



Interim Report
January-March 2023
Scout Gaming Group AB

First quarter: January - March 2023

- Revenues from the gaming operation amounted to SEK 6.5 million (6.7), corresponding to a decrease of 3 percent
- B2B revenues amounted to SEK 5.4 million (2.4), an increase of 225 percent
- B2C revenues amounted to SEK 1.1 million (2.9), a decrease of 62 percent
- EBITDA improved to SEK -9.4 million (-23.6)
- Net result increased to SEK 7.0 million (-21,6), driven by unrealized currency gains on intragroup loans (positive effect of SEK 17.4 million)
- Earnings per share amounted to SEK 0.03 (-0.96)

Events after the quarter

Launched with new partner Cartola on April 5th.

For additional information, please contact:

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CEO comment

During the first quarter the new partner Cartola were integrated and Apple iSports integration be finalized during Q2. The partner Cartola went live in the beginning of the second quarter and has so far given a strong increase in number of entries in our solutions.

One key success-factor for the group to reach profitability is a continued cost control. The first quarter does not fully reflect the already executed cost reductions which we already have performed, and we are continuing our transformation of the group. Management is in a process to evaluate further reductions in costs, but these need to consider the organizations capabilities to deliver to the existing partners which are live and to those who are becoming live in the coming months.

We believe the journey which we on have shown a lot of positive signs and in the transition to become a profitable company and to create shareholder value a lot of work remain. More efficiencies to acheive and a sharp focus and engagement from all of us in the organization is required.

Niklas Jönsson
CEO

Financial performance

Revenues

Total revenues for the quarter amounted to SEK 6.5 million (6.7), a decrease of 3 percent compared to the same period last year.

Revenues from B2B operations increased during the quarter to SEK 5.4 million (2.4) an increase of 225 percent compared to last years first quarter. The growth B2B comes from the increased focus on this vertical. The Group has by end of first quarter 12 integrated and active B2B partners. The revenues from B2C decreased during the quarter to SEK 1.1 million (2.9) a decrease of 62 percent compared to last years first quarter. The decrease in B2C revenue is explained by a continued decrease of previous non profitable marketing campaigns. The management's assessment is that the B2C operation has the potential to generate profitable growth under controlled measures and the Group is aiming to realize these in the remainder of the year.

Revenues for B2C operations are booked at the date the transaction takes place (for Daily Fantasy Games (DFS) or when a bet is settled. For B2B operations revenues are invoiced partners after month end based on either minimum fees specified in the agreements or revenue share agreements.

Capitalized development costs

The Group has at year-end 2022 made a change in principle concerning capitalization of development costs, which means that the group will not do any capitalization going forward. The principle means that the Group's profit & loss, balance sheet and equity has been historically adjusted, where the previous capitalization and amortization has been removed for the years 2021 and 2022. The ingoing balance of capitalized work of January 1st 2021 has been adjusted directly towards equity. All comparative numbers have been restated to reflect this change.

Expenses

Total expenses during quarter amounted to SEK 16.5 million (30.3). The expenses consist of personnel costs amounting to SEK 9.6 million (14.7) other external expenses amounting to SEK 6.8 million (15.9) for the quarter. Other external expenses consist mainly of software & hosting expenses and guarantee losses, whereof the guarantee loss amounted SEK 1.2 million during the quarter and software & hosting related costs to SEK 1.1 million.

The Group books all costs when they are incurred, specifically related to guarantee losses these are booked when the registration of the underlying tournament is closed. Guarantee losses are defined as the part of the prize pool set by the Group not covered by user buy-ins (through our B2C brand and partners connected to the network).

Player and partner related debts and assets

The company classifies all player funds as "client assets" in the financial statements, furthermore buy-ins from networked partners are booked as the same based on the transaction date. Buy-ins are invoiced after month end from all partners but as a "network operator" the Group incurs the debt at transaction date.

Funds held with Payment Service Providers (PSPs) are classified as "other receivables" due to the funds being a receivable from another entity. Per quarter end these amount to SEK 2.8 million

This only affects numbers from Q1 2023 and onwards and is not reflected in the comparative numbers.

Per period end the company had SEK 15.5 million of liabilities related to player balances and ongoing tournaments. Player funds accounted for SEK 9.0 million and networked buy-ins SEK 6.5 million. All debts related to buy-ins included per quarter end will be settled as follows:

Coming quarter, SEK 5.9 million

After the coming quarter, SEK 0.6 million

The B2B and B2C entities should always retain sufficient liquidity to be able to pay their client funds (networked buy-ins and player funds) at all times. The rest of the funds are distributed based on need.

This balance also includes guarantee losses amounting to SEK 0.3 million, booked as expenses before quarter end. See expenses above related to guarantee costs related to this.

Current buy-ins will be settled in the following periods and be distributed to partners who participated on the network.

Result

Operating profit for the quarter was SEK -9.4 million (-23.6). Net result was SEK 7.0 million (-21.7) during the quarter. The positive net result was driven by the changes of intercompany loans that are issued in other currencies than SEK and have had significant gain. As such most of this comes from unrealized gains for long term loans which are not expected to be realized in the coming 12 months.

Liquidity, financing and financial position

Cash flows from operating activities amounted to SEK -5.2 million (-35.4) during the quarter. Cash flows from investing activities amounted to SEK 0 million (0) for the quarter. Cash flows for the quarter was SEK -5.2 million (-35.4). Cash and cash equivalents amounted to SEK 69.8 million (15) at the end of the year.

Key Ratios

	Jan-Mar 2023	Jan-Mar 2022**	Full year 2022
Revenue	6.5	6.7	25.6
Growth, %	-3	-20	-20
EBITDA	-9.9	-23.6	-72.5
EBITDA-margin, %	Neg	Neg	Neg
Operating profit	-9.9	-27.4	-64.5
Number of shares at the end of the period	225,200,470	22,520,047	225,200,470
Average number of shares	225,200,470	22,520,047	112,600,235
Employees at end of period *	66	131	64
Earnings per share (SEK)	0.03	-1.22	-0.01
Shareholders' equity per share (SEK)	0.56	0.01	0.30

* Includes contract staff in Ukraine.

** Restated to adjust for change in principle

Other

Parent company

Revenue for the quarter amounted to SEK 0 million (0.3) and operating profit amounted to SEK -1.4 million (-2.1). The result for the quarter amounted to SEK -0.8 million (-2.1). The parent company's cash and cash equivalents amounted to SEK 55.1 million (62.7) at the end of the quarter and equity amounted to SEK 184.2 million (219).

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. The war in Ukraine has effected Scout Gaming in very negative way with decreased revenues, this risk was impossible to estimate in the beginning of the quarter.

For further information about Scout Gaming's risks and risk management, refer to the Annual Report 2022, 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 change in principle concerning capitalization of development cost the Group has used K3, 18:7. Amounts are expressed in SEK unless otherwise stated.

Related party transactions

During the quarter the Chairman of Board has received SEK 0.3 millions for work relating to the commercial restructuring which the Group has made during the year.

Owners per December 31st of March 2023

Shareholders	No. Shares	Ownership
Topline Capital Partners LP	38,607,927	17.1%
Scobie Ward	34,253,953	15.2%
Novobis AB	20,721,580	9.2%
Knutsson Holdings AB	19,939,600	8.9%
Nordnet Pensionsförsäkring AB	11,222,442	5.0%
Atle Sundal Holding AS	9,413,843	4.2%
SIA Optibet (Entain Group)	8,333,330	3.7%
JP Morgan Chase Bank NV	7,693,200	3.4%
Andreas Sundal Holding AS	6,500,083	2.9%
Clearstream Banking S.A.	4,215,663	1.9%
Top 10 shareholders	152,282,646	68.5%
Other shareholders	70,987,268	31.5%
Total number of shares	225,200,470	

Calendar

Scout Gaming will publish reports according to the following schedule:

- Annual General Meeting: May 30, 2023
- Interim report Q2 2023: August 18, 2023
- Interim report Q3 2023: November 17, 2023
- Year-end report 2023: February 28, 2024

Condensed consolidated income statement

Scout Gaming Group AB (publ)

559119-1316

Group income statement (kSEK)	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Revenue	6,518	6,704	25,574
Other revenues	-	-	71
Total Revenues	6,518	6,704	25,646
Personnel expenses	-9,617	-14,729	-46,396
Other external expenses	-6,790	-15,489	-51,444
Depreciation, amortization and impairment of PPE	-50	-65	-260
Total operating expenses	-16,457	-30,283	-98,100
Operating profit/loss	-9,939	-23,579	-72,454
Financial items	16,960	1,891	8,009
Profit before tax	7,021	-21,688	-64,445
Tax	-	-	-
Profit/loss for the period	7,021	-21,688	-64,445

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Assets			
Intangible assets	-	36	-
Property, plant and equipment	394	683	470
Financial assets	-	122	7
Total non-current assets	394	841	477
Accounts receivable	2,022	2,971	2,459
Other receivables	4,323	8,554	1,357
Prepaid expenses and accrued income	1,771	2,300	7,262
Cash and cash equivalents	69,830	15,005	74,959
Total current assets	77,946	28,830	86,037
TOTAL ASSETS	78,340	29,671	86,514
Equity and liabilities			
Share capital	11,853	1,185	11,853
Other capital contributed	423,424	334,776	423,424
Reserves	-29,137	1,429	-11,545
Retained earnings including profit for the period	-354,515	-318,770	-361,536
Total equity	51,625	18,620	62,196
Deferred tax liability	7	9	9
Total long-term liabilities	7	9	9
Accounts payable	3,123	2,056	3,327
Client assets	15,483	558	2,903
Other current liabilities	2,370	5,126	11,959
Accrued expenses and prepaid income	5,732	3,311	6,120
Total short-term liabilities	26,708	11,051	24,309
TOTAL EQUITY AND LIABILITIES	78,340	29,671	86,514

Consolidated changes in equity

	Share capital	Capital contributed	Reserves	Retained earnings	Total equity
2022-01-01	1,185	334,776	2,218	-297,082	-41,008
Conversion difference			-699		-699
Profit/loss for the quarter				-21,688	-21,688
2022-03-31	1,185	334,776	1,429	-318,770	-18,620
2023-01-01	11,853	423,424	-11,545	-361,536	41,008
Conversion difference			-17,592		-17,592
Profit/loss for the quarter				7,021	7,021
2022-03-31	11,853	423,424	-29,137	-354,515	62,196

Consolidated statement of cash flows

Group (kSEK)	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Profit before tax	7,020	-21,688	-64,445
<i>Adjustment for items not included in cash flows</i>			
Depreciation, amortization and impairments	50	65	260
Non cashflow affecting	-17,395	-1,869	-13,856
Tax paid	0	0	0
Cash flows from operating activities before change in working capital	-10,325	-23,492	-78,041
Changes in working capital	5,135	-11,856	-49
Cash flows from operating activities	-5,190	-35,348	-78,090
Acquisition of tangible assets	-	-	-79
Change in non-current receivables	-	-	-43
Cash flow from investing activities	-	-	-122
Rights issue, after transaction costs	-	-	88,092
Loan	-	-	40,000
Repayment of Bridge financing	-	-	-30,413
Cash flow from financing activities	-	-	97,679
Cash flow for the period	-5,190	-36,404	27,112
Cash and cash equivalents at start of period	74,959	49,413	49,413
Exchange rate differences	61	940	-1,566
Cash and cash equivalents at end of period	69,830	15,005	74,959

Condensed Parent Company income statement

Parent Company income statement (kSEK)	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Total revenue	-	257	2,146
Personnel expenses	-694	-2,154	-4,248
Other external expenses	-748	-492	-5,342
Depreciation, amortization and impairment of PPE	-	-3	-19
Other expenses	-	-	-9
Total expenses	-1,442	-2,389	-9,610
Operating profit/loss	-1,442	-2,133	-7,464
Financial items*	608	-	-178,768
Profit before tax	-835	-2,133	-186,232
Profit before tax	-835	-2,133	-186,232

Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2023-03-31	2022-03-31	2022-12-31
Assets			
Property, plant and equipment	-	17	-
Receivable from group companies		14,162	
Financial assets	75,000	253,037	75,000
Total non-current assets	75,000	267,216	75,000
Group internal receivables	55,939	-	48,559
Other receivables	528	288	1,063
Prepaid expenses and accrued income	657	311	350
Cash and cash equivalents	55,096	3,975	62,701
Total current assets	110,221	4,286	112,673
TOTAL ASSETS	185,221	271,502	187,673
Equity and liabilities			
Share capital	11,853	1,185	1,185
Other contributed capital	379,468	290,819	379,468
Retained earnings excluding profit for the period	-207,142	-22,756	-186,232
Total equity	184,178	218,968	185,013
Accounts payable	222	-	554
Group internal payables	-	-	1,238
Other current liabilities	70	558	316
Accrued expenses and prepaid incomes	750	1,696	553
Total current liabilities	1,042	2,254	2,661
TOTAL EQUITY AND LIABILITIES	185,221	271,502	187,673

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, May 25th, 2023

Niklas Braathen, Chairman

Fredrik Rūden, Member

Jonathan Petteimerides, Member

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Scout Gaming Group AB (publ)

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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.

Definitions

Revenue – Total 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