

# | Q4

Year-end report 2021  
Scout Gaming Group AB



**SCOUT**  
gaming group

## Fourth quarter: October - December 2021

- Revenues amounted to SEK 17.1 million (16.9), an increase of 1% compared to corresponding period.
- EBITDA amounted to SEK -30.9 million (-5.8).
- One-off expenses affecting the quarter relating to previous quarter during the year, amounts to SEK 18.0 million, see page 5, Expenses.
- Net result amounted to SEK -34.7 million (-13.9)
- Earnings per share amounted to SEK -1.5 (-0.7).
- The Board of Directors has initiated a review of the Group's cost structure and its effects will be published when the work is completed.

## Full year 2021

- Revenues amounted to SEK 56.6 million (46.9), an increase of 21%.
- EBITDA amounted to SEK -65.4 million (-39.2)
- Net result amounted to SEK -72.9 million (-54.6)
- Earnings per share amounted to SEK -3.2 (-3.1)
- The Board of Directors proposes that no dividend will be paid for the financial year 2021.

## Events after the period ended

- Scout Gaming entered into an agreement with Pariplay Ltd to become a new Fusion-partner, to their gambling platform.

For additional information please contact:

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## CEO Comments

The fourth quarter of the year was challenging for us, and we were unable to generate the revenue and growth we have shown historically. This, together with higher marketing costs to increase revenue in the long term, led to an unsatisfactory result for the quarter. We are not at all satisfied and have taken several measures, and simultaneously have we initiated a review of the cost structure for the Group.

The quarter was charged with two non-recurring items related to incorrect accounting of operational expenses, mainly marketing expenses. These are not cash flow impacting and will not return. For more comments on this see page 5, Expenses.

Our product and sales to operator customers have worked well. An example of this is that we managed to increase the number of unique end users in our network of operator customers by a total of 182% in 2021 compared to 2020, while revenue growth has been 38%.

We will continue to grow our network and total number of players but with a partly new business model. The model is to increase the recurring part of the monthly fees for our product. This will lead to increased, more stable and more predictable revenues from our operators.

The result of the new business model is that already at the beginning of 2022 we have contracted operator customers worth SEK 500,000 per month. We expect all these customers to be launched in the first half of the year. This is a consequence of continuing to execute on our B2B strategy with 3 new agreements so far in 2022 and 3 upcoming launches in the US.

I would like to clarify that this new model not only generates revenue, but also an increased commitment from operator customers. These fixed recurring revenues also do not meet any variable costs. This means that our EBITDA will strengthen significantly during this current year.

The new business model and the review of the expenses for the Group aims to become more effective and achieve profitability as quickly as possible.

One of the challenges we have had in previous reports is the time between agreements and the launch of our customers. In order to speed up and simplify this process, we have, among other things, signed agreements with Pariplay. Pariplay is a content distribution partner, with global customer reach. This facilitates and speeds up our integration time. In addition to that, we will continue to sign agreements with major European operators as we see that it gives us the best growth opportunities.

After the end of the quarter, we have made some changes regarding the organization. A new CFO has been hired to develop and improve our financial function.

With the support of the major launches we have made, such as ATG, the new agreements we have signed, our strong sales pipeline and the interest our offer enjoys, we see great opportunities for future growth.

Andreas Ternström  
CEO

## Financial performance

### Revenues

Revenues amounted to SEK 17.1 million (16.9) during the fourth quarter and are largely derived from gaming-related products and services that Scout Gaming provides to its customers. Customers' fees are based on a combination of different variables, such as the number of markets provided, product categories and guarantee commitments in price pools, etc. and can be both of a fixed and variable nature. Revenues for the full year amounted to SEK 56.6 million (46.9).

### Capitalised development costs

In the fourth quarter of 2021, development expenditure of SEK 7.0 million (7.6) was capitalised. These capitalised development costs are amortised over four years, starting when the costs are incurred. Capitalised development costs are included as part of the revenue. Capitalised development costs for the full year were SEK 20.0 million (15.5).

### Expenses

Expenses during the fourth quarter amounted to SEK -51.0 million (-24.4). They mostly consist of costs attributable to marketing, sales and personnel expenses. Costs for the full year amounted to SEK -132.9 million (-92.7).

During the fourth quarter has the Group expensed an one-off amount of SEK 18 million, relating to previous periods during the year. The amount relates to accounting of guarantee losses and handling of tickets for participation in tournaments. The expense for guarantee losses amounts to SEK 8.9 million and relates to finalized Fantasy tournaments, during the first until the third quarter. The error was identified during change of the back-office system during the last quarter. The expenses for tickets has during the year been wrongly accounted for and creates an one-off effect of SEK 9.1 million in the fourth quarter. The expenses has been effecting cash flow in previous quarters.

With an adjustment of the expenses in the fourth quarter, concerning expenses from previous quarters, the expenses would amount to SEK 33.1 million.

### Results

Operating profit for the quarter amounted to SEK -33.9 million (-7.9) and to SEK -76.3 million (-45.8) for the full year. Net income amounted to SEK -34.7 million (-13.9) during the quarter and to SEK -72.9 million (-54.6) for the full year.

### Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to SEK -10.0 million (0.2) during the quarter and to SEK -57.4 million (-40.6) for the full year. Cash flow from investing activities amounted to SEK -7.1 million (-7.7) for the fourth quarter and to SEK -20.3 million (-15.7) for the full year. Cash flow from financing activities amounted to SEK 0 million (-0.1) for the quarter and to SEK 51.7 million (110.5) for the full year. Cash flow for the period amounted to -17.1 (-7.6) for the quarter and SEK -25.9 million (54.2) for the full year. Cash flow from operating activities before changes in working capital during the quarter amounted to SEK -29.6 million (-8.8), during the year it amounted to SEK -65.4 million (-45.1). Cash and cash equivalents amounted to SEK 49.5 million (73.3) at the end of the quarter.

## Key ratios

Key ratios, Group (SEK million)	Oct-Dec 2021	Oct-Dec 2020	Full year 2021	Full year 2020
Revenues	17.1	16.9	56.6	46.9
Revenue growth, %	1	69	21	86
EBITDA	-30.9	-5.8	-65.4	-39.2
EBITDA-margin, %	Neg	Neg	Neg	Neg
Operating profit	-33.9	-7.9	-76.3	-45.8
Number of shares at the end of period	22 520 047	20 536 654	22 520 047	20 536 654
Average number of shares	22 520 047	20 536 654	21 445 709	20 535 035
Employees at the end of the period*	125	85	125	85
Earnings per share (SEK)	-1.5	-0.7	-3.2	-3.1
Shareholders equity per share (SEK)	3.1	4.4	3.1	4.4

\* Also refers to contract staff in Ukraine.

## Övrigt

### Parent company

Operating income for the fourth quarter of 2021 amounted to SEK 0.4 million (-1.4). Operating profit amounted to SEK -2.9 million (-3.8). Profit for the quarter amounted to SEK 6.7 million (1.3). The Parent Company's cash and cash equivalents amounted to SEK 21.2 million (15.8) at the end of the period and equity amounted to SEK 271.9 million (224.4).

### 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 current situation in Europe can effect the Group negatively, relating to the operations the Group has in Lviv, Ukraine and the end users effected of the sanctions in Russia and Belarus. The Group assesses these risks continuously and it not possible to estimate the financial impact on Group going forward.

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.

#### Dividend

The Board of Directors proposes that no dividend will be paid for the financial year 2021.

#### Owners as of December 31, 2021

Shareholders	Number of shares	Amount
Topline Capital Partners LP	4 986 496	22,1%
Lloyd Fonds AG	2 250 000	10,0%
Novobis AB	2 072 158	9,2%
Knutsson Holdings AB	1 993 960	8,9%
Scobie Ward	1 508 572	6,7%
Atle Sundal Holding AS	1 232 812	5,5%
Andreas Sundal Holding AS	847 956	3,8%
SIA Optibet	833 333	3,7%
JP Morgan Chase Bank NV	673 850	3,0%
Ålandsbanken i ägares ställe	490 012	2,2%
Total top 10 shareholders	16 889 149	75,0%
<b>Other shareholders</b>	<b>5 630 898</b>	<b>25,0%</b>
<b>Total Number of shares</b>	<b>22 520 047</b>	



**Calendar**

Scout Gaming will publish reports according to the following schedule:

Q1 report: May 25

Q2 report: August 20

Q3 report: November 18

Year-end report 2022: February 25, 2023

The annual report is intended to be published on April 28 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: <https://www.scoutgaminggroup.com/investor-relations/financial-reports>.



## Consolidated income statement

Group income statement (kSEK)	Okt-Dec 2021	Okt-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
<b>Revenues</b>	<b>17 117</b>	<b>16 943</b>	<b>56 632</b>	<b>46 897</b>
Personnel expenses	-13 704	-8 958	-45 737	-34 755
Other external expenses	-34 285	-13 815	-76 320	-51 345
Depreciation, amortization and impairment of PPE	-3 054	-2 032	-10 886	-6 597
<b>Total operating expenses</b>	<b>-51 035</b>	<b>-24 381</b>	<b>-132 943</b>	<b>-92 697</b>
<b>Operating profit/loss</b>	<b>-33 918</b>	<b>-7 861</b>	<b>-76 311</b>	<b>-45 800</b>
Financial items	-791	-6 054	3 397	-8 849
<b>Profit before tax</b>	<b>-34 709</b>	<b>-13 915</b>	<b>-72 913</b>	<b>-54 650</b>
Tax	0	16	61	65
<b>Profit/loss for the period</b>	<b>-34 709</b>	<b>-13 899</b>	<b>-72 853</b>	<b>-54 584</b>

## Consolidated balance sheet

Group balance sheet (kSEK)	2021-12-31	2020-12-31
<b>Assets</b>		
Intangible assets	29 603	18 652
Property, plant and equipment	717	764
Financial assets	122	7
<b>Total non-current assets</b>	<b>30 442</b>	<b>19 423</b>
Accounts receivables	4 838	1 863
Other receivables	6 774	7 333
Prepaid expenses and accrued income	3 019	3 862
Short-term investments	116	-
Cash and cash equivalents	49 413	73 337
<b>Total current assets</b>	<b>64 160</b>	<b>86 394</b>
<b>TOTAL ASSETS</b>	<b>94 602</b>	<b>105 817</b>
<b>Equity and liabilities</b>		
Share capital	1 185	1 081
Other capital contributed	334 776	283 135
Reserves	3 619	3 079
Retained earnings including profit for the period	-270 186	-197 333
<b>Total equity</b>	<b>69 394</b>	<b>89 962</b>
Deferred tax liability	9	68
<b>Total long-term liabilities</b>	<b>9</b>	<b>68</b>
Accounts payable	2 248	1 855
Currents tax liabilities	54	260
Other current liabilities	19 886	10 959
Accrued expenses and prepaid income	3 011	2 972
<b>Total short-term liabilities</b>	<b>25 199</b>	<b>15 787</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>94 602</b>	<b>105 817</b>

## Changes in equity for the Group

	Share capital	Other 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>
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>
Conversion difference			-3 735		-3 735
Profit/loss for the period				-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>
<b>2021-04-01</b>	<b>1 081</b>	<b>283 135</b>	<b>-656</b>	<b>-206 592</b>	<b>76 968</b>
Conversion difference			-63		-63
Profit/loss for the period				-16 953	-16 953
<b>2021-06-30</b>	<b>1 081</b>	<b>283 135</b>	<b>-719</b>	<b>-223 545</b>	<b>60 002</b>
<b>2021-06-01</b>	<b>1 081</b>	<b>283 135</b>	<b>-719</b>	<b>-223 545</b>	<b>60 002</b>
Rights issue	104	53 641			53 745
Costs for rights issue		-2 000			-2 000
Conversion difference			1 820		1 820
Profit/loss for the period				-11 932	-16 953
<b>2021-09-30</b>	<b>1 185</b>	<b>334 776</b>	<b>1 151</b>	<b>-235 478</b>	<b>101 635</b>
<b>2021-10-01</b>	<b>1 185</b>	<b>334 776</b>	<b>1 151</b>	<b>-235 478</b>	<b>101 635</b>
Conversion difference			2 468		2 468
Profit/loss for the period				-34 709	-34 709
<b>2020-12-31</b>	<b>1 185</b>	<b>334 776</b>	<b>3 619</b>	<b>-270 186</b>	<b>69 394</b>

## Consolidated statement of cash flows

Group (kSEK)	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating profit	-34 709	-13 266	-72 913	-54 584
<i>Adjustment for items not included in cash flows:</i>				
Depreciation, amortization and impairments	3 045	2 012	10 887	6 577
Capital gain	1 877	3 050	-3 489	2 935
Tax paid	-1	0	0	0
<b>Cash flows from operating activities before change in working capital</b>	<b>-29 636</b>	<b>-8 787</b>	<b>-65 365</b>	<b>-45 072</b>
Changes in working capital	19 671	8 991	8 003	4 469
<b>Cash flows from operating activities</b>	<b>-9 966</b>	<b>204</b>	<b>-57 362</b>	<b>-40 603</b>
Capitalized intangible assets	-6 967	-7 575	-20 024	-15 524
Acquisition of intangible assets	-79	-83	-157	-175
Change in non-current receivables	-43	0	-112	0
<b>Cash flows from investing activities</b>	<b>-7 089</b>	<b>-7 658</b>	<b>-20 293</b>	<b>-15 699</b>
Rights issue, after transaction costs	-	-116	51 745	110 493
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-116</b>	<b>51 745</b>	<b>110 493</b>
<b>Cash flow for the period</b>	<b>-17 054</b>	<b>-7 570</b>	<b>-25 909</b>	<b>54 191</b>
Cash and cash equivalents at start of period	66 774	81 659	73 337	21 473
Exchange rate differences	-191	-752	2 101	-2 327
<b>Cash and cash equivalents at end of period</b>	<b>49 529</b>	<b>73 337</b>	<b>49 529</b>	<b>73 337</b>

## Parent Company Income Statement

Parent company income statement (kSEK)	Okt-Dec 2021	Okt-dec 2020	Helår 2021	Helår 2020
<b>Total revenue</b>	<b>383</b>	<b>-1 360</b>	<b>914</b>	<b>1 401</b>
Personnel expenses	-1 943	-1 908	-6 720	-6 264
Other external expenses	-715	-526	-4 293	-2 783
Depreciation, amortization and impairment of PPE	-3	-25	-11	-47
<b>Total expenses</b>	<b>-2 666</b>	<b>-2 459</b>	<b>-11 024</b>	<b>-9 094</b>
<b>Operating profit/loss</b>	<b>-2 283</b>	<b>-3 819</b>	<b>-10 110</b>	<b>-7 693</b>
Financial items	9 003	2 556	8 999	7 508
<b>Profit before tax</b>	<b>6 720</b>	<b>-1 263</b>	<b>-1 111</b>	<b>-184</b>
<b>Net result</b>	<b>6 720</b>	<b>-1 263</b>	<b>-1 111</b>	<b>-184</b>

## Parent Company Balance Sheet

	2021-12-31	2020-12-31
<b>Assets</b>		
Property, plant and equipment	19	30
Intercompany receivables	-	207 394
Financial assets	253 181	1 115
<b>Total non-current assets</b>	<b>253 057</b>	<b>208 539</b>
Other receivables	396	0
Prepaid expenses and accrued income	154	103
Cash and cash equivalents	21 241	15 709
<b>Total current assets</b>	<b>21 791</b>	<b>15 812</b>
<b>TOTAL ASSETS</b>	<b>274 848</b>	<b>224 351</b>
<b>Equity and liabilities</b>		
Share capital	1 185	1 081
Other contributed capital	290 819	239 180
Retained earnings including profit from period	-20 075	-18 966
<b>Total equity</b>	<b>271 929</b>	<b>221 294</b>
Accounts payable	216	200
Tax liabilities	-	260
Other short-term liabilities	1 335	1 644
Accrued expenses and prepaid income	1 368	954
<b>Total short-term liabilities</b>	<b>2 919</b>	<b>3 057</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>274 848</b>	<b>224 351</b>

## Review

This year-end report has not been subject to review by the company's auditors. The Board of Directors and the CEO assure that the interim report provides a true and fair view of the parent company's and the Group's operations, position and results and describes the significant risks and uncertainties that the parent company and the companies that are part of the Group face.

## BOARD OF DIRECTORS AND PRESIDENT'S ASSURANCE

The Board of Directors assures that the interim report for the fourth quarter gives a fair overview of the Parent Company's and Group's operations, position and result of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, March 11 2022

Anders Enochsson, Chairman

Hans Isoz, Director

Carla Maree Vella, Director

Fredrik Rüden, Director

Jonathan Petteimerides, Director

Andreas Ternström, CEO

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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, +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.





