

| Q4

Year-end Report
October-December 2020
Scout Gaming Group AB



SCOUT
gaming group

ALL FIGURES IN THIS REPORT IS 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.

Fourth Quarter: October - December 2020

- Revenues increased to mSEK 16.9 (10.0), corresponding to a growth of 69% compared to same quarter last year
- EBITDA improved to mSEK -5.8 (-8.1)
- Net result was mSEK -13.9 (-13.3)
- Earnings per share amounted to SEK -0.7 (-1.4)
- Operator trading index (which illustrates the underlying client activity) increased to 2436 (1035), a growth of 135%.

Full year: January - December 2020

- Revenues increased to mSEK 46.9 (25.7)
- EBITDA was mSEK -39.2 (-42.8)
- Net result was mSEK -54.6 (-52.2)
- Earnings per share amounted to -3.1 kr (-3,8)

Trailing 12 months (SEKm)



Events after the period ended

- Scout Gaming has launched another product for its award-winning portfolio. The Pick'em Jackpot game combines traditional sports knowledge with a jackpot. The game was made available to Fanteam users in mid-January and will be available for our B2B network shortly.
- Scout Gaming has entered into an agreement with AB Trav & Galopp, ATG (the Swedish Horse Racing Totalisator Board), Sweden's largest gaming operator measured by turnover. The companies have agreed to jointly launch Scout Gaming's award-winning DFS product on ATG.se with a soft launch aimed at the second quarter 2021, followed by a wider marketing push in the third quarter, in time for the start of English Premier League and other major European sport leagues.

For additional information, please contact:

Billy Degerfeldt, CFO & Investor Relations

billy.degerfeldt@scoutgaminggroup.com

Strong growth and stable market position

We continue to undergo strong growth, revenues increased by 69% to SEK 16.9 million during the fourth quarter and during the full year 2020, total revenue base amounted to SEK 46.9 million. During the full year, total revenue base thus grew by 84 percent, despite a strong negative impact from COVID-19 at the end of the first and sizable parts of the second quarter - when the global sports calendar was halted. In a longer perspective, COVID-19 has resulted in a faster pace of digitalization in general and for companies operating in the entertainment sector in particular, which has benefited Scout Gaming.

Scout Gaming continues to meet strong demand at the same time as we have so far only touched the long-term potential. We have updated our internal assessment of the potential size of the European fantasy sports market and currently estimate it to amount to between SEK 5.5-7.0 billion at Gross Gaming Revenue level, which means approximately 2-3% of the entire total online gaming market in Europe. It is an attractive market and we do everything we can to consolidate and expand our position to competitors.

The Scout Gaming's Operator Index, which measures the underlying customer activity, amounted to 2,436, which is an increase of approximately 135 percent compared with the corresponding quarter last year.

EBITDA improved from SEK -8.1 million to SEK -5.8 million. Cash flow from operating activities improved from SEK -2.6 million during the fourth quarter of the previous year, to SEK 0.2 million during the fourth quarter of this year.

We were less aggressive in our marketing costs, which primarily relate to guaranteed prize pools in comparison with the third quarter, in order to ensure that we get value for the investments we make in these, and it is gratifying to see that this theorem holds and that we reached an all time high for our operator trading index. Going forward, we are expected to be more aggressive regarding this marketing related expense. In connection with this, we also continue to invest heavily in product development, to ensure high future growth.

During the quarter, we launched a number of customers, including Parimatch, which also launched odds-based products from Scout Gaming. However, we are not yet live with real money gambling on Norsk Tipping. Launch with real money is expected to take place as soon as the Norwegian Ministry of Culture has given final approval. During the first quarter, we are expected to launch a beta with Betsson in selected markets. Global rollout is expected to continue during the year and in the coming years. After the end of the quarter, we also entered into an agreement with the largest Swedish gaming operator ATG. Launch is expected later this year. We have also continued dialogues with several major potential customers.

We continue to work intensively with the development of both our existing products and new add-ons. After the end of the quarter, we launched a jackpot game and we have progressed in the development of our internal sportsbook, which so far only is available on Fanteam and currently only in a very early stage.

The sportsbook was from the beginning developed to optimize how fantasy sports are seamlessly integrated into a broader sports betting offering. In December, handle reached EUR 1 million on a monthly basis for the first time ever in our internal sportsbook. About 15 percent of sales since initiation is attributable to our internally developed “player performance odds”. During the first quarter, we launched parts of these odds-based products at both Betway and Parimatch.

Scout Gaming continues to focus on long-term shareholder value, which is the prime goal. The board, management and staff control over 25 percent of the shares.

Finally, I would like to thank all clients, employees, shareholders, the board and suppliers for your support. I look forward to 2021 with great confidence. The start of the year has been strong and we are expecting continuous heavy growth!

Andreas Ternstrom
CEO

Scout Gaming Operator Trading Index



The Operator Trading Index, increased to 2436 (1035), during the fourth quarter 2020. The increase corresponds to a growth of 135% 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. During 2021, a couple of sizeable clients such as Norsk Tipping, ATG and Betsson are expected to launch Scout Gaming products.

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

Revenue

Revenues amounted to SEK 16.9 M (10.0) 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 46.9 million (25.7).

Costs

Costs during the fourth quarter amounted to SEK –24.8 million (-20.9). They mostly consist of costs attributable to marketing and sales. Scout Gaming has actively increased marketing costs compared to the corresponding period last year, to accelerate the development of the Fantasy Sports market. Compared with the third quarter this year, marketing costs are lower. These costs are of a flexible nature. Personnel costs decreased marginally compared with the corresponding period last year and are not expected to increase to any significant extent in the future. Costs for the full year amounted to SEK -92.7 million (-78.5).

Results

Operating profit for the quarter amounted to SEK –7.9 million (-10.9) and to SEK -45.8 million (-52.8) for the full year. Net income amounted to SEK -13.9 million (-13.3) during the quarter and to SEK -54.6 million (-52.2) for the full year.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to SEK 0.2 million (-2.6) during the quarter and to SEK -40.6 million (-44.3) for the full year. Cash flow from investing activities amounted to SEK -7.7 million (-2.9) for the fourth quarter and to SEK -15.7 million (-8.2) for the full year. Cash flow from financing activities amounted to SEK -0.1 million (0.1) for the quarter and to SEK 110.5 million (26.8) for the full year. Cash flow for the period amounted to -7.6 (-5.6) for the quarter and SEK 54.2 million (-25.7) for the full year. Cash flow from operating activities before changes in working capital during the quarter amounted to SEK -8.4 million (-7.7), during the year it amounted to SEK -44.6 million (-42.7). Cash and cash equivalents amounted to SEK 73.3 M (21.5) at the end of the quarter.

Capitalised development costs

In the fourth quarter of 2020, development expenditure of SEKm 7.6 (3.0) 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 SEKm 15.5 (8.1).

Key Ratios

Key ratios, Group (SEKm)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Revenue	16.9	10.0	46.9	25.7
Revenue growth, %	69	117	86	76
EBITDA	-5.8	-8.1	-39.2	-42.8
EBITDA-margin, %	Neg	Neg	Neg	Neg
Operating profit	-7.9	-10.9	-45.8	-52.8
Number of shares at the end of the period	20,536,654	14,533,455	20,536,654	14,533,455
Average number of shares *	20,536,654	14,533,455	17,535,055	13,908,455
Employees at end of period **	85	83	85	83
Earnings per share (SEK)	-0.7	-0.9	-3.1	-3.8
Shareholders' equity per share (SEK)	4.4	2.0	4.4	2,0
Operator Trading Index	2,436	1,035	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

Operating income for the fourth quarter of 2020 amounted to SEK -1.4 million (1.3). Operating profit amounted to SEK -3.8 million (-1.0). Profit for the quarter amounted to SEK -1.3 million (0.4). The Parent Company's cash and cash equivalents amounted to SEK 15.8 M (6.6) at the end of the period and equity amounted to SEK 224.4 M (112.6).

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.

Dividend

The Board of Directors proposes that no dividend will be paid for the financial year 2020.

Owners per 31 December 2020

Shareholders	No. Shares	Amount
Topline Capital Partners LP	4,897,407	23.8%
Lloyd Fonds AG	2,053,665	10.0%
Novobis AB	1,772,158	8.6%
Knutsson Holdings AB	1,693,960	8.2%
Atle Sundal Holding AS	1,578,705	7.7%
SIA Optibet	833,333	4.1%
Andreas Sundal Holding AS	807,883	4.0%
Norges Bank	503,000	2.5%
Ålandsbanken i ägares ställe	492,312	2.5%
Nordnet Pensionsförsäkring	474,543	2.4%
Total top 10 shareholders	15,106,966	73.5%
Other shareholders	5,429,688	26.4%
Number of shares	20,536,654	

Calendar

Scout Gaming will publish reports according to the following schedule:

Report Q1: May 18

Report Q2: August 18

Report Q3: November 18

Year-end report 2021: February 18, 2022

The annual report is intended to be published 13th of April 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>.

Condensed consolidated income statement

Scout Gaming Group AB (publ)

559119-1316

Group income statement (kSEK)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Revenue	16,943	9,983	46,897	25,691
Personnel expenses	-8,958	-9,407	-34,755	-39,790
Other external expenses	-13,815	-8,723	-51,345	-28 655
Depreciation, amortization and impairment of PPE	-2,032	-2,751	-6,597	-10,058
Total operating expenses	-24,381	-20,880	-92,697	-78,503
Operating profit	-7,861	-10,897	-45,800	-52,812
Financial items	-6,054	-2,369	-8,849	580
Profit before tax	-13,915	-13,266	-54,650	-52,232
Tax	16	13	65	66
Profit for the period	-13,899	-13,254	-54,584	-52,166

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2020- 12-31	2019- 12-31
Assets		
Intangible assets	18,652	8,425
Property, plant and equipment	764	909
Financial assets	7	7
Total non-current assets	19,423	9,342
Accounts receivable	1,863	1,525
Other receivables	7,333	8,863
Prepaid expenses and accrued income	3,862	2,622
Cash and cash equivalents	73,337	21,473
Total current assets	86,394	34,483
TOTAL ASSETS	105,817	43,825

Equity and liabilities

Share capital	1,081	765
Other capital contributed	283,135	172,958
Reserves	3,079	-1,281
Retained earnings including profit for the period	-197,333	-142,749
Total equity	89,962	29,694
Deferred tax liability	68	162
Total long-term liabilities	68	162
Short-term debt to creditors	0	0
Accounts payable	1,855	1,788
Current tax liabilities	260	444
Other current liabilities	10,959	9,056
Accrued expenses and prepaid income	2,714	2,682
Total short-term liabilities	15,787	13,969
TOTAL EQUITY AND LIABILITIES	105,817	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
2020-04-01	921	207,959	-7,791	-152,561	48,529
Rights issue					
Conversion difference			5,676		5,676
Profit/loss for the period				-17,461	-17,461
2020-06-30	921	207,959	-2,115	-170,022	36,743
2020-07-01	921	207,959	-2,115	-170,022	36,743
Rights issue	160	75,292			75,452
Conversion difference			-763		-763
Profit/loss for the period				-13,412	-13,412
2020-09-30	1,081	283,251	-2,878	-183,434	98,020
2020-10-01	1,081	283,251	-2,878	-183,434	98,020
Rights issue		116			116
Conversion difference			5,957		5,957
Profit/loss for the period				-13,899	-13,899
2020-12-31	1 081	283,135	3,078	-197,333	89,962

Consolidated statement of cash flows

Group (kSEK)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Operating profit	-13,850	-13,266		-52,232
<i>Adjustment for items not included in cash flows:</i>				
Depreciation, amortization and impairments	2,012	2,751	6,577	10,058
Other non-cashflow items	3,050	2 865	2,935	-568
Tax paid	0	0	0	0
Cash flows from operating activities before change in working capital	-8,787	-7,651	-45,072	-42,741
Changes in working capital	8 568	5,018	4,469	-1,530
Cash flows from operating activities	204	-2,633	-40,072	-44,271
Capitalized intangible assets	-7,575	-2,969	-15,524	-8,039
Acquisition of intangible assets	-83	1	-175	-194
Change in non-current receivables	0	-22	0	14
Cash flows from investing activities	-7,658	-2,946	-15,700	-8,218
Warrants	0	0	0	0
Rights issue, after transaction costs	-116	-58	110,493	26,810
Cash flows from financing activities	-116	-58	110,493	26,810
Cash flow for the period	-7,570	-5,637	54,191	-25,679
Cash and cash equivalents at start of period	81,659	27,952	21,473	46,554
Exchange rate differences	-752	-842	-2,327	598
Cash and cash equivalents at end of period	73,337	21,473	73,337	21,473

Condensed Parent Company income statement

Scout Gaming Group AB
 (publ)
 559119-1316

Parent Company income statement (kSEK)	Oct-Dec 2020	Oct-Dec 2019	Full year 2020	Full year 2018
Revenues	-1,360	1,275	1,401	5,100
Personnel expenses	-1,908	-1,335	-6,264	-8,958
Other external expenses	-526	-569	-2,783	-3,815
Depreciation, amortization and impairment of PPE	-25	-8	-47	-30
Total expenses	-2,459	-1,912	-9,094	-12,803
Operating profit	-3,819	-637	-7,693	-7,703
Financial items	2,556	1,324	7,508	4,162
Profit before tax	-1,263	687	-184	-3,541
Net profit	-1,263	687	-184	-3,541

Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2020-12-31	2019-12-31
Assets		
Property, plant and equipment	30	57
Amounts owed by affiliated undertakings	207,394	0
Financial assets	1 115	105 916
Total non-current assets	208,539	105 973
Accounts receivable	0	20
Other receivables	0	131
Prepaid expenses and accrued income	103	28
Cash and cash equivalents	15,709	6,421
Total current assets	15,812	6,599
TOTAL ASSETS	224,351	112,572

Equity and liabilities

Share capital	1,081	765
Other contributed capital	239,180	129,003
Retained earnings excluding profit for the period	-18,966	-18,782
Total equity	221,294	110,985
Accounts payable	200	222
Tax liabilities	260	444
Other current liabilities	1,644	267
Accrued expenses and prepaid incomes	954	653
Total current liabilities	3,057	1,586
TOTAL EQUITY AND LIABILITIES	224,351	112,572

SIGNATURES AND ASSURANCE

This Year-end 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, 26 February 2021

Jorgen Ragnarsson, Member

Anders Enochsson, Chairman

Atle Sundal, Member

Andreas Ternstrom, CEO

Hans Isoz, Member

Carla Maree Vella, Member

For additional information please contact CFO & IR, Billy Degerfeldt, +46 70 758 16 68, billy.degerfeldt@scoutgaminggroup.com.

Scout Gaming Group AB (publ) E-mail: ir@scoutgaminggroup.com
Kaptensgatan 6. Web: www.scoutgaminggroup.com. 114 57 Stockholm.
Corporate identity number: 559119-1316

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