



| Q4

Year-end report
October-December 2018
Scout Gaming Group AB

All figures in 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 2018

- Net sales increased to SEK 1.7 M (0.8)
- EBITDA amounted to SEK -15.8 M (-12.2)
- Net result amounted to SEK -17.8 M (-11.4)
- Earnings per share were -1.4 kr (-1.2)
- Operator trading index (which illustrates the underlying client activity) increased to 625 (183), a growth of 242%
- Partner agreements were entered into with Metric Gaming and Milestone Entertainment, which are primarily focused on the American market. In addition, a distribution agreement was conducted with WeAreCasino, primarily aimed at the Asian market
- A directed share issue was carried out during the quarter. The offering was subscribed by Swedbank Robur AB, Novobis AB, Knutsson Holding AB, Isoquant Holding AB, Naxs AB and Lars Wingefors AB, among others.
- Scout Gaming won "Best DFS Product" at the SBC Awards 2018.
- Signed licensing agreement with the tier 1 operator Dafabet for the delivery of Scout Gaming's Fantasy Sports and pool betting platform. Licensing agreements were also signed with Knockout Gaming and Fortuna Connections, which hold the Time Scores and Veerbet brands.

Full year: January - December 2018

- Net sales increased to SEK 7.1 M (3.1)
- EBITDA amounted to SEK -37.0 M (-22.4)
- Net result amounted to SEK -45.8 M (-23.2)
- Earnings per share were -3.6 kr (-3.2)

Events after the period

- Scout Gaming entered into a licensing agreement with Logrand Entertainment Group for the Mexican market. The agreement gives Logrand access to Scout Gaming's gaming platform. A licensing agreement with Jogajà towards the Brazilian market was signed after the end of the year where Jogajà will operate as a white label of Scout Gaming. An agreement with Scoring 11 for the Indian market was also signed.

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2018 lays the foundation for future growth

Scout operator trading index (consisting of total income from Scout Gaming's customers) for the fourth quarter amounted to 625, which is an increase of 242% compared with the corresponding quarter last year. Compared with the previous quarter, the increase is approximately 34%. Net sales for the full year increased from SEK 3.1 m to 7.1. Gambling within fantasy sports is still a premature market outside the US. However, we see a significant increase in demand from both operators and end users, which is very satisfactory.

Growth will be driven by additional launches, but also increasing activity on operators who've already launched our products. We continuously add new sports and leagues as demand increases. But, the most important is that we, through the agreements we signed in 2018, have laid the foundation for strong growth going forward, with this mentioned, we expect a solid increase in revenues during the second half of 2019.

We have previously experienced delays in launches. However, after the year end, there has been a sharp shift in how quickly customers launch with Scout Gaming's products. At the end of February we launched both Logrand Entertainment and Dafabet, where the respective agreements were signed in connection to the year end. During the end of the first quarter, GML Interactive is expected to launch on the Stoiximan brand. Furthermore, Betsson is expected to launch during the spring. In addition, the brands Veerbet and Time Scores, Knockout Gaming, WeAreCasino, Jogajà, Scoring 11 and Luckia are being integrated and are expected to launch during the first half of 2019

Scout Gaming has established itself as the leading B2B supplier within Fantasy Sports during the year. Practically, this is demonstrated by the fact that Scout Gaming in 2018 has conducted the most licensing agreements and is currently operating the largest amount of deployed customers in a network. In 2018 we also won the prize for the best fantasy sports product from both SBC and EGR.

The strategy has been and remains simple. We will enter into agreements with as many relevant customers as possible and deploy them in order to generate larger prize pools to increase the general interest in Fantasy Sports. As a result of increased number of deployed operators, our distribution network increases. During the year we intend to launch a number of new, related products and thereby improve the earnings potential.

We see increased demand from operators and expect to sign additional licensing agreements during 2019. The same applies to distribution and partner agreements with established and leading operators. We are currently talking to number of operators on a global basis, including several Tier 1 operators, included renowned WLA operators.

Due to the demand from new markets and identified growth opportunities, a directed new share issue was carried out in the fourth quarter. Subscribed by several existing owners, including Swedbank Robur Fonder AB, Knutsson Holdings AB, Novobis AB and Lars Wingefors AB - we are pleased that they continue to show their confidence in us.

During the quarter product development has intensified further, which has resulted in increased costs. We work continuously to develop new products and increase investment in our own "Stat-center", which in various ways

complements the existing product range. We aim to launch some of these during the year. Some of them, however, are subject to licences and the work to acquire these is underway.

According to above stated, we have cancelled the preparatory work which was intended to enable a distribution of the operator business, FanTeam, to Scout Gaming's shareholders. Scout Gaming's Board has decided that Fanteam will currently remain important for the product development of the B2B business.

The regulatory winds in the industry during the recent months have not affected us to any great extent. Industry stakeholders seem to agree that the games we offer have more in common with social skill games such as TV and computer games than with traditional games associated with gambling. It is a commercial advantage to be able to demonstrate significantly lower problem gambling. As an example, the US state of Pennsylvania, taxing casino revenues of 54% gross, traditional sports betting with 36% but Fantasy Sports only 15%.

I'm confidently looking forward to 2019 and I'm convinced that the ten planned customer launches until the summer, in combination with planned product launches, will boost Scout Gaming.

Andreas Ternström
CEO

Agreements and clients

During the quarter the agreement with the Norwegian NRK was extended to include winter sports for the current season. The agreement also included an option for an additional extension.

Partnership agreements were signed with both Metric Gaming and Milestone Entertainment, both targeted towards the US market.

In addition, we entered into a partnership agreement with WeAreCasino, which aims to resell Scout Gaming's product in a number of markets.

Licensing agreements were signed with Veerbet and Time Scores, brands owned by Curacao Fortuna Connections.

Furthermore, licensing agreement was entered into with Knockout Gaming which will launch Scout's products on their respective white label sites.

In addition, an agreement was signed with Tier 1 operator Dafabet during the quarter. The company is one of the leading players in the Asian market.

After the quarter ended, Scout Gaming entered into a licensing agreement with Logrand Entertainment Group for the Mexican market. The agreement gives Logrand access to Scout Gaming's gaming platform. Agreement with Scoring 11 for the Indian market was also signed.



Scout Gaming Operator trading index

Operator's index for the fourth quarter amounted to 625 (183), which is an increase of 242% compared with the previous quarter. The increase compared to the second quarter is primarily due to increased activity among existing customers and new launches.

First quarter of 2017 is anticipated to be the index base. Index development is affected by the number of launched clients, changes in their activity and general market growth, the latter being dependent on, for example, the major leagues and championships. The index is also affected by Scout Gaming's

clients' share of their end customer's activity, so-called "rake". This may vary between different markets and product categories.

Financial performance for the fourth quarter

Turnover

Net sales were SEK 1.7 m (0.8) during the fourth quarter. Net sales consist of a mix of paid fixed fees and variable fees attributable to Scout Gaming's customers' end-users share. A portion of revenue also consists of gaming revenue from end customers on Scout Gaming's own B2C operator, Fanteam. Capitalized development costs amounted to SEK 0.6 M (0.3).

Costs

Total costs amounted to SEK -22.2 m (-13.3). They consist largely of personnel, marketing and sales costs. Costs have increased as a result of recruitment and increased marketing activities compared with the previous period. Costs are to a large extent of a fixed nature. Approximately SEK 1.2 m is related to the directed rights issue.

Results

Operating profit amounted to SEK -17.6 m (-12.8). Profit for the period amounted to SEK -17.8 m (-11.4). Earnings per share were SEK -1.4 (-1.2).

Liquidity, financing and financial position

Cash flow from operating activities amounted to SEK -11.2 m (-5.6) during the quarter. Cash flow from investing activities amounted to SEK -0.9 m (-3.9). Cash flow from financing activities amounted to SEK 42.2 m (57.1). Cash flow for the period amounted to SEK -30.1 m (47.5).

Cash and cash equivalents amounted to SEK 46.6 m at the end of the quarter (49.9).

Full year summarized

For the full year September 2018, net sales amounted to SEK 7.1 m (3.1). Net sales consist of a mix of paid fixed fees from B2B customers as well as variable income attributable to Scout Gaming's customer's activity. A portion of revenue also consists of gaming revenue from end customers on Scout Gaming's own B2C operator Fanteam. For the full year 2018, profit amounted to SEK -45.8 million (-23.2). Operating profit amounted to SEK -45.2 m (-25.4). Cash flow from operating activities amounted to SEK -41.2 m (-24.5) during the period.

Key figures

(SEK m)	Oct-Dec 2018	Okt-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	1.7	0.8	7.1	3.1
Net sales growth, %	113	N/A	129	81
EBITDA	-15.8	-12.2	-37.0	-22.4
EBITDA-margin, %	Neg	Neg	Neg	Neg
Operating profit	-17.6	-12.8	45.2	-25.4
Number of shares at the end of the period	12 383 455	12 383 455	13 283 455	12 383 455
Average number of shares *	12 383 455	9 650 602	12 833 455	7 151 189
Employees at end of period **	81	57	81	57
Earnings per share (SEK)	-1.4	-1.2	-3.6	-3.2
Shareholders' equity per share (SEK)	4.1	4.3	4.1	4.3
Number of operators at the end of the period, launched (x)	12 (7)	7 (3)	14 (7)	7 (3)
Operator trading index	625	183	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

The parent company is a holding company and the existing group structure was established in the third quarter of 2017, so complete comparative figures are missing for the full year. Operating income for the fourth quarter of 2018 amounted to SEK 1.3 m (1.3). Operating profit amounted to SEK -7.2 million (-6.5). Profit for the period amounted to SEK -5.8 m (-6.5). The parent company's cash and cash equivalents amounted to SEK 18.2 million (42.8) at the end of the period and equity amounted to SEK 87.7 million (53.3).

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 2017, which is found on the company's website.

Accounting principles

The year-end 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 SEK million (millions of SEK) unless otherwise stated. Scout Gaming Group AB was formed on July 12, 2017 and deposited all outstanding shares in Scout AS on August 30, 2017. A share split 19: 1 was also implemented in connection with the share issue. Numbers before the share issue was completed relates to the Scout AS Group.

Closely-related party transactions

Chairman of the Board, Rolf Blom has invoiced 75,000 SEK for consultation during the quarter through a company related to him.

Dividend

The Board of Directors proposes that no dividend will be paid for the financial year 2018.

Owners per 31 December 2018

Shareholders	No. Shares	Amount
Atle Sundal Holding AS	1 578 705	11,9%
Nordnet Pensionsförsäkring	1 253 432	9,4%
Swedbank Robur Fonder	1 180 000	8,9%
Novobis AB	1 000 000	7,5%
Knutsson Holdings AB	968 490	7,3%
Andreas Sundal Holding AS	803 464	6,1%
Daniel Rammeskov	766 806	5,7%
Bjorn Fjellby Holding AS	729 731	5,5%
Marcus Mheir Martayan	604 846	4,4%
Avanza Pension	477 670	3,6%
Totalt tio största ägarna	9 363 144	70,3%
Other owners	3 920 311	29,7%
Total no. shares	13 283 455	

Calendar

Scout Gaming will publish reports according to the following schedule:

Report Q1: May 31

Report Q2: August 30

Report Q3: November 29

Year-end report: February 28, 2020

The annual report is intended to be published week 15 and the Annual General Meeting of the Scout Gaming Group is planned to be held on May 23. The annual report will be available on Scout Gaming's website.

Consolidated income statement

Scout Gaming Group AB (publ) 559119-1316

Income statement (kSEK)	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	1,681	823	7,063	3,098
Work performed by the Company for its own use and capitalized	567	262	3,886	2,619
Other operating income	2,350	55	3,631	55
Total operating income	4,598	1,141	14,579	5,772
Personnel expenses	-11,774	-3,438	-31,541	-9,358
Other external expenses	-8,576	-9,873	-19,734	-18,800
Depreciation, amortization and impairment of PPE	-1,858	-663	-8,219	-3,063
Total operating expenses	-22,208	-13,973	-59,735	-31,220
Operating profit/loss	-17,610	-12,832	-45,156	-25,448
Financial items	-183	1,710	-775	2,433
Profit before tax	-17,792	-11,122	-45,931	-23,015
Tax	-22	-240	89	-175
Profit/loss for the period	-17,770	-11,362	-45,842	-23,190

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2018- 12-31	2017- 12-31
Assets		
Intangible assets	9,926	13,447
Property, plant and equipment	1,229	574
Financial assets	22	102
Total non-current assets	11,177	14,123
Accounts receivable	1,387	110
Other receivables	3,999	5,019
Prepaid expenses and accrued income	1,666	439
Cash and cash equivalents	46,554	49,853
Total current assets	53,606	55,421
TOTAL ASSETS	64,783	69,543

Equity and liabilities

Share capital	699	652
Other capital contributed	146,214	103,127
Reserves	375	269
Retained earnings including profit for the period	-92,571	-46,729
Total equity	54,718	57,319
Deferred tax liability	484	574
Total long-term liabilities	484	674
Short term debt to creditors	45	0
Accounts payable	3,156	4,040
Current tax liabilities	200	37
Other current liabilities	2,262	3,304
Accrued expenses and prepaid income	3,918	4,270
Total short-term liabilities	9,580	11,651
TOTAL EQUITY AND LIABILITIES	65,783	69,644

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
Warrants		0			0
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	47.368	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

	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
2017-01-01	288	27,830	99	-23,539	4,678
Rights issue	60	6,193			6,253
Conversion difference	0	0	-196	344	148
Profit/loss for the period				-3,799	-3,799
2017-03-31	348	34,023	-97	-26,993	7,281
2017-04-01	348	34,023	-97	-26,993	7,281
Rights issue	10	13,304			13,314
Conversion difference			-762	-32	-793
Profit/loss for the period				-1,512	-1,513
2017-06-30	358	47,327	-859	-28,537	18,289
2017-07-01	358	47,327	-859	-28,537	18,289
Rights issue	10				10
Conversion difference	0		417	-313	104
Profit/loss for the period				-6 417	-6 517
2017-09-30	368	47,327	-442	-35,367	11,886
2017-10-01	368	47,327	-442	-35,367	11,886
Rights issue	284	57,110			57 394
Omräkningsdifferens			712	0	712
Conversion difference		-1,310			-1,310
Profit/loss for the period				-11 362	-11,362
2017-12-31	652	103,127	270	-46,729	57,319

Consolidated statement of cash flows

Group (kSEK)	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Operating profit	-17,531	- 11,122	-45,670	-23,015
<i>Adjustment for items not included in cash flows:</i>				
Depreciation, amortization and impairments	1,858	663	8,219	3,063
Net result	231	0	231	358
Tax paid	-46	-118	-1	-18
Cash flows from operating activities before changes in working capital	-15,750	-10,577	-37,482	-19,612
Changes in working capital	4,545	4,938	-3,732	-4,931
Cash flows from operating activities	-11,205	-5,639	-41,214	-24,543
Capitalized intangible assets	-604	-3,712	-3,934	-2,619
Acquisition of intangible assets	-261	-240	-837	-305
Change in non-current receivables	-5	21	86	-8
Cash flows from investing activities	-870	- 3,931	-4,685	-2,932
Warrants	-82	0	835	0
Repayment of loans	0	0	0	0
Rights issue, after transaction costs	42,300	57,108	42,300	75,831
Cash flows from financing activities	42,218	57,108	43,135	75,831
Cash flow for the period	30,143	47,537	-2,764	48,357
Cash and cash equivalents at start of period	17,436	2,267	49,853	1,330
Exchange rate differences	-1,026	49	-536	167
Cash and cash equivalents at end of period	46,553	49,853	46,553	49,853

Condensed Parent Company income statement

Scout Gaming Group AB
(publ)
559119-1316

Parent company (kSEK)	Oct- Dec 2018	Oct- Dec 2017	Full year 2018	Full year 2017
Net sales	1,275	1,275	5,100	2,125
Total revenue	1,275	1,275	5,100	2,125
Personnel expenses	-5,040	-1,609	-9,462	-2,277
Other external expenses	-3,452	-6,151	-6,127	-6,330
Depreciation, amortization and impairment of PPE	-9	0	0	0
Total expenses	-8,501	-7,760	-15,599	-8,606
Operating profit/loss	-7,226	-6,485	-10,499	-6,481
Financial items	1,398	7	1,714	7
Profit before tax	-5,828	-6,478	-8,785	-6,475
Result for the period	-5,828	-6 478	-8,785	-6,475

Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2018-12-31	2017-12-31
Assets		
Property, plant and equipment	140	0
Financial assets	73,014	1,000
Total non-current assets	73,154	1,000
Group internal receivables	0	16,444
Other receivables	1	720
Prepaid expenses and accrued income	319	79
Cash and cash equivalents	18,234	42,767
Total current assets	18,554	60,010
TOTAL ASSETS	91,708	61,010

Equity and liabilities

Share capital	699	652
Other contributed capital	102,258	59,171
Retained earnings excluding profit for the period	-15,259	-6,475
Total equity	87,698	53,348
Accounts payable	2,042	3,164
Tax liability	200	17
Other current liabilities	244	366
Accrued expenses and prepaid revenues	1,523	4,115
Total current liabilities	4,009	7,662
TOTAL EQUITY AND LIABILITIES	91,708	61,010

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, 28 February 2019

Jörgen Ragnarsson, Board member

Rolf Blom, Board member

Atle Sundal, Board member

Andreas Ternström, CEO

Anders Enochsson, Board 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 2019.

Information om Nasdaq First North

Nasdaq First North ("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

Net sales - Net sales for the current period.

Net sales growth - Net sales for the current period through net sales for the same period last year.

EBITDA - Operating profit before depreciation and amortization.

EBITDA margin - EBITDA as a percentage of net sales

Operating profit - Consolidated operating profit for the period.

Operating margin - Group operating profit as a percentage of net sales.

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.

Number of operators at the end of the period - Refers to gaming operators which have launched the Scout Gaming platform.