



| Q2

Interim Report

April-June 2023

Scout Gaming Group AB

## Second quarter: April - June 2023

- Revenues from the gaming operation amounted to mSEK 9.5 (4.2), corresponding to an increase of 126 percent.
- B2B revenues amounted to mSEK 8.2 (1.8), an increase of 355 percent.
- B2C revenues amounted to mSEK 1.3 (2.4), a decrease of 46 percent.
- EBITDA amounted to mSEK -6.0 (-23.4), an improvement of 74 percent.
- Net result amounted to mSEK -37.3 (-24.1), this includes a non-cash flow cost of mSEK 42.2 relating to the divestment of the Norwegian subsidiary and a positive currency effect of mSEK 10.3.
- Earnings per share amounted to SEK -0.13 (-1.07).

## Interim period: January - June 2023

- Revenues from the gaming operation amounted to mSEK 16.0 (10.9), corresponding to an increase of 47 percent.
- B2B revenues amounted to mSEK 12.6 (4.2), an increase of 200 percent.
- B2C revenues amounted to mSEK 3.4 (6.7), a decrease of 49 percent.
- EBITDA amounted to mSEK -15.9 (-47.1), an improvement of 66 percent.
- Net result amounted to mSEK -30.3 (-45.2), this includes a non-cash flow cost of mSEK 42.2 relating to the divestment of the Norwegian subsidiary and a positive currency effect of mSEK 27.7.
- Earnings per share amounted to SEK -0.03 (-2.1).

## Events after the quarter

New partner agreement with the Bulgarian operator Sesame.

For additional information, please contact:

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## CEO comment

An eventful second quarter, during which we launched the Brazilian operator Cartola Express, owned by Grupo Globo one of the major media groups in Brazil.

After the end of the quarter the Group announced the reorganisation which has resulted in a reduction in employees to 35 and retaining a partnership with the Norwegian company which has been divested. The financial outcome from the reorganisation will be fully visible from Q4 this year. I note that our future total operating costs are now decrease with more than 70% compared to the situation 18 months ago. Furthermore, it is my belief that with the new organisation will deliver products to our partners and to our B2C operations Fanteam, at better quality and more quantity.

To continue our path to become a profitable company and to create shareholder value a lot of work remain, more efficiencies to acheive and a sharp focus and engagement from all of us in the organisation is required.

During the last 18 months the Group has gone through a lot of changes, me and the rest of management are now at the point of that the work will start to pay off and we move to a more stable and positive future.

I want to thank all partners, shareholders and employees of the Group for all the support and belief in us.

Niklas Jönsson  
CEO

## Financial performance

### Revenues

Total revenues for the quarter amounted to mSEK 9.5 (4.2) and the period 16.0 (10.9), an increase of 126 percent compared to the same quarter last year and an increase of 47 percent compared to the first half of last year.

Revenues from B2B operations increased during the quarter to mSEK 8.2 (1.8) and for the period 12.6 (4.2) an increase of 356 percent compared to last years second quarter and an increase of 200 percent for the first half of last year. The growth B2B comes from the increased focus on this vertical. The Group has by end of second quarter 13 integrated and active B2B partners. The revenues from B2C decreased during the quarter to mSEK 1.3 (2.4) and for the period 3.4 (6.7) a decrease of 46 percent compared to last years second quarter and a decrease of 49 percent to the first half of last year. The decrease in B2C revenue is explained by a continued decrease of previous non profitable marketing campaigns. The management's assessment is that the B2C operation has the potential to generate profitable growth under controlled measures and the Group is aiming to realize these in the remainder of the year.

Revenues for B2C operations are booked at the date the transaction takes place (for Daily Fantasy Games (DFS) or when a bet is settled. For B2B operations revenues are invoiced partners after month end based on either minimum fee specified in the agreements or revenue share agreements.

### Capitalized development costs

The Group has at year-end 2022 made a change in principle concerning capitalization of development costs, which means that the group will not do any capitalization going forward. The principle means that the Group's profit & loss, balance sheet and equity has been historically adjusted, where the previous capitalization and amortization has been removed for the years 2021 and 2022. The ingoing balance of capitalized work of January 1<sup>st</sup> 2021 has been adjusted directly towards equity.

All comparative numbers have been restated to reflect this change. The comparative numbers for 2022 shows negative equity at the end of the second quarter compared to what was reported previous year, due to this change which was decided upon at the end of the year.

### Expenses

Total operational expenses during quarter amounted to mSEK 15.5 (27.7) and 32.0 (58.0) for the period. The expenses consist mainly of personnel costs amounting to mSEK 8.8 (12.2) for the quarter and mSEK 18.4 (26.9) for the period. Other external expenses amounted to mSEK 6.7 (15.5) for the quarter and 13.5 (31.0) for the period. Other external expenses for the quarter consist mainly of software & hosting expenses, consultancy costs (auditors, accountants etc) and guarantee losses, whereof

- Software and hosting expenses: 1.5 mSEK
- External consultants (auditors, accountants etc): 2.3 mSEK
- Guarantee losses: 0.7 mSEK

The Group records all costs when they are incurred, specifically related to guarantee losses these are booked when the registration of the underlying tournament is closed. Guarantee losses are defined as the part of the prize pool set by the Group not covered by user buy-ins (through our B2C brand and partners connected to the network).

### **Player and partner related debts and assets**

The company classifies all player funds as “client assets” in the financial statements, furthermore buy-ins from networked partners are booked as the same based on the transaction date. Buy-ins are invoiced after month end from all partners but as a “network operator” the Group incurs the debt at transaction date.

Funds held with Payment Service Providers (PSPs) are classified as “other receivables” due to the funds being a receivable from another entity. Per quarter end these amount to 1.7 mSEK

This only affects numbers from Q1 2023 and onwards and is not reflected in the comparative numbers.

Per period end the company had mSEK 10.6 of liabilities related to player balances and ongoing tournaments. Player funds accounted for mSEK 9.5 and networked buy-ins mSEK 1.1. The networked buy-ins reflecting the low activity level of underlying sports per quarter end. All debts related to buy-ins included per quarter end will be settled as follows:

Next quarter, mSEK 0.5

After the coming quarter, mSEK 0.6

The B2B and B2C entities always retain sufficient liquidity to be able to pay their client assets (networked buy-ins and player funds) at all times. The rest of the funds are distributed on the basis of need.

This balance also includes guarantee losses amounting to mSEK 0.1, booked as expenses before quarter end. See expenses above related to guarantee costs for principles of bookings this.

Current buy-ins will be settled in the following periods and be distributed to partners who participated on the network.

### **Result**

Operating result for the quarter was mSEK -6.0 (-23.4) and for the period mSEK -16.0 (-47.1). Net result was mSEK -37.3 (-24.1) during the quarter and mSEK -30.3 (-45.2). The negative net result of this quarter and period was mainly driven by the sale of the Group’s Norwegian entity and from currency effects reducing this impact by mSEK 10.3 for the quarter and mSEK 27.7 for the period.

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

Cash flows from operating activities amounted to mSEK -13.5 (-25.4) during the quarter and mSEK -17.9 (-34.4) for the period. Cash flows from investing activities amounted mSEK 0, due to the decision not to capitalize cost. Cash flows for the quarter was mSEK -13.5 (-5.5) and mSEK -17.9 (-40.7) for the period. Cash and cash equivalents amounted to mSEK 56.8 (8.4) at the end of the period.

## Key Ratios

	Apr-Jun 2023	Apr-Jun 2022**	Jan-Jun 2023	Jan-Jun 2022**	Full year 2022
Revenue	9.5	4.2	16.0	10.9	25.6
Growth, %	126	-47	46	-33	-20
EBITDA	-6.0	-23.4	-15.8	-47.0	-72.5
EBITDA-margin, %	Neg	Neg	Neg	Neg	Neg
Operating profit	-6.1	-30.6	-9.4	-47.0	-64.5
Number of shares at the end of the period	225,200,470	22,520,047	225,200,470	22,520,047	225,200,470
Average number of shares	225,200,470	22,520,047	225,200,470	22,520,047	112,600,235
Employees at end of period *	44	107	44	107	64
Earnings per share (SEK)	-0.13	-1.07	-0.03	-2.10	-0.01
Shareholders' equity per share (SEK)	0.20	0.00	0.20	0.00	0.30

\* Includes contract staff in Ukraine.

\*\* Restated to adjust for change in principle

## Other

### Parent company

Revenue for the quarter amounted to mSEK 1.1 (0.0) and mSEK 1.1 (0.3) for the period. Operating result amounted to mSEK -1.3 (-2.8) for the quarter and mSEK -2.7 (-5.1) for the period. Financial result was mSEK -74.3 (-177.9) for the quarter and mSEK -73.7 (-177.9) for the period. The result for the quarter amounted to mSEK -75.6 (-180.7), mainly driven by the sale of the Norwegian entity. The parent company's cash and cash equivalents amounted to mSEK 46.9 (1.2) at the end of the quarter and equity amounted to mSEK 108.6 (88.6).

### 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. The war in Ukraine has effected Scout Gaming in very negative way with decreased revenues, this risk was impossible to estimate in the beginning of the quarter.

For further information about Scout Gaming's risks and risk management, refer to the Annual Report 2022, 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 change in principle concerning capitalization of development cost the Group has used K3, 18:7. Amounts are expressed in mSEK (millions of SEK) unless otherwise stated.

### Related party transactions

During the quarter the Chairman of Board has received mSEK 0.3 for work relating to commercial activities which the Group has made during the year.

### Owners per June 30<sup>th</sup> 2023

Shareholders	No. Shares	Ownership
Topline Capital Partners LP	41,328,420	18.4%
Scobie Ward	35,306,667	15.7%
Novobis AB	20,721,580	9.2%
Knutsson Holdings AB	19,939,600	8.9%
Atle Sundal Holding AS	9,018,340	4.0%
SIA Optibet (Entain Group)	8,333,330	3.7%
Nordnet Pensionsförsäkring AB	7,726,480	3.4%
JP Morgan Chase Bank NV	7,693,200	3.4%
Andreas Sundal Holding AS	6,500,083	2.9%
Clearstream Banking S.A.	4,215,663	1.9%
Top 10 shareholders	160,783,363	71.6%
<b>Other shareholders</b>	<b>63,848,008</b>	<b>28.4%</b>
Total number of shares	225,200,470	

### Calendar

Scout Gaming will publish reports according to the following schedule:

- Interim report Q3 2023: November 17, 2023
- Year-end report 2023: February 28, 2024

## Condensed consolidated income statement

Scout Gaming Group AB (publ)

559119-1316

Group income statement (kSEK)	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Revenue	9,491	4,218	16,010	10,922	25,574
Other revenues	-	99	-	-	71
<b>Total Revenues</b>	<b>9,491</b>	<b>4,317</b>	<b>16,010</b>	<b>10,922</b>	<b>25,646</b>
Personnel expenses	-8,782	-12,180	-18,399	-26,909	-46,396
Other external expenses	-6,693	-15,499	-13,483	-30,988	-51,444
Depreciation, amortization and impairment of PPE	-43	-65	-93	-130	-260
<b>Total operating expenses</b>	<b>-15,518</b>	<b>-27,744</b>	<b>-31,975</b>	<b>-58,027</b>	<b>-98,100</b>
<b>Operating profit/loss</b>	<b>-6,027</b>	<b>-23,427</b>	<b>-15,965</b>	<b>-47,105</b>	<b>-72,454</b>
Result from Investments in Group Companies	-42,141	-	-42,141	-	-
Financial items*	10,824	-694	27,783	1,891	8,009
<b>Profit before tax</b>	<b>-37,344</b>	<b>-24,121</b>	<b>-30,323</b>	<b>-45,214</b>	<b>-64,445</b>
Tax	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>-37,344</b>	<b>-24,121</b>	<b>-30,323</b>	<b>-45,214</b>	<b>-64,445</b>

\* Includes sale of the Group's Norwegian entity



## Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2023-06-30	2022-06-30	2022-12-31
<b>Assets</b>			
Property, plant and equipment	-	591	470
Financial assets	-	122	7
<b>Total non-current assets</b>	<b>-</b>	<b>713</b>	<b>477</b>
Accounts receivable	2,000	776	2,459
Other receivables	1,978	9,098	1,357
Prepaid expenses and accrued income	2,083	1,294	7,262
Cash and cash equivalents	56,786	8,388	74,959
<b>Total current assets</b>	<b>62,847</b>	<b>19,556</b>	<b>86,037</b>
<b>TOTAL ASSETS</b>	<b>62,847</b>	<b>20,269</b>	<b>86,514</b>
<b>Equity and liabilities</b>			
Share capital	11,853	1,185	11,853
Other capital contributed	423,424	334,776	423,424
Reserves	424	-11,104	-11,545
Retained earnings including profit for the period	-391,859	-342,891	-361,536
<b>Total equity*</b>	<b>43,841</b>	<b>-18,034</b>	<b>62,196</b>
Deferred tax liability	-	9	9
<b>Total long-term liabilities</b>	<b>-</b>	<b>9</b>	<b>9</b>
Accounts payable	154	6,116	3,327
Client assets	10,585	-	2,903
Other current liabilities	2,448	28,253	11,959
Accrued expenses and prepaid income	5,819	3,934	6,120
<b>Total short-term liabilities</b>	<b>19,006</b>	<b>38,303</b>	<b>24,309</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>62,847</b>	<b>20,269</b>	<b>86,514</b>

\* see "Capitalized development costs" p 4

## Consolidated changes in equity

	Share capital	Capital contributed	Reserves	Retained earnings	Total equity
<b>Comparative period(s)</b>					
<b>2022-01-01</b>	<b>1,185</b>	<b>334,776</b>	<b>2,128</b>	<b>-297,082</b>	<b>41,008</b>
Conversion difference			-699		-699
Profit/loss for the quarter				-21,688	-21,688
<b>2022-03-31</b>	<b>1,185</b>	<b>334,776</b>	<b>1,429</b>	<b>-318,770</b>	<b>18,620</b>
<b>2023-04-01</b>					
<b>2023-04-01</b>	<b>1,185</b>	<b>334,776</b>	<b>1,429</b>	<b>-318,770</b>	<b>18,620</b>
Conversion difference			-5,218		-5,218
Profit/loss for the quarter				-24,121	-31,436
<b>2022-06-30</b>	<b>1,185</b>	<b>334,776</b>	<b>-12,533</b>	<b>-342,891</b>	<b>-18,034</b>
<b>Current period(s)</b>					
<b>2023-01-01</b>	<b>11,853</b>	<b>423,424</b>	<b>-11,545</b>	<b>-361,536</b>	<b>62,196</b>
Conversion difference			-17,592		-17,592
Profit/loss for the quarter				7,021	7,021
<b>2023-03-31</b>	<b>11,853</b>	<b>423,424</b>	<b>-29,137</b>	<b>-354,515</b>	<b>51,625</b>
<b>2023-04-01</b>					
<b>2023-04-01</b>	<b>11,853</b>	<b>423,424</b>	<b>-29,137</b>	<b>-354,515</b>	<b>51,625</b>
Conversion difference			29,561		29,561
Profit/loss for the quarter				-37,344	-37,344
<b>2023-06-30</b>	<b>11,853</b>	<b>423,424</b>	<b>424</b>	<b>-391,859</b>	<b>43,842</b>

## Consolidated statement of cash flows

Group (kSEK)	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Profit before tax	-37,344	-24,121	-30,323	-45,214	-64,445
<i>Adjustment for items not included in cash flows</i>					
Depreciation, amortization and impairments	43	65	93	130	260
Non cashflow affecting	29,485	1,242	12,090	-421	-13,856
Sale of subsidiary	-	-	-	-	-
Tax paid	0	-	0	-	0
<b>Cash flows from operating activities before change in working capital</b>	<b>-7,816</b>	<b>-22,814</b>	<b>-18,140</b>	<b>-45,084</b>	<b>-78,041</b>
Changes in working capital	-5,647	-2,658	191	-15,570	-49
<b>Cash flows from operating activities</b>	<b>-13,463</b>	<b>-25,472</b>	<b>-17,949</b>	<b>-34,405</b>	<b>-78,090</b>
Acquisition of tangible assets	-	-	-	-	-79
Change in non-current receivables	-	-	-	-	-43
<b>Cash flow from investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-122</b>
Rights issue, after transaction costs	-	20,000	-	20,000	88,092
Loan	-	-	-	-	40,000
Repayment of Bridge financing	-	-	-	-	-30,413
<b>Cash flow from financing activities</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>	<b>97,679</b>
<b>Cash flow for the period</b>	<b>-13,463</b>	<b>-5,472</b>	<b>-17,949</b>	<b>-40,654</b>	<b>27,112</b>
Cash and cash equivalents at start of period	69,830	15,005	74,959	49,413	49,413
Exchange rate differences	419	-1,145	-224	-	-1,566
<b>Cash and cash equivalents at end of period</b>	<b>56,786</b>	<b>8,388</b>	<b>56,786</b>	<b>8,338</b>	<b>74,959</b>

## Condensed Parent Company income statement

Parent Company income statement (kSEK)	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
<b>Total revenue**</b>	<b>1,102</b>	-	<b>1,102</b>	<b>257</b>	<b>2,146</b>
Personnel expenses	-268	-1,236	-962	-3,390	-4,248
Other external expenses	-2,123	-1,519	-2,870	-2,011	-5,342
Depreciation, amortization and impairment of PPE	-	-2	-	-5	-19
Other expenses	-	-	-	-	-9
<b>Total expenses</b>	<b>-2,391</b>	<b>-2,757</b>	<b>-3,832</b>	<b>-5,406</b>	<b>-9,610</b>
<b>Operating profit/loss</b>	<b>-1,288</b>	<b>-2,757</b>	<b>-2,730</b>	<b>-5,148</b>	<b>-7,464</b>
Financial items*	-74,270	-177,927	-73,662	-177,931	-178,768
<b>Profit before tax</b>	<b>-75,558</b>	<b>-180,683</b>	<b>-76,392</b>	<b>-183,079</b>	<b>-186,232</b>
<b>Profit before tax</b>	<b>-75,558</b>	<b>-180,683</b>	<b>-76,392</b>	<b>-183,079</b>	<b>-186,232</b>

\* includes write down of shares in subsidiary of 178,038 kSEK in column "Full year 2022" numbers and "Apr-Jun 2022" numbers. Includes the divestment of the Norwegian entity for "Apr-Jun 2023" numbers.

## Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2023-06-30	2022-06-30	2022-12-31
<b>Assets</b>			
Property, plant and equipment	-	14	-
Financial assets	63,870	75,115	75,000
<b>Total non-current assets</b>	<b>63,870</b>	<b>75,129</b>	<b>75,000</b>
Group internal receivables	-	32,946	48,559
Other receivables	429	1,373	1,063
Prepaid expenses and accrued income	640	158	350
Cash and cash equivalents	46,855	1,210	62,701
<b>Total current assets</b>	<b>47,924</b>	<b>35,687</b>	<b>112,673</b>
<b>TOTAL ASSETS</b>	<b>111,795</b>	<b>110,816</b>	<b>187,673</b>
<b>Equity and liabilities</b>			
Share capital	11,853	1,185	1,185
Other contributed capital	379,468	290,819	379,468
Retained earnings excluding profit for the period	-282,700	-203,414	-186,232
<b>Total equity</b>	<b>108,621</b>	<b>88,592</b>	<b>185,013</b>
Accounts payable	205	690	554
Group internal payables	-	-	1,238
Other current liabilities	2,315	20,071	316
Accrued expenses and prepaid incomes	653	1,463	553
<b>Total current liabilities</b>	<b>3,174</b>	<b>22,224</b>	<b>2,661</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>111,795</b>	<b>110,816</b>	<b>187,673</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, August 18<sup>th</sup>, 2023

Niklas Braathen, Chairman

Fredrik Rūden, Member

Jonathan Petteimerides, Member

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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.

## Definitions

Revenue – Total 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