicated****16 Shareholders' equity****(a) Capital**

The changes in the number of shares are summarized as follows:

	September 30, 2020 (Unaudited)	December 31, 2019
Class A - at the beginning and end of the period	75,321,532	75,321,532
Class B - at the beginning and end of the period	34,424,288	34,424,288
Total - at the end of the period	109,745,820	109,745,820

(b) Earnings per share

Earnings per share for the nine-month period ended September 30, 2020 and 2019 are based upon the weighted average number of shares, as follows:

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Net income (loss) for the period attributable to GP Investments	(125,642)	33,339
Weighted average common shares outstanding - basic	109,745,820	109,745,820
Effect of dilutive securities	-	-
Potential shares attributable to stock options	-	-
Weighted average common shares outstanding - diluted	109,745,820	109,745,820
Profit (loss) per share in US\$ – basic	(1.14)	0.30
Profit (loss) per share in US\$ – diluted	(1.14)	0.30

(c) Treasury shares

Whenever purchased shares (treasury shares) are cancelled the Company is automatically entitled to re-purchase up to 10% of the new Company's free float.

During 2019, GP, through its wholly-owned subsidiaries GPCM and GP Cash Management, has acquired a total of 648,668 treasury shares. During the nine-month period ended September 30, 2020, the Company has acquired a total of 5,240,975 shares, representing US\$ 4,055.

GP Investments, Ltd.**Notes to the consolidated interim financial****statements as of and for the nine-month period ended September 30, 2020****In thousands of US dollars, unless otherwise indicated**

(d) Non controlling interest**(i) Capital contribution from Limited Partners**

Capital contribution from Limited Partners refers to the committed amount from Limited Partners in accordance with the terms of the private equity and real estate investment funds agreement for investment purposes. During the nine-month period ended September 30, 2020, the capital contribution from Limited Partners amounted to US\$ 1,998 (September 30, 2019 – US\$ 29,739).

(ii) Distribution to Limited Partners

Distribution to Limited Partners refers to the portion of divestments in equity portfolio due to the Limited Partners from private equity and real estate funds. During the nine-month period ended September 30, 2020, the distribution of cash proceeds amounted to US\$ 6,561 (September 30, 2019 – US\$ 69,021).

17 Stock options**(a) GP****Stock option program**

On March 14, 2016, the Board of Directors approved the partial cancellation of the 2006, 2009 and 2011 Stock Purchase Option Programs, previously agreed between the Company and beneficiaries. On this day, the Board also approved a new stock option program for the award of 13,000,000 Class A Shares (the “2016 Program”).

As of September 30, 2020, the existing Stock Option Programs are:

(i) 2011 Program

On April 25, 2011, the Board of Directors approved and adopted, with the concurrence of the Nomination and Compensation Committee, a subordinated Stock Purchase Option Program ("2011 Program") to the 2006 Stock Purchase Option Program and the form of agreements to be entered into between the Company and each beneficiary.

The options granted will expire after ten years, with a vesting period of five years of 20% per year. The Program allows for the issuance of shares through newly issued shares. As of December 31, 2019 and September 30, 2020, 440,009 options were granted, but not exercised by the holders. The information related to the number of options outstanding to employees is as follows:

	Number of options outstanding to employees	Exercise price - US dollars	Option fair market value – US dollars
At December 31, 2017	1,029,569		
Options forfeited	(589,560)	various	0.43
At December 31, 2019	440,009		
At September 30, 2020	440,009		

GP Investments, Ltd.**Notes to the consolidated interim financial****statements as of and for the nine-month period ended September 30, 2020****In thousands of US dollars, unless otherwise indicated**

Pursuant to the Black-Scholes options pricing method, the fair value of the options granted under the 2011 Program was measured at the grant date. For calculation purposes, the following assumptions were used:

			Percentage		
	Exercise price	Dividends yield	Expected average annual volatility (i)	Risk free rate (ii)	Fair market value - US\$
Options granted					
February 2012	2.54	5.0	45.01	2.02	0.92
September 2012	2.14	5.0	47.19	1.57	0.56
January 2013	2.54	5.0	46.48	1.70	0.73
September 2013	1.63	5.0	44.79	2.73	0.59
April 2014	1.89	5.0	38.11	2.70	0.36
September 2014	2.18	5.0	38.43	2.59	0.47
August 2015	1.83	5.0	38.96	2.23	0.43

(i) The expected stock price volatility assumption was determined using the volatility of the Company's Class A shares.

(ii) The interest rate is based on the US Treasury Bills rate for a period similar to the expected term of the options.

There was no intrinsic value of the total options of the 2011 program as of September 30, 2020 due to the fair market value of US\$ 0.78 be lower than the strike price of the options.

For the three-month period ended September 30, 2020, an expense of US\$ 0 (September 30, 2019 - US\$ 3) was recorded in respect to the 2011 Program, and is presented in "General and administrative expense".

(ii) 2016 Program

In 2016, the Board of Directors approved and adopted, with the concurrence of the Nomination and Compensation Committee, the Stock Purchase Option Program ("2016 Program") and the form of agreements to be entered into between the Company and each beneficiary. An aggregate of 13,000,000 shares of the Company's Class A shares may be granted under the Program. On May 16, 2016 12,200,000 options were granted and will expire after ten years, with a vesting period of five years based on an exercise price of US\$ 1.9767. On May 31, 2017, 600,000 shares were exercised by the beneficiaries. During the three-month period ended March 31, 2018, 3,600,000 options were forfeited by employees that left the Company. In May 2018, 900,000 options were granted to employees. At December 31, 2019 and September 30, 2020, 8,900,000 options were granted, but not exercised by the holders.

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The information related to the number of options outstanding to employees is as follows:

	Total number of options outstanding	Exercise price - US dollars
At December 31, 2016	12,200,000	1.98
Options exercised during the period	(600,000)	
At December 31, 2017	11,600,000	
Options forfeited	(3,600,000)	
Options granted	900,000	1.68
At December 31, 2018	8,900,000	
At December 31, 2019	8,900,000	
At September 30, 2020	8,900,000	

Pursuant to the Black-Scholes options pricing method, the fair value of the options granted under the 2016 Program was measured at the grant date. For calculation purposes, the following assumptions were used:

	Percentage				
	Exercise price	Dividends yield	Expected average annual volatility (i)	Risk free rate (ii)	Fair market value - US dollars
Options granted					
May 2016	1.98	5.0	40.31	1.85	0.44
May 2018	1.69	5.0	37.83	3.00	0.51

(i) The expected stock price volatility assumption was determined using the volatility of the Company's Class A shares.

(ii) The interest rate is based on the US Treasury Bills rate for a period similar to the expected term of the options.

There was no intrinsic value of the total options of the 2016 program as of September 30, 2020 due to the fair market value of US\$ 0.78 be lower than the strike price of the options.

For the three-month period ended September 30, 2020, an expense of US\$ 47 was recorded in respect to the 2016 Program (September 30, 2019 - US\$ 61), and is presented in "General and administrative expenses.

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18 Expenses

	Nine-month period ended September 30,		Three-month period ended September 30,	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Salaries	(4,765)	(4,917)	(1,424)	(2,323)
Contingencies	(603)	(892)	(177)	(369)
Tax expense	(1,206)	(592)	(474)	(428)
Bonuses and carried on realized gain	(1,315)	(2,684)	(225)	(1,428)
Bonuses and carried on unrealized gain	5,779	(231)	(225)	(119)
Projects	(652)	(438)	(494)	(87)
Stock options	(204)	(187)	(47)	(78)
Audit and consulting	(1,687)	(1,295)	(685)	(540)
Rental expenses	(761)	(585)	(247)	(292)
Travel expenses	(182)	(285)	(38)	(165)
Office	(106)	(212)	(34)	(127)
Other	(1,530)	(1,243)	(475)	(337)
Total expenses	<u>(7,231)</u>	<u>(13,562)</u>	<u>(4,546)</u>	<u>(6,293)</u>

During the nine month period ended September 30, 2020, the bonuses and carried on unrealized gain were reversed due to the decrease related to performance fees calculated on unrealized results.

19 Segment information

The Company's operations are managed through two operating segments: the private equity business and the real estate business, which represent the segment information available and used by executive management to assess performance and to allocate resources. These segments were established based on the nature of investment activities in each fund, including the specific type of investment made, the frequency of trading, and the level of control over the investment. The financial results for the segments are as follows:

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	Nine-month period ended September 30,					
	2020 (Unaudited)			2019 (Unaudited)		
	Real estate	Private equity	Total	Real estate	Private equity	Total
Appreciation (depreciation) in fair value of investments	(5,989)	(212,653)	(218,642)	742	101,625	102,367
Reversal of unrealized fair value on disposition		(4,880)	(4,880)		(21,262)	(21,262)
Realized gain (loss), net		(25,900)	(25,900)		14,906	14,906
Management fees	(383)	4,301	3,918		7,443	7,443
Dividends		117	117	4,027	6,414	10,441
Performance fees		-	-		179	179
Other		137	137		611	611
Total revenue	(6,372)	(238,878)	(245,250)	4,769	109,916	114,685
General and administrative	(181)	(10,911)	(11,092)	(88)	(14,345)	(14,433)
Contingencies		(603)	(603)		(1,478)	(1,478)
Bonuses and carried on unrealized gain		5,779	5,779		-	-
Bonuses and carried on realized gain		(1,315)	(1,315)		(3,883)	(3,883)
Total expenses	(181)	(7,050)	(7,231)	(88)	(19,706)	(19,794)
Financial income		3,307	3,307		3,761	3,761
Financial expense	(6)	(19,342)	(19,348)	(2)	(9,591)	(9,593)
Financial income (expenses), net	(6)	(16,035)	(16,041)	(2)	(5,830)	(5,832)
Income taxes		(229)	(229)		(871)	(871)
Net income (loss)	(6,559)	(262,192)	(268,751)	4,679	83,509	88,188

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	Three-month period ended September 30,					
	2020 (Unaudited)			2019 (Unaudited)		
	Real estate	Private equity	Total	Real estate	Private equity	Total
Appreciation (depreciation) in fair value of investments	(365)	(65,005)	(65,370)	742	29,737	30,479
Reversal of unrealized fair value on disposition		-	-		(7,664)	(7,664)
Realized gain (loss), net		(126)	(126)		2,340	2,340
Management fees		942	942		2,231	2,231
Dividends	(95)	95	-	217	7,913	8,130
Performance fees		-	-		-	-
Other		-	-		161	161
Total revenue	(460)	(64,094)	(64,554)	959	34,718	35,677
General and administrative	(72)	(4,072)	(4,144)	(88)	(4,358)	(4,446)
Contingencies		(177)	(177)		(587)	(587)
Bonuses and carried on realized gain		(225)	(225)		-	-
Bonuses and carried on unrealized gain		-	-		(1,199)	(1,199)
Total expenses	(72)	(4,474)	(4,546)	(88)	(6,144)	(6,232)
Financial income		714	714		(809)	(809)
Financial expense	(2)	(3,901)	(3,903)	(2)	(3,920)	(3,922)
Financial income (expenses), net	(2)	(3,187)	(3,189)	(2)	(4,731)	(4,733)
Income taxes		(15)	(15)		(279)	(279)
Net income (loss)	(534)	(71,770)	(72,304)	869	23,566	24,435

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In thousands of US dollars, unless otherwise indicated

The most relevant balance sheet items by segment are as follows:

	September 30, 2020			December 31, 2019		
	(Unaudited)					
	Real estate	Private equity	Total	Real estate	Private equity	Total
Investments at fair value	11,846	314,409	326,255	20,431	545,178	565,609
Total assets	11,846	508,703	520,549	20,431	804,721	825,152

20 Subsequent events

The Craftory

On October 5, 2020, the Company, through G2D, contributed approximately USD 3.8 million to The Craftory as per the capital call realized by the company.

On October 16, 2020, the Company, through G2D, contributed approximately USD 4.3 million to The Craftory as per the capital call realized by the company.

The Company, through G2D, has already invested a total of approximately USD 24.4 million, out of a total commitment of USD 60 million.

Expanding Capital

On October 16, 2020, the Company, through G2D, contributed approximately USD 10 million on Expanding Capital in order to face new investments. The total amount invested is approximately USD 18.1million, out of a total commitment of USD 25 million.

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