



| Q3

Interim Report
July-September 2020
Scout Gaming Group AB



SCOUT
gaming group

ALL FIGURES IN THIS REPORT ARE STATED IN SWEDISH SEK UNLESS OTHERWISE STATED. BRACKETS IN THIS REPORT REFER TO THE CORRESPONDING PERIOD OF THE PREVIOUS YEAR, UNLESS OTHERWISE STATED. ALL FIGURES REFER TO THE GROUP UNLESS OTHERWISE STATED.

Quarter July - September 2020

- Revenues increased to mSEK 15.0 (8.1), corresponding to a growth of 85% compared to same quarter last year
- EBITDA was mSEK -11.6 (-7.9)
- Net result was mSEK -13.4 (-9.5)
- Earnings per share amounted to SEK -0.7 (-0.7)
- Operator trading index (which illustrates the underlying client activity) increased to 2,421 (900), a growth of 169%.
- Scout Gaming conducted a heavily oversubscribed directed share issue towards international institutional investors amounting to mSEK 75, to be able to accelerate growth and product development further.
- Scout Gaming has won the EGR Award category “Fantasy Sports Supplier of the year” 2020, which was the third time in a row.
- The company widened and extended current agreement with Kaizen Gaming (Stoiximan and Betano)
- Scout Gaming entered into a license agreement with Parimatch, the market leading operator in the CIS region.

Interim period January - September 2020

- Revenues amounted to mSEK 30.0 (15.7)
- EBITDA amounted to mSEK -33.4 (-34.6)
- Net result amounted to mSEK -40.7 (-38.9)
- Earnings per share amounted to SEK -2.3 (-2.8)

Trailing 12 months (SEKm)



Events after the period ended

- Scout Gaming entered into an agreement with one of the market leading operators in the Balkan region, Meridianbet, which enables Meridianbet access to Scout Gaming's full product portfolio.

For additional information, please contact:

Billy Degerfeldt, CFO & Investor Relations

billy.degerfeldt@scoutgaminggroup.com

Solid growth generates record quarter

The Group had a stable quarter with sharply increasing revenues, led by the restart of global sports, the speed of recovery exceeded management's expectations. The global fantasy sports market for real money gambling outside the US is although still in its infancy. Growth has been driven by both existing and newly launched operators in the Scout Gaming network. It is particularly gratifying to announce that most of our operators reached an all-time high in revenue generated from our products during the month of September. As a result of previous halts in many global leagues related to the corona pandemic, the quarter contained extraordinary activity.

Scout Gaming's operator index amounted to 2,421, a growth by 169% - an increasing part is related to new fantasy betting products. The total revenue base grew by 85%, compared with the previous year to SEK 15.0 million. The number of active players in our network at the end of the quarter increased by 117% compared with the previous year.

An increasingly important part of the company's focus is to ensure that the prize pools are maintained on well-balanced levels. We are in a situation where the company is undergoing strong growth and where we are investing in our prize pools to further strengthen the products attractiveness. For example, we offered during the quarter, a record-breaking guaranteed prize pool of 1 million euros for the season-long Premier League game that runs until the end of May. We offer another corresponding seasonal game for the Champions League amounting to 250 thousand euros and we have on a weekly basis been able to raise levels of our Premier League games to 100

thousand euros. Furthermore, we are planning a number of major seasonal tournaments with larger prize sums. We are also gradually increasing the prize pools in general. I'm happy to report that we are generating increasing volumes from sports and leagues outside of European football and that we maintained much of the activity on our games offered within different esports.

To ensure growth, we carried out a heavily oversubscribed directed share issue of SEK 75 million to international institutional investors and sector specialists during the beginning of the third quarter. The issue was subscribed for by both existing major owners and new institutional investors. The funds will be used for marketing and we have also started to execute on our commitments to manage our internal operator Fanteam, in a more sophisticated way than before.

Scout Gaming continues to focus on product development, and we are close to launch another game in our network. Our jackpot betting product is currently being beta tested on Fanteam and is expected to be gradually rolled out by next year.

We continue to see strong prospects for the European market for sports in general and for fantasy sports in particular, we make the assessment that we have opportunities to grow the business significantly in the future.

Andreas Ternström,
CEO

Scout Gaming Operator Trading Index



The Operator Trading Index, illustrating the underlying client activity, increased to 2,421 (900) during the third quarter 2020. 45% was produced under the month of September. The increase corresponds to a growth of 169% compared to the same quarter last year. The development is continued to be driven by increased activity among existing and new customers, during September most customers who contribute to the index reached an all time high. Activity was higher than normal during the quarter, as the global sports calendar changed as a result of the outbreak of COVID-19 and a number of events that would normally have been completed during the second quarter,

instead were completed during the third quarter. We use the first quarter of 2017 as index base. Number of launched clients, changes in their activity and general market growth affects the index development. General market growth is dependent on the major leagues and championships. The index is also affected by the clients' share of their end customer's activity (so-called "rake"), but also their sportsbook margin which may vary between different markets and product categories.

Financial performance

Revenues

Revenues amounted to SEKm 15.0 (8.1) during the third quarter and mainly relates to sports related products that Scout Gaming provides to its clients. The fees are charged to clients based on a combination of different variables such as number of provided markets and product categories, guarantee commitments in prize pools etc. and may be fixed or variable, an increasing share relates to the own fantasy sports operator business which is operated under the brand Fanteam. Revenues for the first three quarters were SEKm 30.0 (15.7).

Costs

Total costs amounted to SEKm -28.3 (-18.6) and mainly consists of marketing and sales related expenses. Scout Gaming has taken an active decision to increase marketing related expenses to accelerate the growth of the Fantasy Sports market outside the US. These costs are flexible. Personnel expenses experienced a slight decrease compared to same period last year and are not expected to grow essentially going forward. Total costs for the first three quarters were SEKm -67.9 (-57.6).

Result

Operating profit was SEKm -13.3 (-10.4) during the third quarter and SEKm -37.9 (-41.9) for the first three quarters. Net result was -13.4 m (-9.5) during the third quarter and SEKm -40.7 (-38.9) for the first three quarters.

Liquidity, financing and financial position

Cash flow from operating activities before changes in working capital amounted to SEKm -4.8 (-8.4) during the quarter and to SEKm -36.3 (-35.1) for the first three quarters. Cash flow from investing activities amounted to SEKm -3.5 (-1.7) for the third quarter and to SEKm -8.0 (-5.3) for the first three quarters of the year. Cash flow from financing activities amounted to SEKm 75.5 (26,8) for the quarter and to SEKm 110.6 (26.9) for the first three quarters. Cash flow for the period was SEKm 61.0 (13.8) for the quarter and SEKm 61.8 (-20.0) for the first three quarters of the year. Cash and cash equivalents amounted to SEKm 81,7 (28.0) at the end of the quarter.

Capitalised development costs

In the third quarter of 2020, development expenditure of SEKm 3.4 (1.7) was capitalised. These capitalised development costs are amortised over four years, starting when the costs are incurred. Capitalised development costs are included as part of the revenue. Capitalised development costs for the three first quarters were SEKm 7.9 (5.1).

Key Ratios

Group Key Ratios mSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Revenue	15.0	8.1	25.7
Revenue growth, %	85	125	76
EBITDA	-11.6	-7.9	-42.8
EBITDA-margin, %	Neg	Neg	Neg
Operating profit	-13.3	-10.4	-52.8
Number of shares at the end of the period	20,536,654	14,533,455	14,533,455
Average number of shares *	19,019,123	13,908,455	13,908,455
Employees at end of period **	87	80	83
Earnings per share (SEK)	-0.7	-0.7	-3.8
Shareholders' equity per share (SEK)	4.8	2.8	2.0
Operator Trading Index	2,421	900	N/A

* Scout Gaming has issued 308,000 warrants of series 2018/2021: 1. ** Also refers to contract staff in Ukraine.

The average number of shares outstanding for the period Jan-Sep was 17,535,055 (13,908,455).

Other

Parent company

Operating income for the third quarter of 2020 amounted to SEKm 0.6 (1.3). Operating profit amounted to SEKm -1.2 (-0.4). Profit for the period amounted to SEKm 0.7 (0.6). The parent company's cash and cash equivalents amounted to SEKm 48.7 (13.9) at the end of the period and equity amounted to SEKm 222.7 (110.3).

Risks

Scout Gaming's operations are subject to certain risks that may affect the performance or financial position to varying degrees. These can be divided into industry and business-related risks as well as financial risks. In assessing the Group's future development, it is important to consider, in addition to possible opportunities for profit growth, the risk factors. The development of the legal situation for the type of gaming services provided by Scout Gaming is a key risk factor for the Group's future earning ability. As the majority of the company's customers are active in Europe, legal status in the EU becomes particularly interesting and monitored and managed by the Group continuously. Nevertheless, for cases where the legislation should be interpreted in an unfavorable or unexpected manner, there is a risk that Scout Gaming's terms of growth, profitability and product development will change. Similarly, an interpretation in a favorable direction could have a positive impact on the Group. For further information about Scout Gaming's risks and risk management, refer to the Annual Report 2019, which is found on the company's website.

Accounting principles

The interim report has been prepared in accordance with the Annual Accounts Act and the Board of Directors' General Advice BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (K3). The Parent Company applies the same accounting principles as the Group except in the cases specified. Amounts are expressed in mSEK (millions of SEK) unless otherwise stated.

Related party transactions

No material related party transactions were conducted during the quarter

Owners per 30 September

Shareholders	No. Shares	Amount
Topline Capital Partners LP	4,895,508	23.8%
Lloyd Fonds AG	2,053,665	10.0%
Novobis AB	1,772,158	8.6%
Knutsson Holdings AB	1,693,960	8.2%
Atle Sundal Holding AS	1,578,705	7.7%
SIA Optibet	833,333	4.1%
Andreas Sundal Holding AS	803,464	4.0%
Nordnet Pensionsförsäkring	815,254	4.0%
Swedbank Robur micro cap	750,000	3.7%
Björn Fjellby Holding AS	606,131	3.5%
Total top 10 shareholders	15,802,178	77.0%
Others	4,734,476	23.0%
Number of shares	20,536,654	

Calendar

Scout Gaming will publish reports according to the following schedule:

Year-end report: February 26, 2021

Condensed consolidated income statement

Scout Gaming Group AB (publ)

559119-1316

Group income statement (kSEK)	Jul-sep 2020	Jul-sep 2019	Jan-sep 2020	Jan-sep 2019	Jan-Dec 2019
Revenue	15,015	8,149	29,954	15,707	25,691
Personnel expenses	-8,230	-9,158	-25,797	-30 383	-39,790
Other external expenses	-18,398	-6,852	-37,531	-19 932	-28,655
Depreciation, amortization and impairment of PPE	-1,687	-2,566	-4,565	-7 307	-10,058
Total operating expenses	-28,315	-18,576	-67,893	-57,622	-78,503
Operating profit/loss	-13,301	-10,427	-37,939	-41,915	-52,812
Financial items	-128	942	-2,796	2,949	580
Profit before tax	-13,428	-9 485	-40,735	-38,965	-52,232
Tax	16	14	49	54	66
Profit/loss for the period	-13,412	-9,471	-40,685	-38,912	-52,166

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2020- 09-30	2019- 09-30	2019- 12-31
Assets			
Intangible assets	14,935	8,245	8,425
Property, plant and equipment	738	1,204	909
Financial assets	7	30	7
Total non-current assets	15,680	9,479	9,342
Accounts receivable	1,975	3,707	1,525
Other receivables	6,681	10,167	8,863
Prepaid expenses and accrued income	5,074	2,815	2,622
Cash and cash equivalents	81,659	27,952	21,473
Cash and cash equivalents	95,389	44,640	34,483
TOTAL ASSETS	111,069	54,119	43,825

<i>Equity and liabilities</i>			
Share capital	1,081	765	765
Other capital contributed	283,251	173,016	172,958
Reserves	-2,878	-3,029	-1,281
Retained earnings including profit for the period	-183 434	-129,495	-142,749
Total equity	98,020	41,257	29,694
Deferred tax liability	87	187	0
Other liabilities	0	0	162
Total long-term liabilities	87	187	162
Short term debt to creditors	0	41	0
Accounts payable	2,349	1,706	1,788
Current tax liabilities	301	416	444
Other current liabilities	8,334	8,118	9,056
Accrued expenses and prepaid income	1,979	2,393	2,682
Total short-term liabilities	12,963	12,675	13,969
TOTAL EQUITY AND LIABILITIES	111,069	54,119	43,825

Consolidated changes in equity

	Share capital	capital contributed	Reserves	Retained earnings	Total equity
2019-01-01	699	146,214	376	-92,571	54,718
Revaluation of conversion difference			-1,988	1,988	
Conversion difference			437		437
Profit/loss for the period				-16,102	-16,102
2019-03-31	699	146,214	-1,175	-106,685	39,053
2019-03-31	699	146,214	-1,175	-106,685	39,053
Rights issue		26,888			26,888
Conversion difference			-750		-750
Profit/loss for the period				-13,339	-13,339
2019-06-30	699	173,102	-1,925	-120,024	51,852
2019-07-01	699	173,102	-1,925	-120,024	51,852
Rights issue	66	-66			
Fee for rights issue		-20			-20
Conversion difference			-1,104		-1,104
Profit/loss for the period				-9,471	-9,471
2019-09-30	765	173,016	-3,029	-129,495	41,257
2019-10-01	765	173,016	-3,029	-129,495	41,257
Rights issue		-58			-58
Conversion difference			1,749		1,749
Profit/loss for the period				-13,254	-13,254
2019-12-31	765	172,958	-1,281	-142,749	29,694

2020-01-01	765	172,958	-1,281	-142,749	29,694
Rights issue	156	35,001			35,157
Conversion difference			-6,510		-6,510
Profit/loss for the period				-9,812	-9,812
2020-03-31	921	207,959	-7,791	-152,561	48,529
2020-04-01	921	207,959	-7,791	-152,561	48,529
Rights issue					
Conversion difference			5,676		5,676
Profit/loss for the period				-17,461	-17,461
2020-06-30	921	207,959	-2,115	-170,022	36,743
2020-07-01	921	207,959	-2,115	-170,022	36,743
Rights issue	160	75,292			75,452
Conversion difference			-763		-763
Profit/loss for the period				-13,412	-13,412
2020-09-30	1,081	283,251	-2,878	-183,434	98,020

Consolidated statement of cash flows

Group (kSEK)	Jul-sep 2020	Jul-sep 2019	Jan-sep 2020	Jan-sep 2019	Jan-Dec 2019
Operating profit	-13,428	-9,485	-40,735	-38,965	-52,232
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortization and impairments	1,687	2,566	4,565	7,307	10,058
Capital gain	6,936	-1,434	-115	-3,432	-568
Tax paid	0	0	0	0	0
Cash flows from operating activities before change in working capital	-4,806	-8,353	-36,285	-35,090	-42,741
Changes in working capital	-6,098	-2,919	-4,523	-6,548	-1,530
Cash flows from operating activities	-10,904	-11,272	-40,807	-41,638	-44,271
Capitalized intangible assets	-3,417	-1,691	-7,949	-5,070	-8,039
Acquisition of intangible assets	-93	-55	-93	-195	-194
Change in non-current receivables	0	0	0	-8	14
Cash flows from investing activities	-3,510	-1,746	-8,041	-5,272	-8,218
Rights issue, after transaction costs	75,452	26,824	110,609	26,867	26,810
Cash flows from financing activities	75,452	26,824	110,609	26,867	26,810
Cash flow for the period	61,038	13,806	61,760	-20,043	-25,679
Cash and cash equivalents at start of period	27,063	13,684	21,473	46,554	46,554
Exchange rate differences	-6,443	461	-1,574	-1,440	598
Cash and cash equivalents at end of period	81,659	27,951	81,659	27,951	21,473

Condensed Parent Company income statement

Scout Gaming Group AB
(publ)
559119-1316

Parent Company income statement (kSEK)	Jul-sep 2020	Jul-sep 2019	Jan-sep 2020	Jan-sep 2019	Full year 2019
Total revenue	637	1,275	2,444	3,825	5,100
Personnel expenses	-1,150	-1,026	2,761	-7,623	-8,958
Other external expenses	-654	-689	-4,356	-3,246	-3,815
Depreciation, amortization and impairment of PPE	-7	-7	-2,257	-22	-30
Total expenses	-1,811	-1,723	-22	-10,892	-12,803
Operating profit/loss	-1,174	-448	- 3,874	-7 067	-7,703
Financial items	1,884	1,042	4,953	2,838	4,162
Profit before tax	710	594	1,079	-4,228	-3 541
Net profit	710	594	1,079	-4,228	-3,541

Condensed Parent Company balance sheet

Scout Gaming Group AB (publ)

559119-1316

Parent company balance sheet (kSEK)	2020-09-30	2019-09-30	2018-12-31
Assets			
Property, plant and equipment	35	65	57
Financial assets	1,115	1,125	105,916
Total non-current assets	1,150	1,189	105,973
Group internal receivables	174,200	96,203	0
Accounts receivable	-7	20	0
Other receivables	1,219	468	131
Prepaid expenses and accrued income	75	85	28
Cash and cash equivalents	48,663	13,880	6,421
Total current assets	224,149	110,654	6,599
TOTAL ASSETS	225,299	111,843	112,572

Equity and liabilities

Share capital	1,081	765	765
Other contributed capital	239,296	129,060	129,003
Retained earnings excluding profit for the period	-17,703	-19,489	-18,782
Total equity	222,674	110,336	110,985
Accounts payable	477	248	222
Tax liabilities	301	416	444
Other current liabilities	913	276	267
Accrued expenses and prepaid incomes	935	568	653
Total current liabilities	2,625	1 507	1,586
TOTAL EQUITY AND LIABILITIES	225,299	111,843	112,572

SIGNATURES AND ASSURANCE

This Interim Report has not been subject to review by the Company’s auditor. The Board of Directors and the Chief Executive Officer offer their assurance that this Interim Report gives a true and fair view of the Group’s and Parent Company’s operations, financial position and results of operations and describes the significant risks and uncertainties facing the Group and Parent Company.

Stockholm, 18 November 2020

Jörgen Ragnarsson, Board member

Anders Enochsson, Chairman

Atle Sundal, Board member

Andreas Ternström, CEO

Hans Isoz, Board member

Carla Maree Vella, Board member

For additional information please contact CFO & IR, Billy Degerfeldt, +46 70 758 16 68, billy.degerfeldt@scoutgaminggroup.com.

Scout Gaming Group AB (publ) E-mail: ir@scoutgaminggroup.com
Kaptensgatan 6. Web: www.scoutgaminggroup.com. 114 57 Stockholm.
Corporate identity number: 559119-1316

This year-end Report is information that is mandatory for Scout Gaming Group to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 18 November 2020.

Information about Nasdaq First North Growth Market

Nasdaq First North Growth Market ("First North") is an alternative marketplace operated by the constituent exchanges of Nasdaq Stockholm. It does not have the same legal status as a regulated marketplace. Companies quoted on First North are subject to First North's rules, rather than the legal requirements set for trading on a regulated marketplace. An investment in a company trading on First North implies higher risk than one in a listed company. Companies must apply to the exchange and gain approval before trading on First North can commence. A Certified Adviser guides the company through the listing process and also ensures that the company continuously satisfies First North's standards. Redeye AB is Scout Gaming's Certified Adviser. Contact details: Certifiedadviser@redeye.se, +46 (0)8 121 576 90.

Definitions

Revenue - Revenue for the current period.

Revenue growth - Revenue for the current period through Revenue for the same period last year.

EBITDA - Operating profit before depreciation and amortization.

EBITDA margin - EBITDA as a percentage of Revenue

Operating profit - Consolidated operating profit for the period.

Operating margin - Group operating profit as a percentage of revenue.

Number of shares at the end of the period - The number of shares outstanding at the end of the period.

Average number of shares - Opening number of shares for the period added with outstanding number of shares divided by 2.

Number of employees at the end of the period - Number of employees in the Group at the end of the period, including contract employees in Ukraine.

Earnings per share - Profit after tax divided by the average number of shares during the period.

Equity per share - Equity divided by the number of outstanding shares during the period.

Operator index - Scout Gaming has established an index to report the total gross gaming revenue on Scout Gaming's products to the company's customers.