



# | Q1

Interim Report  
January-March 2021  
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.

## First quarter: January - March 2021

- Revenues increased to mSEK 13.4 (8.7), corresponding to a growth of 54% compared to same quarter last year
- EBITDA was mSEK -15.0 (-11.7)
- Net result improved to mSEK -9.3 (-9.8)
- Earnings per share amounted to SEK -0.5 (-0.6)
- Operator trading index (which illustrates the underlying client activity) increased to 2652 (1004), a growth of 164%.
- Scout Gaming entered into an agreement with AB Trav & Galopp, ATG (the Swedish Horse Racing Totalisator Board), Sweden's largest gaming operator measured by turnover. The companies have agreed to jointly launch Scout Gaming's award-winning DFS product on ATG.se with a soft launch aimed at the second quarter 2021, followed by a wider marketing push in the third quarter, in time for the start of English Premier League.

## Events after the period ended

- Scout Gaming has entered into a software license agreement with Interwetten. Interwetten is one of the leading operators in Germany, Austria and beyond. They will gain access to Scout Gaming's platform and intends to launch Scout Gaming's Prediction game for the EURO 2020. Integration will

start immediately and be ready for Interwetten to offer its customers a feature rich EURO2020 Predictor based on Scout’s yet to be revealed enhanced and upgraded Prediction engine part of the Scout Gaming platform. The current agreement is limited to a free-to-play application of Scout Gaming’s prediction engine, meanwhile the parties review potential future co-operation involving Scout’s wider product offering.

### Trailing 12 months (SEKm)



The chart shows the overall development of the past 12 months for every given quarter.



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## CEO comment

We continue to build the European fantasy sports market at a rapid pace. This is primarily illustrated by Scout Gaming's Operator Index, which measures the underlying customer activity. The Operator index amounted to 2,652, which is an increase of approximately 164 percent compared to the corresponding quarter last year.

Revenues increased by 54 percent to SEK 13.4 million during the first quarter. In line with our strategy, growth is driven by a combination of new launches by B2B customers, increased price pools and growth in underlying activity. Despite the growth, we are only at the very beginning of the introduction of Fantasy Sports in the online gaming market in Europe.

The growth we demonstrate together with a favorable sports calendar and new integrations with ATG and Norsk Tipping, has put us in a strong position for the upcoming future. Successful launches with ATG and Norsk Tipping could transform Scout Gaming to a new level. The conditions for achieving our goals of building market-leading prize pools within Fantasy Sports have further improved. Regarding Norsk Tipping, we still wait for the Norwegian Ministry of Culture to give final approval before launch can take place.

During the quarter, we were more aggressive regarding marketing than during the corresponding quarter previous year. This should be seen as an investment in the future to position ourselves for a year along with a favorable sports calendar. There is a relatively large flexibility in how we employ our marketing related expenses, which primarily refers to our

guaranteed price pools. We intend to continue to optimize marketing to generate the highest long-term shareholder value. We currently have a very strong market position in a market that is only in its infancy, we prioritize maintaining this rather than strengthening short-term margins. Competition is so far negligible and consists primarily of DraftKings and Flutter's respective British operations.

We reached a record quarter in terms of handle in the sportsbook, a growth of almost 30% compared to the previous quarter. We are still primarily elaborating, hence we experienced lumpiness in the margin, for optimizing the combined Fantasy and Sportsbook offering. So far, we only offer pre-match odds available on Fanteam.com, but we are expecting to offer live and cashout-functionality later this year or beginning of next year.

We are confident in being able to deliver long-term high growth in the future and will leverage the fact that we ourselves are largely building the European fantasy sports market.

Andreas Ternstrom  
CEO

## Scout Gaming Operator Trading Index



The Operator Trading Index, increased to 2652 (1004), during the first quarter 2021. The increase corresponds to a growth of 162% 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 13.4 (8.7) during the first quarter and mainly relates to gaming related services that Scout Gaming provides to its clients. Revenues are 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. The increase is due to additional launched partners and higher activity within current client base compared to corresponding period previous year.

### Costs

Total costs amounted to SEKm -30.6 (-8.7) and mainly consist of marketing which are flexible. The cost increase is mainly related guaranteed prize pools which is a marketing cost under other costs. Scout Gaming is striving to optimize this in the long run and takes into consideration variables such as the number of affiliated external partners and their size as well as the general sports calendar.

### Result

Operating profit was SEKm -17.3 (-13.1). Net result was SEKm -9.3 (-9.8) during the quarter.

## **Liquidity, financing and financial position**

Cash flows from operating activities amounted to SEKm -17.7 (-13.0) during the quarter.

Cash flows from investing activities amounted to SEKm -4.0 million (-2.6) for the first quarter. Cash flows from financing activities amounted to SEKm 0 million (35.2). Cash flows for the period was SEKm -21.7 million (19.6) for the quarter. Cash and cash equivalents amounted to SEKm 54.7 (40.0) million at the end of the quarter.

## **Capitalised development costs**

During the quarter development expenditure of SEKm 3.9 (2.6) was capitalised. 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

<b>Key ratios, Group (SEKm)</b>	<b>Jan-Mar 2021</b>	<b>Jan-Mar 2020</b>	<b>Jan-Dec 2020</b>
Revenue	13.4	8.7	46.9
Revenue growth, %	54	149	86
EBITDA	-15.0	-11.7	-39.2
EBITDA-margin, %	Neg	Neg	Neg
Operating profit	-17.3	-13.1	-.45.8
Number of shares at the end of the period	20,536,654	17,501,592	20,536,654
Average number of shares *	20,536,654	16,017,524	17,535,055
Employees at end of period **	88	86	85
Earnings per share (SEK)	-0.5	-0.6	-3.1
Shareholders' equity per share (SEK)	3.7	2.7	4.4
Operator Trading Index	2,652	1004	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 first quarter of 2021 amounted to SEKm 0.3 (1.2). Operating profit amounted to SEKm -2.6 (-1.6). Profit for the period amounted to SEKm -2.6 (-0.2). The parent company's cash and cash equivalents amounted to SEKm 13.2 (14.0) at the end of the period and equity amounted to SEKm 218.7 (146.0).

### 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 2020, 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.

## Owners per 31 March

Shareholders	No. Shares	Amount
Topline Capital Partners LP	4,873,401	23.7%
Lloyd Fonds AG	2,037,000	9.9%
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	807,883	4.0%
Ålandsbanken i ägares ställe	492,312	2.5%
Norges Bank	488,000	2.4%
Nordnet Pensionsförsäkring	377,144	1.8%
Total top 10 shareholders	14,953,896	72.9%
<b>Other shareholders</b>	<b>5,582,758</b>	<b>27.1%</b>
Number of shares	20,536,654	

## **Calendar**

Scout Gaming will publish reports according to the following schedule:

Q2 report: 18 August

Q3 report: 18 November

Year-end report 2020: February 18, 2022

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)	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
<b>Revenue</b>	<b>13,368</b>	<b>8,679</b>	<b>46,897</b>
Personnel expenses	-9,780	-10,727	-34,755
Other external expenses	-18,540	-9,686	-51,345
Depreciation, amortization and impairment of PPE	-2,308	-1,410	-6,597
<b>Total operating expenses</b>	<b>-30,627</b>	<b>-21,823</b>	<b>-92,697</b>
<b>Operating profit</b>	<b>-17,259</b>	<b>-13,144</b>	<b>-45,800</b>
Financial items	7,981	3,315	-8,849
<b>Profit before tax</b>	<b>-9,278</b>	<b>-9,829</b>	<b>-54,650</b>
Tax	19	17	65
<b>Profit for the period</b>	<b>-9,259</b>	<b>-9,812</b>	<b>-54,584</b>



## Condensed consolidated balance sheet

### Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2021- 03-31	2020- 03-31	2019- 12-31
<b>Assets</b>			
Intangible assets	21,639	12,727	18,652
Property, plant and equipment	754	777	764
Financial assets	68	7	7
<b>Total non-current assets</b>	<b>22,462</b>	<b>13,511</b>	19,423
Accounts receivable	3,567	1,799	1,863
Other receivables	7,741	10,386	7,333
Prepaid expenses and accrued income	1,162	3,199	3,862
Cash and cash equivalents	54,748	40,006	73,337
<b>Total current assets</b>	<b>67,217</b>	<b>55,390</b>	<b>86,394</b>
<b>TOTAL ASSETS</b>	<b>89,679</b>	<b>68,901</b>	105,817

***Equity and liabilities***

Share capital	1,081	921	1,081
Other capital contributed	283,135	207,960	283,135
Reserves	-656	-7,791	3,079
Retained earnings including profit for the period	-206,592	-152,561	-197,333
<b>Total equity</b>	<b>76,968</b>	<b>48,529</b>	<b>89,962</b>
Deferred tax liability	52	128	68
<b>Total long-term liabilities</b>	<b>52</b>	<b>128</b>	<b>68</b>
Short-term debt to creditors	0	0	0
Accounts payable	3,379	3,040	1,855
Current tax liabilities	287	283	260
Other current liabilities	6,118	14,504	10,959
Accrued expenses and prepaid income	2,875	2,418	2,714
<b>Total short-term liabilities</b>	<b>12,659</b>	<b>20,245</b>	<b>15,787</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>89,679</b>	<b>68,901</b>	<b>105,817</b>

## Consolidated changes in equity

	Share capital	capital contributed	Reserves	Retained earnings	Total equity
<b>2020-01-01</b>	<b>765</b>	<b>172,958</b>	<b>-1,281</b>	<b>-142,749</b>	<b>29,694</b>
Rights issue	156	35,001			35,157
Conversion difference			-6,510		-6,510
Profit/loss for the period				-9,812	-9,812
<b>2020-03-31</b>	<b>921</b>	<b>207,959</b>	<b>-7,791</b>	<b>-152,561</b>	<b>48,529</b>
<b>2020-04-01</b>	<b>921</b>	<b>207,959</b>	<b>-7,791</b>	<b>-152,561</b>	<b>48,529</b>
Rights issue					
Conversion difference			5,676		5,676
Profit/loss for the period				-17,461	-17,461
<b>2020-06-30</b>	<b>921</b>	<b>207,959</b>	<b>-2,115</b>	<b>-170,022</b>	<b>36,743</b>
<b>2020-07-01</b>	<b>921</b>	<b>207,959</b>	<b>-2,115</b>	<b>-170,022</b>	<b>36,743</b>
Rights issue	160	75,292			75,452
Conversion difference			-763		-763
Profit/loss for the period				-13,412	-13,412
<b>2020-09-30</b>	<b>1,081</b>	<b>283,251</b>	<b>-2,878</b>	<b>-183,434</b>	<b>98,020</b>
<b>2020-10-01</b>	<b>1,081</b>	<b>283,251</b>	<b>-2,878</b>	<b>-183,434</b>	<b>98,020</b>
Rights issue		116			116
Conversion difference			5,957		5,957
Profit/loss for the period				-13,899	-13,899
<b>2020-12-31</b>	<b>1 081</b>	<b>283,135</b>	<b>3,078</b>	<b>-197,333</b>	<b>89,962</b>

<b>2021-01-01</b>	<b>1,081</b>	<b>283,135</b>	<b>3,078</b>	<b>-197,333</b>	<b>89,962</b>
Emissionskostnad					
Omräkningsdiff			-3,735		-3,735
Periodens resultat				-9,258	-9,258
<b>2021-03-31</b>	<b>1,081</b>	<b>283,135</b>	<b>-656</b>	<b>-206,592</b>	<b>76,968</b>

## Consolidated statement of cash flows

Group (kSEK)	Jan-mar 2021	Jan-mar 2020	Jan-Dec 2020
Operating profit	-9,279	-9,829	-54,584
<i>Adjustment for items not included in cash flows:</i>			
Depreciation, amortization and impairments	2,309	1,410	6,577
Other non-cashflow items	5,417	-4,000	2,935
Tax paid	0	0	0
<b>Cash flows from operating activities before change in working capital</b>	<b>-1,553</b>	<b>-12,419</b>	<b>-45,072</b>
Changes in working capital	-16,143	-600	4,469
<b>Cash flows from operating activities</b>	<b>-17,696</b>	<b>-13,019</b>	<b>-40,072</b>
Capitalized intangible assets	-3,943	-2,553	-15,524
Acquisition of intangible assets	-1	0	-175
Change in non-current receivables	-59	0	0
<b>Cash flows from investing activities</b>	<b>-4,003</b>	<b>-2,553</b>	<b>-15,700</b>
Rights issue, after transaction costs	0	35,157	110 493
<b>Cash flows from financing activities</b>	<b>0</b>	<b>35,157</b>	<b>110 493</b>
<b>Cash flow for the period</b>	<b>-21,699</b>	<b>19,586</b>	<b>54 191</b>
Cash and cash equivalents at start of period	73,337	21,473	21 473
Exchange rate differences	3,110	-1,054	-2,327
<b>Cash and cash equivalents at end of period</b>	<b>54,748</b>	<b>40,006</b>	<b>73,337</b>

## Condensed Parent Company income statement

Scout Gaming Group AB  
 (publ)  
 559119-1316

Parent Company income statement (kSEK)	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
<b>Revenues</b>	<b>340</b>	<b>1,169</b>	<b>1 401</b>
Personnel expenses	-1,553	-1,928	-6 264
Other external expenses	-1,412	-855	-2 783
Depreciation, amortization and impairment of PPE	0	-7	-47
<b>Total expenses</b>	<b>-2,965</b>	<b>-2,791</b>	<b>-9 094</b>
<b>Operating profit</b>	<b>-2,625</b>	<b>-1,622</b>	<b>-7 693</b>
Financial items	0	1,447	7 508
<b>Profit before tax</b>	<b>-2,626</b>	<b>-175</b>	<b>-184</b>
<b>Net profit</b>	<b>- 2,626</b>	<b>-175</b>	<b>-184</b>

## Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2021-03-31	2020-03-31	2020-12-31
<b>Assets</b>			
Property, plant and equipment	30	50	30
Receivables from group companies	205,737	133,531	207,394
Financial assets	1,115	1,115	1,115
<b>Total non-current assets</b>	<b>206,881</b>	<b>133,581</b>	<b>208,539</b>
Other receivables	1,452	131	0
Account receivables	0	20	0
Prepaid expenses and accrued income	254	179	103
Cash and cash equivalents	13,164	14,043	15,709
<b>Total current assets</b>	<b>14,869</b>	<b>14,427</b>	<b>15,812</b>
<b>TOTAL ASSETS</b>	<b>221 751</b>	<b>148,008</b>	<b>224,351</b>

***Equity and liabilities***

Share capital	1,081	921	1,081
Other contributed capital	239,180	164,004	239,180
Retained earnings excluding profit for the period	-21,592	-18,957	-18,966
<b>Total equity</b>	<b>218,669</b>	<b>145,968</b>	<b>221,294</b>
Accounts payable	937	964	200
Tax liabilities	287	283	260
Other current liabilities	857	65	1,644
Accrued expenses and prepaid incomes	1,001	729	954
<b>Total current liabilities</b>	<b>3,082</b>	<b>2,041</b>	<b>3,057</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>221,751</b>	<b>148,008</b>	<b>224,351</b>



## **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 May 2021

Jorgen Ragnarsson, Member

Hans Isoz, Member

Atle Sundal, Member

Andreas Ternstrom, CEO

Anders Enochsson, Chairman

Carla Maree Vella, Member



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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. Contact details: [Certifiedadviser@redeye.se](mailto: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