



| Q1

Interim Report  
January-March 2019  
Scout Gaming Group AB



**SCOUT**  
gaming group

## Interim Report, 1 January – 31 March 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.

### Interim period January - March 2019

- Revenue amounted to mSEK 3.5 (1.5), of which mSEK 1.9 (0.9) was net sales.
- EBITDA amounted to mSEK -14.7 (-7.8)
- Net result amounted to mSEK -16.1 (-9.1)
- Earnings per share amounted to SEK -1.2 (-0.7)
- Operator trading index (which illustrates the underlying client activity) increased to 549 (142), a growth of 287%
- License agreement was signed with Mexico's second largest operator Logrand Entertainment's newly established online brand, Strendus. Strendus.mx.com launched Scout Gaming's product during the end of the quarter.
- Agreement stipulating deliverance of the company's gaming platform was signed with Jogaja, focusing on the Brazilian online market. Majority owner is a Swedish venture capital firm with previous experience of successful online launches in Brazil.
- Scout Gaming entered into its second contract with a customer on the

Indian Fantasy Sports market. The customer, Scoring11, launched after the end of the quarter.

## Events after the period

- Scout Gaming entered into an agreement with Française des Jeux (FDJ), which is the national lottery in France, and one of the largest gaming companies in the world. The agreement states that Scout Gaming and FDJ will establish a joint offer and that the companies' platforms will be integrated with each other.
- Scout Gaming has entered into two agreements that further expand the distribution network for Scout's products. The two agreements were signed with Inplaynet and Ultraplay, both of which are platform suppliers. In addition to the Scout Gaming's Daily Fantasy Sports platform, Inplaynet intends to be the first to distribute Scout Gaming's new "Fantasy Match-up" game.
- Scout Gaming signed an agreement with the platform supplier Digitain. The agreement allows distribution of Scout Gaming's products. Digitain is a privately-owned company that provides Omni channel solutions for online, mobile and land based operators. Digitain has over 1000 employees, 55+ partners worldwide and more than 400 land-based retail stores.

For further information, please contact:  
Billy Degerfeldt, CFO & Investor Relations  
[billy.degerfeldt@scoutgaminggroup.com](mailto:billy.degerfeldt@scoutgaminggroup.com)

## Comments from the CEO

The underlying activity of our customers increased by 287% compared with the corresponding quarter last year and the operator index with base in Q1 2017 amounted to 549 (142). The increase is driven by a combination of increased activity among existing customers and the launch of new customers. As the Fantasy vertical outside the US still is at an early stage, the typical customer development is strong growth from a small base, with a sharp growth gradually increasing. We also see a pattern that those who found the product, to a great extent, continue to play.

During the quarter we have continued to roll out our products in new markets and are now live, albeit small-scale, in both North and South America, Asia and Europe.

Our strategy has been to increase the number of large customers and as a consequence, increase the liquidity of the network to make an even more attractive product. We have also accelerated the process of signing distribution agreements with larger distributors, to expand the network.

Furthermore, we are actively working with launching additional fantasy sports related games to increase player volumes. After the quarter ended, we launched Fantasy Match-up, which will be launched with existing clients during the year. In connection to the launch of new products, we also applied for a Malta license for sports betting as these are partly odds-based.

During the quarter we entered into an agreement and launched with our first North American customer, Logrand Entertainment, which through their newly

started online business launched Fantasy Sports at the end of the quarter. In connection with the launch, we thus added all well-known American sports to the product offering.

After the end of the quarter, Scout Gaming entered into an agreement with FDJ, which is one of the world's largest gaming companies in the world. The company falls within the scope of current strongly prioritized customers and I believe Scout Gaming has a strong pipeline within this prioritized client group.

We are now at a stage where we actively working on completing integrations and making sure to launch operators before the upcoming Premier League start.

As markets mature, new products are being demanded and we quickly get on the radar as an attractive alternative for companies wanting a broader sports offering

Andreas Ternström  
CEO

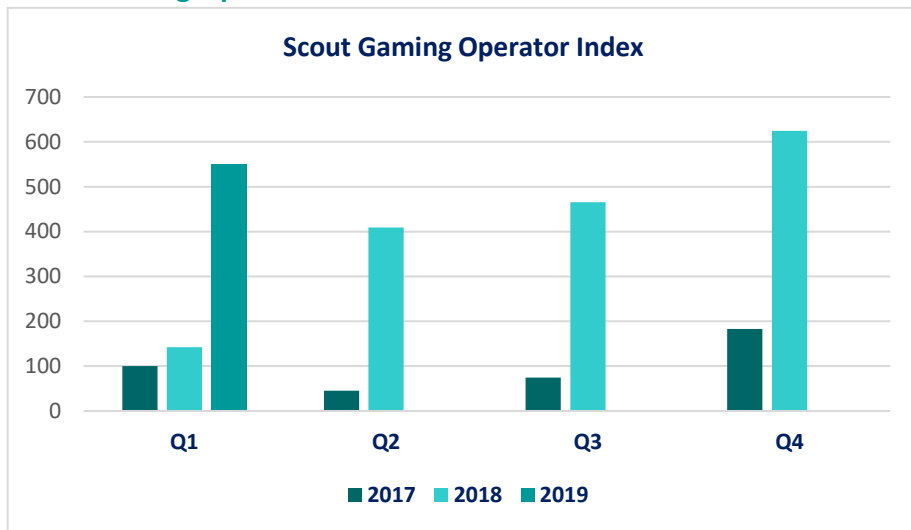
## Agreements and customers

During the quarter, an agreement was signed with Logrand Entertainment, a major land-based operator in Mexico, which recently launched online. The launch took place at the end of the quarter. An agreement was also signed with Jogajà, which beta launched after the end of the quarter. Agreements with Scoring11 for the Indian market were also signed. Scoring11 launched after the end of the quarter. Dafabet launched at the end of the quarter. In addition, Stoiximan launched after the end of the quarter.

Several distribution agreements were conducted after the end of the quarter.

Agreement with FDJ was concluded after the end of the quarter.

## Scout Gaming Operators Index

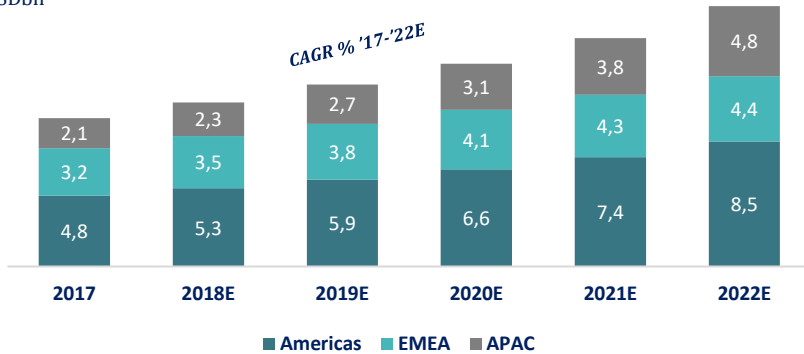


The operator index amounted to 549 (142), compared with the corresponding quarter last year, the growth amounted to 287%. The increase compared to the corresponding quarter is primarily due to increased activity among existing customers and new launches. First quarter of 2017 is anticipated to be the 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.

## 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 juvenile, having past the early innovation phase and entered the growth phase, with strong expected growth in the coming years.



## Financial performance for the first quarter 2019

### Revenue

Revenues were SEK 3.5 m (1.5) during the first 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 (0.7).

### Costs

Total costs amounted to SEK -20.5 m (-10.4). 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, in addition to that an intensified phase of product development was conducted, these costs are expected to decrease during the second half of the year.

### Results

Operating profit amounted to SEK -16.1 m (-8.9). Profit for the period amounted to SEK -16.1 m (-9.1). Earnings per share were SEK -1.2 (-0.7).

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

Cash flow from operating activities amounted to SEK -16.6 m (-14.7) during the quarter. Cash flow from investing activities amounted to SEK -1.7 m (-0.5). Cash flow from financing activities amounted to SEK 0 m (0). Cash flow for the period amounted to SEK -18.3m (-15.2).

Cash and cash equivalents amounted to SEK 29.4 m at the end of the quarter (35.4).

## Key Ratios

<b>Group Key ratios (mSEK)</b>	<b>Jan-Mar 2019</b>	<b>Jan-Mar 2018</b>	<b>Jan-Dec 2018</b>
Net sales	1.9	0.9	7.1
Net sales growth, %	111	36	12.9
EBITDA	-14.7	-7.8	-37.0
EBITDA-margin, %	Neg	Neg	Neg
Operating profit	-17.0	-8.9	-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 **	80	59	81
Earnings per share (SEK)	-1.2	-0.7	-3.6
Shareholders' equity per share (SEK)	2.9	3.9	4.1
Number of operators at the end of the period, launched (x)	15 (10)	9 (4)	14 (7)

\* 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 2019 amounted to SEK 1.3 m (0). Operating profit amounted to SEK -4.5 million (-2.4). Profit for the period amounted to SEK -3.6 m (-2.4). The parent company's cash and cash equivalents amounted to SEK 8.8 million (18.9) at the end of the period and equity amounted to SEK 84.1 million (51.0).

### Risks

Scout Gaming's operations are subject to certain risks that may affect the performance or financial position to varying degrees. These can be divided into industry and business-related risks as well as financial risks. In assessing the Group's future development it is important to consider, in addition to possible opportunities for profit growth, the risk factors. The development of the legal situation for the type of gaming services provided by Scout Gaming is a key risk factor for the Group's future earning ability. As the majority of the company's customers are active in Europe, legal status in the EU becomes particularly interesting and monitored and managed by the Group continuously. Nevertheless, for cases where the legislation should be interpreted in an unfavorable or unexpected manner, there is a risk that Scout Gaming's terms of growth, profitability and product development will change. Similarly, an interpretation in a favorable direction could have a positive impact on the Group. For further information about Scout Gaming's risks and risk management, refer to the Annual Report 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.

### **Closely-related party transactions**

Chairman of the Board, Rolf Blom has invoiced 79,000 SEK for consultation during the quarter through a company related to him.

## Owners per 31 March 2019

<b>Shareholders</b>	<b>No. Shares</b>	<b>Amount</b>
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%
Avanza Pension	972 557	7,3%
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%
<b>Totalt tio största ägarna</b>	<b>9 858 031</b>	<b>74,2%</b>
<b>Övriga ägare</b>	<b>3 920 311</b>	<b>25,8%</b>
Antal aktier	13 283 455	

## **Calendar**

Scout Gaming will publish reports according to the following schedule:

Rapport Q2: 30 August

Rapport Q3: 29 November

Year-end report: February 28, 2020

## Condensed consolidated income statement

### Scout Gaming Group AB (publ)

559119-1316

Income statement (kSEK)	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales	1,855	877	7,063
Work performed by the Company for its own use and capitalized	1,671	609	3,886
Other operating income	0	0	3,631
<b>Total operating income</b>	<b>3,525</b>	<b>1,486</b>	<b>14,579</b>
Personnel expenses	-11,487	-6,052	-31,541
Other external expenses	-6,727	-3,227	-19,975
Depreciation, amortization and impairment of PPE	-2,294	-1,123	-8,219
<b>Total operating expenses</b>	<b>-20,508</b>	<b>-10,402</b>	<b>-59,735</b>
<b>Operating profit/loss</b>	<b>-16,983</b>	<b>-8,916</b>	<b>-45,156</b>
Financial items	859	-190	-775
<b>Profit before tax</b>	<b>-16,124</b>	<b>-9,106</b>	<b>-45,156</b>
Tax	22	22	89
<b>Profit/loss for the period</b>	<b>-16,102</b>	<b>-9,085</b>	<b>-45,842</b>



## Condensed consolidated balance sheet

### Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2019-03-31	2018-03-31	2018-12-31
<b>Assets</b>			
Intangible assets	9,548	12,823	9,926
Property, plant and equipment	1,255	935	1,229
Financial assets	22	0	22
<b>Total non-current assets</b>	<b>10,825</b>	<b>13,758</b>	<b>11,177</b>
Accounts receivable	2,232	272	1,387
Other receivables	4,608	3,736	3,999
Prepaid expenses and accrued income	1,464	1,080	1,666
Cash and cash equivalents	29,407	35,354	46,554
<b>Total current assets</b>	<b>37,711</b>	<b>40,442</b>	<b>53,606</b>
<b>TOTAL ASSETS</b>	<b>48,536</b>	<b>54,200</b>	<b>64,783</b>

<b><i>Equity and liabilities</i></b>			
Share capital	699	652	699
Other capital contributed	146,214	103,127	146 214
Reserves	-1,175	477	375
Retained earnings including profit for the period	-106,685	-55,814	-92 571
<b>Total equity</b>	<b>39,053</b>	<b>48,442</b>	<b>54,718</b>
Deferred tax liability	230	589	484
<b>Total long-term liabilities</b>	<b>230</b>	<b>589</b>	<b>484</b>
Short term debt to creditors	0	0	45
Accounts payable	2,540	1,543	3,156
Current tax liabilities	325	267	200
Other current liabilities	2,572	2,474	2,262
Accrued expenses and prepaid income	3,775	885	3,918
<b>Total short-term liabilities</b>	<b>9,253</b>	<b>5,169</b>	<b>9,580</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>48,536</b>	<b>54,200</b>	<b>64,783</b>

## Consolidated changes in equity

(kSEK)	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
<b>2018-01-01</b>	<b>652</b>	<b>103,127</b>	<b>269</b>	<b>-46,729</b>	<b>57,319</b>
Conversion difference		0	208	0	208
Profit/loss for the period				-9,085	-9,085
<b>2018-03-31</b>	<b>652</b>	<b>103,127</b>	<b>478</b>	<b>-55,814</b>	<b>48,442</b>
<b>2018-04-01</b>	<b>652</b>	<b>103,127</b>	<b>478</b>	<b>-55,814</b>	<b>48,442</b>
Conversion difference			304		304
Profit/loss for the period				-7,126	-7,126
<b>2018-06-30</b>	<b>652</b>	<b>103,127</b>	<b>782</b>	<b>-62,940</b>	<b>41,620</b>
<b>2018-07-01</b>	<b>652</b>	<b>103,127</b>	<b>782</b>	<b>-62,940</b>	<b>41,620</b>
Warrants		0			0
Conversion difference			1,005		1,005
Profit/loss for the period				-11,861	-11,861
<b>2018-09-30</b>	<b>652</b>	<b>103,127</b>	<b>1,787</b>	<b>-74,801</b>	<b>30,765</b>
<b>2018-10-01</b>	<b>652</b>	<b>103,127</b>	<b>1,787</b>	<b>-74,801</b>	<b>30,765</b>
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
<b>2018-12-31</b>	<b>699</b>	<b>146,214</b>	<b>376</b>	<b>-92,571</b>	<b>54,718</b>

<b>2019-01-01</b>	699	146,214	376	-92,571	54,718
<b>Revaluation of conversion difference</b>			-1,988	1,988	
<b>Conversion difference</b>			437		437
<b>Profit/loss for the period</b>				-16,102	-16,102
<b>2019-03-31</b>	699	146,214	-1,175	-106,685	39,053

## Consolidated statement of cash flows

Group (kSEK)	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating profit	-16,124	-9,107	-45,931
<i>Adjustment for items not included in cash flows:</i>			
Depreciation, amortization and impairments	2,040	1,123	8,219
Net result	-1,008	0	231
Tax paid	0	37	-1
<b>Cash flows from operating activities before changes in working capital</b>	<b>-15,092</b>	<b>-7,947</b>	<b>-37,482</b>
Changes in working capital	-1,488	-6,754	-3,732
<b>Cash flows from operating activities</b>	<b>-16,579</b>	<b>-14,701</b>	<b>-41,214</b>
Capitalized intangible assets	-1,671	-621	-3,934
Acquisition of intangible assets	-53	0	-837
Change in non-current receivables	0	102	86
<b>Cash flows from investing activities</b>	<b>-1,724</b>	<b>-519</b>	<b>-4,685</b>
Warrants			835
Rights issue, after transaction costs	0	0	42,300
<b>Cash flows from financing activities</b>	<b>0</b>	<b>0</b>	<b>43,135</b>
<b>Cash flow for the period</b>	<b>-18,304</b>	<b>-15,220</b>	<b>-2,764</b>
Cash and cash equivalents at start of period	46,554	49,853	49,853
Exchange rate differences	1,157	720	-536
<b>Cash and cash equivalents at end of period</b>	<b>29,407</b>	<b>35,354</b>	<b>46,553</b>

## Condensed Parent Company income statement

Scout Gaming Group AB (publ)

559119-1316

Parent company (kSEK)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net sales	1,275	1,275	5,100
<b>Total revenue</b>	<b>1,275</b>	<b>1,275</b>	<b>5,100</b>
Personnel expenses	-4 090	-1 378	-9,462
Other external expenses	-1 669	-1 039	-6,127
Depreciation, amortization and impairment of PPE	-7	0	0
<b>Total expenses</b>	<b>-5 767</b>	<b>-2,418</b>	<b>-15,599</b>
<b>Operating profit/loss</b>	<b>-4,492</b>	<b>-2,418</b>	<b>-10,499</b>
Financial items	881	58	1,714
<b>Profit before tax</b>	<b>-3,611</b>	<b>-2,360</b>	<b>-8,785</b>

## Condensed Parent Company balance sheet

Scout Gaming Group AB (publ)

559119-1316

Parent company balance sheet (kSEK)	2019-03-31	2018-03-31	2018-12-31
<b>Assets</b>			
Property, plant and equipment	132	0	140
Financial assets	1,625	1,000	73,014
<b>Total non-current assets</b>	<b>1,757</b>	<b>1,000</b>	<b>73,154</b>
Income tax receivables	0	418	0
Group internal receivables	75,692	31,605	0
Other receivables	495	0	1
Prepaid expenses and accrued income	187	306	319
Cash and cash equivalents	8,821	18,911	18,234
<b>Total current assets</b>	<b>85,195</b>	<b>51,239</b>	<b>18,554</b>
<b>TOTAL ASSETS</b>	<b>86,952</b>	<b>52,239</b>	<b>91,708</b>

***Equity and liabilities***

Share capital	699	652	699
Other contributed capital	102,258	59,171	102,258
Retained earnings excluding profit for the period	-18,870	-8,834	-15,259
<b>Total equity</b>	<b>84,087</b>	<b>50,989</b>	<b>87,698</b>
Accounts payable	661	553	2,042
Tax liability	342	0	200
Other current liabilities	769	187	244
Accrued expenses and prepaid income	1,093	511	1,523
<b>Total current liabilities</b>	<b>2,865</b>	<b>1,251</b>	<b>4,009</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>86,952</b>	<b>52,239</b>	<b>91,708</b>



## **SIGNATURES AND ASSURANCE**

This Interim Report has not been subject to review by the Company’s auditor. The Board of Directors and the Chief Executive Officer offer their assurance that this Interim Report gives a true and fair view of the Group’s and Parent Company’s operations, financial position and results of operations and describes the significant risks and uncertainties facing the Group and Parent Company.

Stockholm, 31 May 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](mailto:billy.degerfeldt@scoutgaminggroup.com).

Scout Gaming Group AB (publ) E-mail: [ir@scoutgaminggroup.com](mailto:ir@scoutgaminggroup.com)  
Kaptensgatan 6. Webb: [www.scoutgaminggroup.com](http://www.scoutgaminggroup.com). 114 57 Stockholm.  
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 31 May 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](mailto: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.