

| Q4

Year-end Report
October-December 2019
Scout Gaming Group AB



SCOUT
gaming group

ALL FIGURES IN THIS REPORT IS 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.

Fourth Quarter: October - December 2019

- Revenues increased to mSEK 10.0 (4.6), corresponding to a growth of 117% compared to same quarter last year
- EBITDA improved to mSEK -8.1 (-15.8)
- Net result improved to mSEK -13.3 (-17.8)
- Earnings per share amounted to SEK -0.9 (-1.4)
- Operator trading index (which illustrates the underlying client activity) increased to 1035 (625), a growth of 66%.
- Scout Gaming Group successfully launched with the operator brand Betway, initially for the African market under Betway's African licensee partner. Betway was founded in 2006 and is among the leading global operators. The brand is currently operating under local licences in a number of jurisdictions.
- Scout Gaming Group appointed Terje Bolstad to Group COO. Terje has an overall organizational responsibility for the Group as it now moves into an intense growth phase

Full year: January - December 2019

- Revenues increased to mSEK 25.7 (14.6)
- EBITDA was mSEK -42.8 (-37.0)
- Net result was mSEK -52.2 (-45.8)
- Earnings per share amounted to -3,8 kr (-3,6)

Events after the period ended

- Scout Gaming entered into an omni-channel agreement with Allbet to deliver the company's Daily Fantasy Sports platform. Allbet is currently operating in the locally licensed Namibian market both online and land-based.
- Scout Gaming conducted directed share issues corresponding to approximately mSEK 36 towards institutional and industrial investors. Subscribers were Topline Capital Management, Tekkorp LLC, Enlabs AB (publ), Knutsson Holdings AB, and Novobis AB among others.
- Scout Gaming will supply Norsk Tipping with its fully fantasy sports offering after winning a tender and signing a contract with the Norwegian state-governed entity.
- Scout Gaming has entered into an agreement with Bet Entertainment Technologies to deliver the company's Daily Fantasy Sports platform. The agreement gives Bet Entertainment Technologies full access to Scout Gaming's DFS platform enabling them to offer a complete Daily Fantasy Sports

solution to all its customers in the international market. Bet Entertainment has growing operations in South America and is active in Portugal with bet.pt, considered to be the largest sports operator in the locally licensed Portuguese market.

- Scout Gaming Group has signed a distribution agreement with NetEnt, which will give NetEnt's customers access to Scout Gaming's entire product offering. Scout Gaming is currently being integrated on NetEnt's platform and will be available to NetEnt's customers shortly.

For additional information, please contact:
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Previous investments start to pay off

I'm happy to once again report a quarter undergoing solid growth, revenues increased by 117% to mSEK 10.0. We are experiencing an accelerating global demand for Scout Gaming's products, which has resulted in an increased client activity both in terms of number of clients and number of products launched on each client.

Scout Gaming Operator Trading Index which illustrates the underlying client activity amounted to 1035, which is more than a tenfold increase since initiation and compared to the corresponding quarter previous year an increase amounting to 66%. The current growth is a result of previous signed agreements and proves that we are starting to experience results from previous investments in product and organization.

EBITDA improved from mSEK -15.8 to mSEK -8.1. Cash flows from operating activities improved from mSEK -11.2 to mSEK -2.6 during the current fourth quarter. We have a situation where we both have positive operational cash flow and EBITDA result within reach but also facing great growth possibilities.

We are entering into more agreements with market leaders on each market. For example, after the quarter ended, we entered into an agreement with Norsk Tipping, who are among a high prioritized client segment. Norway already has a large portion of Fantasy players and the agreement is expected to have a significant impact on Scout Gaming's revenues.

We also entered into an agreement with Bet Entertainment, which is operating the largest sports-oriented operator on the regulated Portuguese market and with growing operations in South America. In connection to this deal, Scout Gaming platform will be integrated to the SBTech platform, who is currently undergoing a merger with DraftKings.

Scout's product offering is expanding continuously according to our product roadmap. We aim to beta launch live, a bet builder and cashout functionality for our player odds-related markets during the year. We are constantly growing the prize money in our pool games and this spring we will offer the largest prize money on European fantasy football ever. Ahead of the final rounds of the Premier League, Scout's network will offer the opportunity to compete for € 500,000. Furthermore, during the year we have plans for several major tournaments in various sports with prize sums in the million-euro class.

After the end of the quarter, we signed a distribution agreement with NetEnt's new aggregator - NetEnt Connect, which will ease the launch phase for us – as a previous problem has been the long lead times from agreed agreement to launch. Through their integration, NetEnt's customers will be able to access Scout's products without having to implement further integrations. Our assessment is that it is strategically important for us at the moment. There has been a certain demand from both existing and potential new customers.

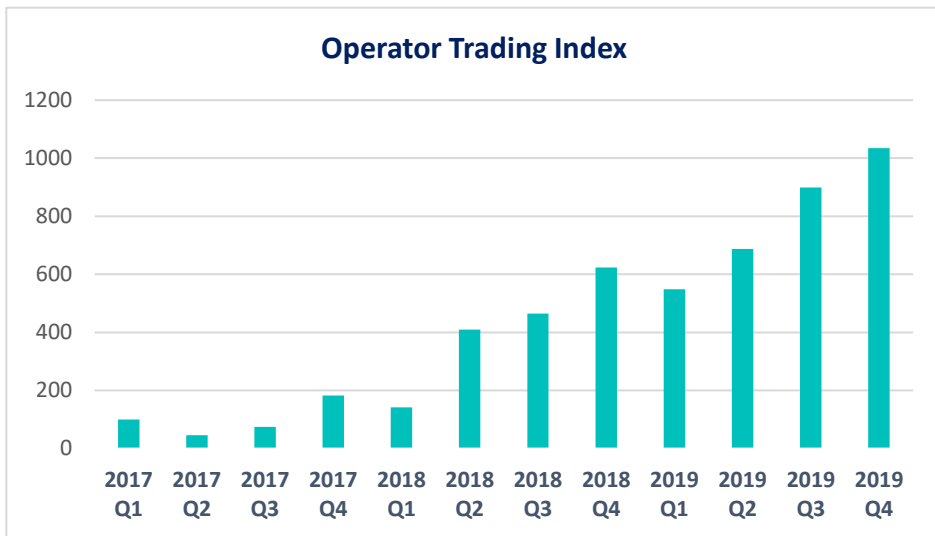
After the end of the quarter, we conducted a directed share issues towards American and industrial investors. The issue attracted strong interest from our prioritized investors and was subsequently oversubscribed. The added funds



and our current cash position will enable us to continue deliver strong growth in the coming years. 2020 will be important for Scout and we had a good start so far.

Andreas Ternstrom
CEO

Scout Gaming Operator Trading Index



The Operator Trading Index, increased to 1035 (624), during the fourth quarter 2019. The increase corresponds to a growth of 66% compared to the same quarter last year. The increase is explained by a mix of new clients, increased activity from current clients and revenues generated from new markets and products.

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"), as well as their sportsbook margin which may vary between different markets and product categories.

Financial performance

Revenues

Revenues amounted to SEKm 10.0 (4.6) during the fourth quarter and mainly relates to gaming related services 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. Revenues for the full year were SEKm 25.7 (14.6).

Costs

Total costs amounted to SEKm -20.9 (-22.2) and mainly consist of personnel, marketing and sales related expenses. The costs are mainly fixed and therefore not expected to increase in any larger extent going forward. Total costs for the full year were SEKm -78.5 (-59.7).

Result

Operating profit was SEKm -10.9 (-17.6) during the fourth quarter and SEKm -52.8 (-45.2) for the full year. Net result was SEKm -13.3 (-17.8) during the fourth quarter and SEKm -52.2 (-45.8) for the full year. New clients have launched Scout Gaming's products, hence the result has improved during the quarter.

Liquidity, financing and financial position

Cash flows from operating activities amounted to SEKm -2.6 (-11.2) during the quarter and to SEKm -44,3 (-41,2) for the full year. Cash flows from investing activities amounted to SEKm -2.9 million (-0.9) for the fourth quarter and to SEKm -8.2 million (-4.7) for the full year. Cash flows from financing activities amounted to SEKm -0.1 million (42.2) for the quarter and to SEKm 26.8 (43.1) for the full year. Cash flows for the period was SEKm -5.6 million (30.1) for the quarter and SEKm -25.7 million (-2.8) for the full year. Cash flows from operating activities before changes in working capital have improved to mSEK -7.7 (-15.8) during the quarter, during the year it was mSEK -42.7 (-37.5). Cash and cash equivalents amounted to SEKm 21.5 (46.6) million at the end of the quarter. Scout conducted directed right issues amounting to approximately SEKm 36 after the quarter ended.

Capitalised development costs

During the quarter development expenditure of SEKm 3.0 (0.6) was capitalised. Capitalised development costs for the full year were SEKm 8.1 (3.9). Capitalised development costs are included as part of the revenue. These capitalised development costs are amortised over four years, starting when the costs incurred.

Key Ratios

Key ratios, Group (SEKm)	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Revenue	10.0	4.6	25.7	14.6
Revenue growth, %	117	303	76	152
EBITDA	-8.1	-15.8	-.42.8	-37.0
EBITDA-margin, %	Neg	Neg	Neg	Neg
Operating profit	-10.9	-17.6	-.52.8	-45.2
Number of shares at the end of the period	14,533,455	13,283,455	14,533,455	13,283,455
Average number of shares *	14 533 455	12,833,455	13,908,455	12,833,455
Employees at end of period **	83	81	83	81
Earnings per share (SEK)	-0.9	-1.4	-3.8	-3.6
Shareholders' equity per share (SEK)	2.0	4.1	2.0	4.1
Operator Trading Index	1035	625	N/A	N/A

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

Other

Parent company

Operating income for the fourth quarter of 2019 amounted to SEKm 1.3 (1.3). Operating profit amounted to SEKm -0.6 (-7.2). Profit for the period amounted to SEKm 0.7 (-5.8). The parent company's cash and cash equivalents amounted to SEKm 6.4 (18.2) at the end of the period and equity amounted to SEKm 111.0 (87.8).

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 2018, 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). Amounts are expressed in SEKm (millions of SEK) unless otherwise stated.

Related party transactions

No material related party transactions were conducted during the quarter.

Dividend

The Board of Directors proposes that no dividend will be paid for the financial year 2019.

Owners per 31 December 2019

Shareholders	No. Shares	Amount
Atle Sundal Holding AS	1,578,705	10.9%
Nordnet Pensionsförsäkring	1,390,414	9.6%
Swedbank Robur Fonder	1,295,440	8.9%
Novobis AB	1,244,082	8.6%
Knutsson Holdings	1,189,327	8.2%
Avanza Pension	1,045,282	7.2%
Andreas Sundal Holding AS	803,464	5.5%
Bjorn Fjellby Holding AS	726,131	5.0%
Tekcorp LLC	465,629	3.5%
Proboxit Investment AB	458,962	3.5%
Total top 10	10,197,436	70.2%
Other shareholders	4,336,019	29.8%
Number of shares	14,533,455	

Calendar

Scout Gaming will publish reports according to the following schedule:

Report Q1: May 20

Report Q2: August 21

Report Q3: November 26

Year-end report 2020: February 26, 2021

The annual report is intended to be published 13th of April and the Annual General Meeting of the Scout Gaming Group is planned to be held on May 25. The annual report will be available on Scout Gaming's website.

Condensed consolidated income statement

Scout Gaming Group AB (publ)

559119-1316

Group income statement (kSEK)	Oct-Dec 2019	Oct-Dec 2018	Jan- Dec 2019	Jan-Dec 2018
Revenue	9,983	4,598	25,691	14,579
Personnel expenses	-9,407	-11,774	-39,790	-31,541
Other external expenses	-8,723	-8,576	-28 655	-19,975
Depreciation, amortization and impairment of PPE	-2,751	-1,858	-10,058	-8,219
Total operating expenses	-20,880	-22,208	-78,503	-59,735
Operating profit	-10,897	-17,610	-52,812	-45,156
Financial items	-2,369	-183	580	-775
Profit before tax	-13,266	-17,792	-52,232	-45,931
Tax	13	-22	66	89
Profit for the period	-13,254	-17,770	-52,166	-45,842

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2019- 12-31	2018- 12-31
Assets		
Intangible assets	8,425	9,926
Property, plant and equipment	909	1,229
Financial assets	7	22
Total non-current assets	9,342	11,177
Accounts receivable	1,525	1,387
Other receivables	8,863	3,999
Prepaid expenses and accrued income	2,622	1,666
Cash and cash equivalents	21,473	46,554
Total current assets	34,483	53,606
TOTAL ASSETS	43,825	64,783

Equity and liabilities

Share capital	765	699
Other capital contributed	172,958	146,214
Reserves	-1,281	375
Retained earnings including profit for the period	-142,749	-92,571
Total equity	29,694	54,718
Deferred tax liability	162	484
Total long-term liabilities	162	484
Short-term debt to creditors	0	45
Accounts payable	1,788	3,156
Current tax liabilities	444	200
Other current liabilities	9,056	2,262
Accrued expenses and prepaid income	2,682	3,918
Total short-term liabilities	13,969	9,580
TOTAL EQUITY AND LIABILITIES	43,825	64,783

Consolidated changes in equity

(kSEK)	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
2018-01-01	652	103,127	269	-46,729	57,319
Conversion difference		0	208	0	208
Profit/loss for the period				-9,085	-9,085
2018-03-31	652	103,127	478	-55,814	48,442
2018-04-01	652	103,127	478	-55,814	48,442
Conversion difference			304		304
Profit/loss for the period				-7,126	-7,126
2018-06-30	652	103,127	782	-62,940	41,620
2018-07-01	652	103,127	782	-62,940	41,620
Conversion difference			1,005		1,005
Profit/loss for the period				-11,861	-11,861
2018-09-30	652	103,127	1,787	-74,801	30,765
2018-10-01	652	103,127	1,787	-74,801	30,765
Rights issue	47	42,253			42,300
Warrants		835			835
Conversion difference			-1,411		-1,426
Profit/loss for the period				-17,770	-17,770
2018-12-31	699	146,214	376	-92,571	54,718

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

Consolidated statement of cash flows

Group (kSEK)	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating profit	-13,266	-17,792	-52,232	-45,931
<i>Adjustment for items not included in cash flows:</i>				
Depreciation, amortization and impairments	2,751	1,858	10,058	8,219
Other non-cashflow items	2 865	231	-568	231
Tax paid	0	-46	0	-1
Cash flows from operating activities before change in working capital	-7,651	-15,750	-42,741	-37,482
Changes in working capital	5,018	4,545	-1,530	-3 732
Cash flows from operating activities	-2,633	-11,205	-44,271	-41 214
Capitalized intangible assets	-2,969	-604	-8,039	-3 934
Acquisition of intangible assets	1	-261	-194	-837
Change in non-current receivables	-22	-5	14	86
Cash flows from investing activities	-2,946	-870	-8,218	-4,685
Warrants	0	-82	0	835
Rights issue, after transaction costs	-58	42,300	26,810	42,300
Cash flows from financing activities	-58	42,218	26,810	43,135
Cash flow for the period	-5,637	30,143	-25,679	-2,764
Cash and cash equivalents at start of period	27,952	17,436	46,554	49,853
Exchange rate differences	-842	-1 026	598	-536
Cash and cash equivalents at end of period	21,473	46,553	21,473	46,553

Condensed Parent Company income statement

Scout Gaming Group AB
 (publ)
 559119-1316

Parent Company income statement (kSEK)	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Revenues	1,275	1,275	5,100	5,100
Personnel expenses	-1,335	-5 040	-8,958	-9,462
Other external expenses	-569	-3 452	-3,815	-6,127
Depreciation, amortization and impairment of PPE	-8	-9	-30	0
Total expenses	-1,912	-8,501	-12,803	-15,599
Operating profit	-637	-7,226	-7,703	-10,499
Financial items	1,324	1,398	4,162	1,714
Profit before tax	687	-5,828	-3,541	-8,785
Net profit	687	-5,828	-3,541	-8,785

Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2019-12-31	2018-12-31
Assets		
Property, plant and equipment	57	140
Financial assets	105,916	73,014
Total non-current assets	105,973	73,154
Accounts receivable	131	1
Prepaid expenses and accrued income	28	319
Cash and cash equivalents	6,421	18,234
Total current assets	6,599	18,554
TOTAL ASSETS	112,572	91,708

Equity and liabilities

Share capital	765	699
Other contributed capital	129,003	102,258
Retained earnings excluding profit for the period	-18,782	-15,259
Total equity	110,985	87,698
Accounts payable	222	2,042
Tax liabilities	444	200
Other current liabilities	267	244
Accrued expenses and prepaid incomes	653	1,523
Total current liabilities	1,586	4,009
TOTAL EQUITY AND LIABILITIES	112,572	91,708

SIGNATURES AND ASSURANCE

This Year-end 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, 28 February 2020

Jorgen Ragnarsson, Member

Rolf Blom, Chairman

Atle Sundal, Member

Andreas Ternstrom, CEO

Anders Enochsson, Member

Carla Maree Vella, Member

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

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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 28 February 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 Trading Index - Scout Gaming has established an index to report the total turnover on Scout Gaming's products to the company's customers