



| Q2

Interim Report

April-June 2019

Scout Gaming Group AB



SCOUT
gaming group

Interim Report 1 April – 30 June 2019

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.

Quarter April - June 2019

- Revenue amounted to mSEK 4.0 (4.9), of which mSEK 2.3 (2.7) was net sales.
- EBITDA amounted to mSEK -12.1 (-4.7)
- Net result amounted to mSEK -13.3 (-7.1)
- Earnings per share amounted to SEK -1.0 (-0.6)
- Operator trading index (which illustrates the underlying client activity) increased to 687 (409), a growth of 68%
- Scout Gaming entered into an agreement with the France state lottery FDJ, which is one of the largest gaming companies.
- Scout Gaming has entered into an agreement with Scientific Games Digital, one of the top leading global gaming suppliers. The SG Digital workforce amounts to over 1,500 members of staff across 34 offices around the world, and has an excess of 200 customers, more than 2,000 games and 40 licenses worldwide. Scientific Games has a turnover of 3 Bn USD and is listed on the Nasdaq stock exchange.
- Scout Gaming has entered into an agreement with Expressen regarding deliverance of the company's gaming platform. Expressen will gain access to a number of sports and is expected to launch during 2019. Expressen, which

is part of Bonnier News, is one of the largest media houses on the Swedish market.

- Scout Gaming entered into an agreement with platform provider Digitain. The agreement stipulates the distribution of Scout Gaming's products. Digitain is a privately held company providing Omni-channel iGaming software solutions to the online, mobile and land-based verticals. Digitain has over 1,000 employees, 55+ partners worldwide, and more than 400 land-based bet shops worldwide.
- Scout Gaming Group has been granted a license by Malta Gaming Authority, which enables Scout Gaming to provide betting related services, to operators under the Maltese regulation.
- Scout Gaming conducted directed rights issues amounting to approximately 27 MSEK. Participants included Tekkorp Capital LLC, Swedbank Robur Fonder AB, Provobis Invest AB and Knutsson Holding AB among a couple of international institutional investors.

Interim period January - June 2019

- Revenue amounted to mSEK 7.6 (4.9), of which mSEK 4.2 (3.6) was net sales.
- EBITDA amounted to mSEK -26.7 (-12.5)
- Net result amounted to mSEK -29.4 (-16.2)
- Earnings per share amounted to SEK -2.2 (-1.2)

Events after the period

Preliminary revenue growth for our internal brand, which is representative for our customer base in general, is approximately 355% in August, compared with the whole of August 2018. The number of paying active users in our customer base has increased by approximately 300% compared with the whole of August 2018. This information is based on the first 29 days of August and should not be seen as a forecast, but an indication of how the quarter has started.

For further information, please contact:
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CEO comment:

We continue to build long-term values through agreements we entered into during the quarter, integrations we have made, as well as the products we have completed and started to launch with our partners. The effect of spring's work has as anticipated, started to have an effect after the summer in connection to the start of the major sport leagues. We have previously been somewhat behind schedule, but have caught up after the end of the quarter and are now in line with expectations of achieving a solid revenue growth during the second half of 2019.

Scout Gaming and Fantasy Sports outside the US are still early in the product maturity cycle, but we are seeing increased interest and activity among our customers. It is satisfying that we now see an increased underlying activity for our clients, which is illustrated through the Operator Trading Index. Operator Trading Index for the second quarter reached 687, compared to 409 for the same quarter last year. This corresponds to a growth of 68% even though Soccer World Cup during the same period 2018 made a significant contribution to customer activity we are able to grow. The reason to the slight decrease in revenues compared to 2018 are because we delivered a number of games against fixed set-up fees, in connection to the Soccer World Cup, corresponding to approx 800 kSEK.

For the second year in a row, we won EGR B2B Awards for best fantasy product, which is clear proof that we are the market leader. Another example of this is our season-long Premier League game which this season has a record sum prize pool of SEK 2.5 million. The tournament has attracted nearly 10,000

registered teams and is recognized as the biggest European fantasy premier league tournament to date. Compared to last year's season games for the Premier League, player turnover increased almost 250%. The network effect is now starting to get visible and we are moving towards the strongest sales month in Scout Gaming's history. On our internal brand, we have seen a preliminary revenue increase of approximately 355% compared to August last year. The increase is representative of our customer base in general. The number of paying active users at our customer base has increased by about 300% compared to August 2018.

We have also completed two targeted new issues where we have been able to attract Tekkorp LLC with Matt Davey as owner of Scout Gaming. Matt Davey is one of the absolute most knowledgeable names in the sector globally and most recently comes from Scientific Games Digital where he was CEO. Matt will contribute a lot to Scout Gaming's future development.

I am also pleased that our principal owners Knutsson Holdings and Provobis, as well as Swedbank Robur and a few foreign institutions, have given us renewed confidence.

Building companies operating in new niches takes time. Scout Gaming builds long-term shareholder value through the agreements we have entered into and continue to work on, as well as the products we have launched.

I look forward to an exciting second half year.

Andreas Ternström
CEO

Agreements and clients

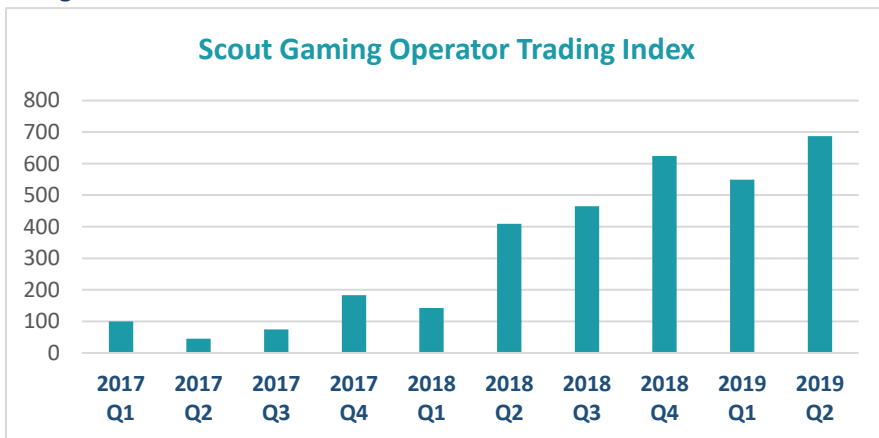
Scout Gaming signed agreements with six customers during the second quarter of the year.

During the quarter, agreements were signed with the French state lottery, FDJ, the global platform provider Scientific Games Digital, the leading Nordic media house Bonnier / Expressen and a number of platforms, of which Digitain is the most well-known.

Scout Gaming Operator Trading Index

The operator index amounted to 687 (409), compared with the corresponding quarter last year, the growth amounted to 68%. The increase compared to the corresponding quarter is primarily due to increased activity among existing customers and new launches. The first revenue from new products was generated during the quarter.

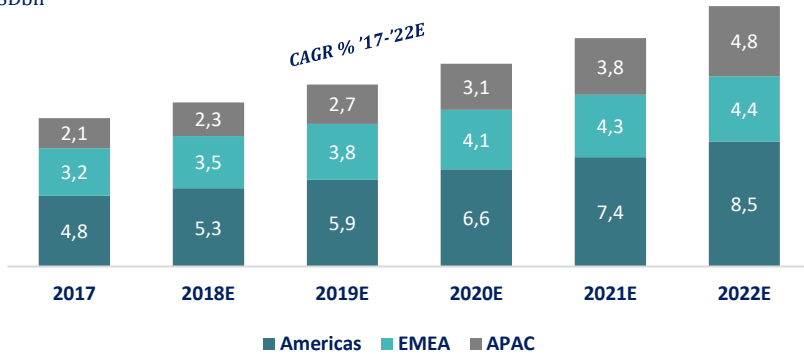
First quarter of 2017 is anticipated to be the index base. Index development is affected by the number of launched clients, changes in their activity and general market growth, the latter being dependent on, for example, the major leagues and championships. The index is also affected by Scout Gaming's clients' share of their end customer's activity, so-called "rake", but also the sportsbook margin. This may vary between different markets and product categories.



Fantasy Sports market

Historical and forecast development

USDbn



The global Fantasy Sports market amounted to USD 10.1bn in 2017 and is expected to grow at a CAGR of 11.9% from 2017 to 2022E.

Americas is the largest region, accounting for close to 50% of the market in 2017, and is expected to experience strong growth in the coming years, with a CAGR of 12.0% from 2017 to 2022E. EMEA is the second largest region, accounting for slightly above 30% of the overall market, with an expected CAGR of 6.5% from 2017 to 2022E. APAC is the smallest but the fastest growing region, with an expected CAGR of 18.4% from 2017 to 2022E.

The market is recognised as rather young, having passed the early innovation phase and entered the growth phase, with strong expected growth in the coming years.

Financial performance for the second quarter 2019

Revenue

Net sales were SEK 2.3 m (2.7) during the second quarter. The reason for the slight decrease was that we delivered a couple of fixed fee games in connection with the world cup of soccer last year, corresponding to 0.8 MSEK. Thus, the scalable revenues have increased this quarter. Revenues consist of a mix of paid fixed fees and variable fees attributable to Scout Gaming's customers' end-users share, but also a portion of variable fees. A part of revenue also consists of gaming revenue from end customers on Scout Gaming's own B2C operator, Fanteam. Capitalized development costs amounted to SEK 1.7 M (1.2).

Costs

Total costs amounted to SEK -18.5 m (-12.3). They consist largely of personnel, marketing and sales costs. Costs have increased as a result of recruitment and increased marketing activities.

Results

Operating profit amounted to SEK -14.5 m (-7.4). Profit for the period amounted to SEK -13.3 m (-7.1). Earnings per share were SEK -1.0 (-0.6).

Liquidity, financing and financial position

Cash flow from operating activities amounted to SEK -13.8 m (-8.9) during the quarter. Cash flow from investing activities amounted to SEK -1.8 m (-1.6). Cash flow from financing activities amounted to SEK 0 m (0). Cash flow for the period amounted to SEK -15.5 m (-10.5).

Cash and cash equivalents amounted to SEK 13.7 m (25.0) at the end of the quarter. At the end of the quarter, directed share issues corresponding to approximately 27 MSEK before cost for rights issue, was conducted. Funds were received after the quarter ended.

The interim period in summary

For the interim period January to June 2019, net sales were SEK 4.1 million (3.6). Net sales consist of a mix of paid fixed fees from B2B customers as well as variable revenue attributable to Scout Gaming's customers and 'end-users' activities. A portion of the revenue is also from gaming revenue from end customers at Scout Gaming's own B2C operator Fanteam. For the interim period January to June 2019, earnings amounted to SEK -29.4 million (-16.2). Operating profit amounted to SEK -31.5 million (-16.3). Cash flow from operating activities were SEK -30.4 million (-23.6) during the period.

Key Ratios

Group Key ratios (mSEK)	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Net sales	2.3	2.7	7.1
Net sales growth, %	Neg	271	12.9
EBITDA	-12.1	-4.7	-37.0
EBITDA-margin, %	Neg	Neg	Neg
Operating profit	-14.5	-7.4	-45.2
Number of shares at the end of the period	13,283,455	12,383,455	13,283 455
Average number of shares *	13,283,455	12,383,455	12,833,455
Employees at end of period **	79	65	81
Earnings per share (SEK)	-1.0	-0.6	-3.6
Shareholders' equity per share (SEK)	8.3	3.3	4.1
Number of operators at the end of the period, launched (x)	15 (6)	12 (6)	14 (7)
Operator Trading Index	687	409	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 second quarter of 2019 amounted to SEK 1.3 m (2.6). Operating profit amounted to SEK -2.1 million (-0.2). Profit for the period amounted to SEK -1.2 m (-0.1). The parent company's cash and cash equivalents amounted to SEK 5.1 million (15.3) at the end of the period and equity amounted to SEK 109.8 million (50.9).

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). 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.

Related party transactions

Chairman of the Board, Rolf Blom has invoiced 26,250 SEK for consultation during the quarter through a company related to him.

Owners per 30 June 2019

Shareholders	No. Shares	Amount
Atle Sundal Holding AS	1,578,705	11.9%
Nordnet Pensionsförsäkring	1,376,850	10.4%
Swedbank Robur Fonder	1,180,000	8.9%
Novobis AB	1,000,000	7.5%
Knutsson Holdings AB	968,490	7.3%
Avanza Pension	876,873	6.6%
Andreas Sundal Holding AS	803,464	6.0%
Bjorn Fjellby Holding AS	729,731	5.5%
Ålandsbanken i ägares ställe	490,012	3.7%
Proboxit Investment AB	458,962	3.5%
Total top 10	9,463,087	71.2%
Others	3,820,368	28.8%
Number of shares	13,283,455	

At the end of the quarter, Scout Gaming carried out directed share issues of approximately 1.3 million shares. These shares were registered after the end of the quarter.

Calendar

Scout Gaming will publish reports according to the following schedule:

Report Q3: 29 November

Year-end report: February 28, 2020

Condensed consolidated income statement

Scout Gaming Group AB (publ)

559119-1316

Group income statement (kSEK)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net sales	2,326	2,697	4,180	3,574	7,063
Work performed by the Company for its own use and capitalized	1,707	1,213	3,378	1,822	3,886
Other operating income	0	1,002	0	1,002	3,631
Total operating income	4,032	4,912	7,558	6,398	14,579
Personnel expenses	-9,738	-5,778	-21,225	-11,831	-31,541
Other external expenses	-6,352	-3,829	-13,080	-7,056	-19,975
Depreciation, amortization and impairment of PPE	-2,447	-2,681	-4,742	-3,804	-8,219
Total operating expenses	-18,538	-12,288	-39,046	-22,691	-59,734
Operating profit/loss	-14,505	-7,376	-31,488	-16,293	-45,155
Financial items	1,148	230	2,007	39	-775
Profit before tax	-13,357	-7,146	-29,281	-16,253	-45,931
Deferred tax	0	20	0	42	
Tax	18	0	40	0	89
Profit/loss for the period	-13,339	-7,126	-29,441	-16,211	-45,842

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)
559119-1316

Group balance sheet (kSEK)	2019-06-30	2018-06-30	2018-12-31
Assets			
Intangible assets	9,031	12,184	9,926
Property, plant and equipment	1,283	993	1,229
Financial assets	30	0	22
Total non-current assets	10,343	13,177	11,177
Subscribed but unpaid capital	26,844	0	0
Accounts receivable	2,480	1,581	1,387
Other receivables	4,178	5,836	3,999
Prepaid expenses and accrued income	2,439	2,541	1,666
Cash and cash equivalents	13,684	24,999	46,554
Total current assets	49,626	34,957	53,606
TOTAL ASSETS	59,969	48,134	64,783

<i>Equity and liabilities</i>			
Share capital	699	652	699
Other capital contributed	173,102	103,127	146,214
Reserves	-1,925	782	375
Retained earnings including profit for the period	-120,024	-62,940	-92,571
Total equity	51,852	41,620	54,718
Provisions for deferred tax	0	298	0
Deferred tax liability	211	287	484
Total long-term liabilities	211	584	484
Short term debt to creditors	42		45
Accounts payable	2,346	1,458	3,156
Current tax liabilities	374	405	200
Other current liabilities	2,624	2,909	2,262
Accrued expenses and prepaid income	2,519	1,158	3,918
Total short-term liabilities	7,906	5,929	9,580
TOTAL EQUITY AND LIABILITIES	59,969	48,134	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

Consolidated statement of cash flows

Group (kSEK)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Operating profit	-13,357	-7,146	-29 481	-16,253	-45,931
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortization and impairments	2,702	2,681	4 508	3,804	8,219
Capital gain	-990	0	-1 764	0	231
Tax paid	0	15	0	52	-1
Cash flows from operating activities before change in working capital	-11,645	-4 450	-26 737	-12 397	-37 220
Changes in working capital	-2,141	-4,428	-3 629	-11,182	-3,732
Cash flows from operating activities	-13,786	-8,878	-30 366	-23,579	-41,199
Capitalized intangible assets	-1,707	-1,201	-3 378	-1,822	-3,934
Acquisition of intangible assets	-87	-386	-140	-386	-837
Change in non-current receivables	-8	0	-8	102	86
Cash flows from investing activities	-1,802	-1,587	-3 526	-2,107	-4,685
Warrants	0	0	0	0	835
Rights issue, after transaction costs	0	0	43	0	42,300
Cash flows from financing activities	43	0	43	0	43,135
Cash flow for the period	-15,545	-10,466	-33 849	-25,686	-2,764
Cash and cash equivalents at start of period	29,407	35,353	46 554	49,853	49,853
Exchange rate differences	-178	111	979	831	-536
Cash and cash equivalents at end of period	13,684	24,999	13 684	24,999	46,554

Condensed Parent Company income statement

Parent Company income statement (kSEK)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Helår 2018
Net sales	1,275	2,550	2,550	2,550	5,100
Total revenue	1,275	2,550	2,550	2,550	5,100
Personnel expenses	-2,507	-1,755	-6,597	-3,134	-9,462
Other external expenses	-888	-994	-2,557	-2,033	-6,127
Depreciation, amortization and impairment of PPE	-8	0	-15	0	-10
Total expenses	-3,402	-2,749	-9,169	-5,167	-15,599
Operating profit/loss	-2,127	-199	-6,619	-2,617	-10,499
Financial items	916	123	1,797	181	1,714
Profit before tax	-1,211	-76	-4,822	-2,436	-8,785
Profit before tax	-1,211	-76	-4,822	-2,436	-8,785

Condensed Parent Company balance sheet

Scout Gaming Group AB (publ)

559119-1316

Koncernens balansräkning (kSEK)		2018-06-30	2018-12-31
<i>Tillgångar</i>			
Property, plant and equipment	125	0	140
Financial assets	1,625	1,000	73,014
Total non-current assets	1,750	1,000	73,154
Subscribed but unpaid capital	26,844	0	0
Group internal receivables	77,908	35,347	0
Accounts receivable	20	0	0
Other receivables	177	274	1
Prepaid expenses and accrued income	130	381	319
Cash and cash equivalents	5,136	15,252	18,234
Total current assets	110,214	51,255	18,554
TOTAL ASSETS	111,964	52,255	91,708

Equity and liabilities

Share capital	699	652	699
Other contributed capital	129,146	59,171	102,258
Retained earnings excluding profit for the period	-20,082	-8,911	-15,259
Total equity	109,763	50,912	87,698
Accounts payable	539	324	2,042
Group liability	8	0	0
Tax liability	392	93	200
Other current liabilities	502	199	244
Accrued expenses and prepaid income	761	727	1,523
Total current liabilities	2,193	1,343	4,009
TOTAL EQUITY AND LIABILITIES	11,964	52,255	91,708

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, 30 August 2019

Jörgen Ragnarsson, Board member

Rolf Blom, Board member

Atle Sundal, Board member

Andreas Ternström, CEO

Anders Enochsson, Board member

Carla Maree Vella, 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 30 August 2019.

Information about 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.