

| Q1

Interim Report
January-March 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.

First quarter: January - March 2020

- Revenues increased to mSEK 8.7 (3.5), corresponding to a growth of 149% compared to same quarter last year
- EBITDA improved to mSEK -11.7 (-14.7)
- Net result improved to mSEK -9.8 (-16.1)
- Earnings per share amounted to SEK -0.6 (-1.2)
- Operator trading index (which illustrates the underlying client activity) increased to 1004 (549), a growth of 83%.
- 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, through their NetEnt Connect.

Events after the period ended

- Scout Gaming signed an agreement with Hero Gaming. Hero Gaming is expected to launch several of Scout Gaming's products, including a completely new jackpot product.
- Scout Gaming launched Esport-related markets for its entire range of products, launched initially on its own operator Fanteam.com and since mid-April available on external partners.
- Scout Gaming signed an agreement with GLHF.gg, a platform that strengthens the bond between professional sports teams and their fans.

Trailing 12 months (SEKm)



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

For additional information, please contact:
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CEO comment: COVID-19 – like a bolt from the blue

We started the year at a high pace and maintained good momentum from the fourth quarter last year. Revenues increased by 149% to SEK 8.7 million, while all profit measures compared to corresponding quarter previous year continued to improve. In mid-March, however, like many parts of the world, we experienced an abrupt halt because of the global outbreak of COVID-19. We had previously stated that the reduced sports calendar was expected to have had a negative impact on revenue in the first quarter, estimated between SEK 1-1.5 million. However, with the recent week's positive signals from most of the European football leagues, our assessment remains that the sports calendar will be gradually normalized during the summer, hence we do not expect any long-term negative effects of COVID-19.

Since we control the entire production chain ourselves, from the technical platform, statistics, pricing to graphic design, we have succeeded in providing a competitive product even though the sports calendar has appeared very different in recent months. In addition, with a dedicated team, we have continued to deliver lots of playable events where most of our volume since the beginning of April originates from Esport-related markets. After the end of the quarter, eFootball and CS:GO markets were made available to external partners, and the developed so far is somewhat better than expected. The ambition is to launch more markets within the genre on an ongoing basis. We are positive on the vertical and believe that in the long run it has potential to constitute a significant share of revenue.

I am very impressed by the actions taken by all our employees during these times and would like to thank everyone for their efforts. As Scout Gaming is currently in a strong growth phase, we expect to maintain higher revenues at Group level during the second quarter compared to the previous year. However, due to some uncertainties regarding the restart of sports, it is too early to make any further commitments, as about half of the second quarter remains.

In order to ensure financial stability - as a consequence of the COVID-19 outbreak, we have acted to optimize the cost structure through temporary layoffs and reduced wages, renegotiations of various supplier agreements, avoided trips and conferences and other cost reductions. The balance between saving and investing is carefully made, as retained partners, business-critical employees and functionality are a prerequisite for a long-term successful company. As of last March, we had SEK 40 million cash at bank, which we believe is enough to cope with a longer period of limited sports calendar. Adjusted for extraordinary currency movements related to the Norwegian krone, cash flow from operating activities improved to SEK -9 million from last year's adjusted measurement of SEK -15.6 million.

Before the pandemic was a fact, Scout Gaming entered into several important agreements, one of which was with the state governed Norsk Tipping. As a natural consequence of the outbreak, the launches of some of these customers may be slightly delayed, however, integrations are running as expected and we will be ready when sports resume. Integration against Norsk Tipping is fully completed by today's date and internal testing prior to launch is currently underway.

We have previously stated that we expect from Norsk Tipping a "significant impact" on our revenues, this is still valid and is expected according to the current assessment of the sports calendar, to be realized during the second half of the year. Norway is already an attractive market for Fantasy Sports, an example occurred during the summer of 2018, at that time Scout Gaming conducted a free-to-play game for the World Cup of Soccer with the country's largest commercial channel TV2 and with state-controlled NRK. The game garnered a lot of attention and the number of registered teams exceeded 100,000. In an article from January 2019, NRK estimated that every 30 Norwegian - or 170,000 people - play the Fantasy Premier League in the country. In a game that has participants from all the world's countries and territories, Norway has the highest representation compared to the full population. Scout Gaming makes an internally similar assessment regarding the Norwegian market for Fantasy Sports, as the findings in the article from NRK.

We have continued active dialogues with most priority customers, and the trend is perceived to be that interest in the vertical in Europe is increasing. With the coming two-year sports calendar, there are good conditions for integrating our product range.

During the quarter, we also completed heavily oversubscribed directed share issues corresponding to approximately SEK 36 million, of which the international offering was subscribed by Topline Capital Management, Topline Capital is a California-based global long-only microcap fund, and Las Vegas-based Tekkorp LLC, a company controlled by industry veteran Matt Davey. During the current quarter, Topline Capital acquired additional shares



in Scout Gaming and, as of last March, the single largest shareholder in Scout Gaming Group, with approximately 16,5% of the outstanding shares.

Nordic investors consisted of Enlabs AB (publ), which among other things operates Optibet - the market leading Baltic gaming operator, as well as existing owners Novobis AB and Knutsson Holdings AB. I want to take this opportunity to thank everyone for their support.

The entire company is extremely expectant for a normalization of the sports calendar and with it a particularly intense second half!

Andreas Ternstrom
CEO

Scout Gaming Operator Trading Index



The Operator Trading Index, increased to 1004 (549), during the first quarter 2020. The increase corresponds to a growth of 83% 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. The activity was severely negatively affected from mid-March, when the global sports calendar changed as a result of the outbreak of COVID-19.

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 8.7 (3.5) during the first 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. 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 -21.8 (-20.5) and mainly consist of personnel. Personnel costs are not expected to increase in any larger extent going forward. 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 -13.1 (-17.0). Net result was SEKm -9.8 (-16.1) during the quarter. 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 -13.0 (-16.6) during the quarter. During the quarter, an unrealized currency loss of SEK 4.0 million, primarily related to the weakening of the Norwegian krone, had an extraordinary impact on cash flow from operating activities.

Cash flows from investing activities amounted to SEKm -2.6 million (-1.7) for the first quarter. Cash flows from financing activities amounted to SEKm 35.2 million (0). Cash flows for the period was SEKm 19.6 million (-18.3) for the quarter. Cash flows from operating activities before changes in working capital have improved to mSEK -12.4 (-15.1) during the quarter. Cash and cash equivalents amounted to SEKm 40.0 (29.4) million at the end of the quarter. Scout conducted directed rights issues amounting to approximately SEKm 36 before costs, after the quarter ended.

Capitalised development costs

During the quarter development expenditure of SEKm 2.6 (1.7) 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

Key ratios, Group (SEKm)	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Revenue	8.7	3.5	25.7
Revenue growth, %	149	150	76
EBITDA	-11.7	-14.7	-42.8
EBITDA-margin, %	Neg	Neg	Neg
Operating profit	-13.1	-17.0	-.52.8
Number of shares at the end of the period	17,501,592	13,283,455	14,533,455
Average number of shares *	16,017,524	13,283,455	13,908,455
Employees at end of period **	86	80	83
Earnings per share (SEK)	-0.6	-1.2	-3.8
Shareholders' equity per share (SEK)	2.7	2.9	2.0
Operator Trading Index	1004	549	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 2020 amounted to SEKm 1.2 (1.3). Operating profit amounted to SEKm -1.6 (-4.5). Profit for the period amounted to SEKm -0.2 (-3.6). The parent company's cash and cash equivalents amounted to SEKm 14.0 (8.8) at the end of the period and equity amounted to SEKm 146.0 (84.1).

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). 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	2,884,332	16.5%
Atle Sundal Holding AS	1,578,705	9.0%
Novobis AB	1,498,238	8.6%
Knutsson Holdings AB	1,432,200	8.2%
Swedbank Robur Fonder	1,238,417	7.1%
Nordnet Pensionsförsäkring	922,398	5.3%
SIA Optibet	833,333	4.8%
Andreas Sundal Holding AS	803,464	4.6%
Avanza Pension	691,426	4.0%
Björn Fjellby Holding AS	606,131	3.5%
Tekcorp LLC	549,545	3.1%
Total largest shareholders	13,038,090	74.4%
Other shareholders	4,463,502	25.6%
Number of shares	17,501,592	

Calendar

Scout Gaming will publish reports according to the following schedule:

Q2 report: 21 August

Q3 report: 26 November

Year-end report 2020: February 26, 2021

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 2020	Jan-Mar 2019	Jan-Dec 2019
Revenue	8,679	3,525	25,691
Personnel expenses	-10,727	-11,487	-39,790
Other external expenses	-9,686	-6,727	-28,655
Depreciation, amortization and impairment of PPE	-1,410	-2,294	-10,058
Total operating expenses	-21,823	-20,508	-78,503
Operating profit	-13,144	-16,983	-52,812
Financial items	3,315	859	580
Profit before tax	-9,829	-16,124	-52,232
Tax	17	22	66
Profit for the period	-9,812	-16,102	-52,166

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2020- 03-31	2019- 03-31	2019- 12-31
Assets			
Intangible assets	12,727	9,548	8,425
Property, plant and equipment	777	1,255	909
Financial assets	7	22	7
Total non-current assets	13,511	10,825	9,342
Accounts receivable	1,799	2,232	1,525
Other receivables	10,386	4,608	8,863
Prepaid expenses and accrued income	3,199	1,464	2,622
Cash and cash equivalents	40,006	29,407	21,473
Total current assets	55,390	37,711	34,483
TOTAL ASSETS	68,901	48,536	43,825

Equity and liabilities

Share capital	921	699	765
Other capital contributed	207,960	146,214	172,958
Reserves	-7,791	-1,175	-1,281
Retained earnings including profit for the period	-152,561	-106,685	-142,749
Total equity	48,529	39,053	29,694
Deferred tax liability	128	230	162
Total long-term liabilities	128	230	162
Short-term debt to creditors	0	41	0
Accounts payable	3,040	2,540	1,788
Current tax liabilities	283	325	444
Other current liabilities	14,504	2,572	9,056
Accrued expenses and prepaid income	2,418	3,775	2,682
Total short-term liabilities	20,245	9,253	13,969
TOTAL EQUITY AND LIABILITIES	68,901	48,536	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

Consolidated statement of cash flows

Group (kSEK)	Jan-mar 2020	Jan-mar 2019	Jan-Dec 2019
Operating profit	-9,829	-16,124	-52,232
<i>Adjustment for items not included in cash flows:</i>		0	
Depreciation, amortization and impairments	1,410	2,040	10,058
Other non-cashflow items	-4,000	-1,008	-568
Tax paid	0	0	0
Cash flows from operating activities before change in working capital	-12,419	-15,092	-42,741
Changes in working capital	-600	-1,488	-1,530
Cash flows from operating activities	-13,019	-16,579	-44,271
Capitalized intangible assets	-2,553	-1,671	-8,039
Acquisition of intangible assets	0	-53	-194
Change in non-current receivables	0	-0	14
Cash flows from investing activities	-2,553	-1,724	-8,218
Rights issue, after transaction costs	35,157	0	26,810
Cash flows from financing activities	35,157	42,218	26,810
Cash flow for the period	19,586	-18,304	-25,679
Cash and cash equivalents at start of period	21,473	46,554	46,554
Exchange rate differences	-1,054	1,157	598
Cash and cash equivalents at end of period	40,006	29,407	21,473

Condensed Parent Company income statement

Scout Gaming Group AB
 (publ)
 559119-1316

Parent Company income statement (kSEK)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Revenues	1,169	1,275	5,100
Personnel expenses	-1,928	-4,090	-8,958
Other external expenses	-855	-1,669	-3,815
Depreciation, amortization and impairment of PPE	-7	-7	-30
Total expenses	-2,791	-5,767	-12,803
Operating profit	-1,622	-4,492	-7,703
Financial items	1,447	881	4,162
Profit before tax	-175	-3,611	-3,541
Net profit	-175	-3,611	-3,541

Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2020-03-31	2019-03-31	2019-12-31
Assets			
Property, plant and equipment	50	132	57
Financial assets	133,531	1,625	105,916
Total non-current assets	133,581	1,757	105,973
Group internal receivables	0	75,692	0
Other receivables	131	495	131
Account receivables	20	0	0
Prepaid expenses and accrued income	179	187	28
Cash and cash equivalents	14,043	8 821	6 599
Total current assets	14,427	85,195	6,599
TOTAL ASSETS	148,008	86,952	112,572

Equity and liabilities

Share capital	921	699	765
Other contributed capital	164,004	102,258	129,003
Retained earnings excluding profit for the period	-18,957	-18,870	-18,782
Total equity	145,968	84,087	110,985
Accounts payable	964	661	222
Tax liabilities	283	342	444
Other current liabilities	65	769	267
Accrued expenses and prepaid incomes	729	1,093	653
Total current liabilities	2,041	2,865	1,586
TOTAL EQUITY AND LIABILITIES	148,008	86,952	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, 20 May 2020

Jorgen Ragnarsson, Member

Rolf Blom, Chairman

Atle Sundal, Member

Andreas Ternstrom, CEO

Anders Enochsson, Member

Carla Maree Vella, Member



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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 20 May 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