



1Q2

Interim Report

April-June 2021

Scout Gaming Group AB



SCOUT
gaming group

ALL FIGURES IN THIS REPORT ARE 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.

Second quarter: April - June 2021

- Total revenues increased to SEKm 13.9 (6.3), corresponding to a growth of 121% compared to same quarter last year.
- EBITDA was SEKm -13.3 (-10.0).
- Net result was SEKm -17.0 (-17.5).
- Earnings per share amounted to SEK -0.8 (-1.0).
- Operator trading index (which illustrates the underlying client activity) increased to 3255 (1074), a growth of 203%.
- Scout Gaming signed an agreement with Interwetten
- The company launched fantasy player odds markets with Kaizen Gaming
- Scout Gaming signed an agreement with Razer Inc for Fantasy eSports

Interim period: January-June 2021

- Total revenues amounted to SEKm 27.3 (14.9).
- EBITDA amounted to SEKm -28.2 (-21,8)
- Net result amounted to SEKm -26.2 (-29.4)
- Earnings per share amounted to SEK -1.3 (-1.7)

Events after the period ended

- The board of directors of Scout Gaming Group resolved to carry out a directed share issue by way of cash payment of approximately MSEK 54 to a number of Swedish and international investors. The subscription price in the Directed Share Issue is SEK 27 per share, which corresponded to the closing price of the Company's share on Nasdaq First North Growth Market as of first of July.



The chart shows the overall development of the past 12 months for every given quarter.



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CEO comment: intense quarter and sportsbook

We had a busy quarter with the Euro 2020 as the main focus for the Group. Operator Trading Index grew with 203%. Total revenues increased 121% to SEKm 13.9. The active user base across our network partners have continued to grow substantially. Compared to average monthly users of the second quarter last year we experienced a growth of 302%. Strategically, we strive to optimize our marketing to support long-term growth. We use the start of major events such as Premier League, Euros or World Cup as aggressive growth-drivers.

The European fantasy sports market for real money is still in a very early phase, and we are predominantly building the market ourselves through our B2B partners and our B2C brand Fanteam. Our internal assessment of the potential size of the European fantasy sports market remains at between SEK 5.5-7.0 billion on Gross Gaming Revenue level, which means approximately 2-3% of the entire total online gaming market in Europe.

The market leading Norwegian operator Norsk Tipping has soft-launched with real money, in connection to the Premier League start, after the Norwegian government signing a bill allowing real money gambling on fantasy sports products for the Norwegian market. Swedish ATG is expected to launch during the coming months.

We see that there's a lot of room for further activating our client base and we are proactively exploring different strategies. One such example is that we are continuously developing our tournament structure in order to capture users

across the entire spectra. To secure an attractive offering we are constantly offering the possibility to win life-changing money – in contrast to our competition in Europe which primarily consists of free-to-play fantasy sports games.

In the end of the quarter, we signed a software license agreement with Razer, one of the most well-known global esports related companies. We are currently, in co-operation with Razer, developing mobile applications aimed at their approximately 125 million database. By this partnership, we believe that we long-term may become an important global player within esports Fantasy.

We have after the quarter ended been able to demonstrate our live sportsbook offering on Fanteam, following a two-year trial with pre-match bets.

With a limited cost base, built on a scalable modular tech framework, we are able to run the sportsbook operations alongside with the core DFS offering, without adding too much additional resources. From the start, this was built to optimize the seamless offering between traditional sportsbook and Fantasy Sports, something we now have been able to start demonstrating.

We received requests from external operators wanting to evaluate our full sports offering and are expecting the first full B2B sports client to be beta launched later this year.

Through our existing tech and stats platform, we have been able to build a global free-to-play social gaming sports platform, both for B2B partners who wants to use it as an acquisition and retention platform but also creating new

revenue streams within affiliation. We also see this new social gaming platform as an opportunity for entering the US market.

At the beginning of the third quarter we conducted a directed share issue of MSEK 54 to a number of Swedish and international investors. The subscription price in the Directed Share Issue is SEK 27 per share, which corresponds to the closing price of the Company's share on Nasdaq First North Growth Market as of first of July. Subscribers were Ellerston Capital Limited, Topline Capital Partners LP, Lupus alpha Investment GmbH, SPSW Capital GmbH, Scobie Ward (SWIM Capital), Knutsson Holdings AB and Provobis Holding AB. With the additional funds we will be able to build the European Fantasy Sports market.

Andreas Ternstrom
CEO

Scout Gaming Operator Trading Index



The Operator Trading Index, increased to 3255 (1074), during the second quarter 2021. The increase corresponds to a growth of 203% compared to the same quarter last year. The increase is explained by increased activity from current clients and revenues generated from new markets and products. The activity was heavily positive effected from the Euro 2020 tournament.

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

Revenues

Revenues amounted to SEKm 13.9 (6.3) during the second quarter and mainly relates to gaming related services that Scout Gaming provides to its clients and end-users. A vast part of the revenues during the quarter relates to the Euro 2020 tournament started 11th of June. The fees are charged to clients based on a combination of different variables such as number of provided markets and product categories, guarantee commitments in prize pools etc. and may be fixed or variable. Revenues for the period January-June were SEKm 27.3 (14.9).

Costs

Total costs amounted to SEKm -29.8 (-17.8) and mainly consist of other external costs which mainly relates to different marketing costs within the Group. Potential cost increase will mainly relate to guaranteed prize pools which is a marketing cost under other costs. Scout Gaming is striving to optimize this in the long run and takes into consideration variables such as the number of affiliated external partners and their size as well as the general sports calendar. In addition, marketing costs related to Fanteam could increase going forward. Personnel costs are not expected to increase in any larger extent going forward. Cost for the period January-June were SEKm 60.5 (39.6).

Result

Operating profit was SEKm -15.9 (-11.5). Net result was SEKm -17.0 (-17.5) during the quarter. Operating profit for the first half-year amounted to SEK -33.2 million (-24.6) and net profit to SEK -26.2 million (-27.3).

Liquidity, financing and financial position

Cash flows from operating activities amounted to SEKm -21.8 (-11.2) during the quarter and to SEKm -39.5 (-24.2) for the period.

Cash flows from investing activities amounted to SEKm -4.8 (-2.0) for the second quarter. Cash flows from financing activities amounted to SEKm 0 (0) and to SEKm 0 (35.1) for the period. Cash flows for the quarter was SEKm – 26.5 (-13.2). Cash and cash equivalents amounted to SEKm 27.6 (27.1) at the end of the quarter. Scout conducted a directed share issue amounting to approximately SEKm 54 before costs, after the quarter ended.

Capitalised development costs

During the quarter development expenditure of SEKm 4.6 (2.0) was capitalised. During the period SEKm 8.6 (4.5) was capitalized. Capitalised development costs are included as part of the revenue. These capitalised development costs are amortised over four years, starting when the costs incurred.

Key Ratios

Key ratios, Group (SEKm)	Apr-Jun 2021	Apr-Jun 2020	Jan-Dec 2020
Revenue	13.9	6.3	46.9
Revenue growth, %	121	58	86
EBITDA	-13.3	-10.0	-39.2
EBITDA-margin, %	Neg	Neg	Neg
Operating profit	-15.9	-11.5	-45.8
Number of shares at the end of the period	20,536,654	17,501,592	20,536,654
Average number of shares	20,536,654	17,501,592	17,535,055
Employees at end of period *	110	83	85
Earnings per share (SEK)	-0.8	-1.0	-3.1
Shareholders' equity per share (SEK)	2.9	2.1	4.4
Operator Trading Index	3255	1074	N/A

* Includes contract staff in Ukraine.

Other

Parent company

Operating income for the second quarter of 2021 amounted to SEKm 0.2 (1.0). Operating profit amounted to SEKm -2.9 (-1.1). Profit for the quarter amounted to SEKm -2.9 (0.5). The parent company's cash and cash equivalents amounted to SEKm 9.8 (11.8) at the end of the period and equity amounted to SEKm 215.8 (146.5).

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 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.

Owners per 30 June

Shareholders	No. Shares	Amount
Topline Capital Partners LP	4,873,401	23.7%
Lloyd Fonds AG	2,037,000	9.9%
Novobis AB	1,772,158	8.6%
Knutsson Holdings AB	1,693,960	8.3%
Atle Sundal Holding AS	1,578,705	7.7%
SIA Optibet	833,333	4.1%
Andreas Sundal Holding AS	830,644	4.0%
Ålandsbanken i ägares ställe	490,012	2.4%
Norges Bank	479,000	2.3%
Andreas Ternstrom	428,840	2.1%
Total top 10 shareholders	15,017,057	73.1%
Other shareholders	5,519,597	26.9%
Number of shares	20,536,654	

Calendar

Scout Gaming will publish reports according to the following schedule:

Q3 report: 18 November

Year-end report 2020: February 18, 2022

Condensed consolidated income statement

Scout Gaming Group AB (publ)

559119-1316

Group income statement (kSEK)	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	13,933	6,260	27,301	14,939	46,897
Personnel expenses	-10,480	-6,840	-20,260	-17,567	-34,755
Other external expenses	-16,721	-9,446	-35,261	-19,133	-51,345
Depreciation, amortization and impairment of PPE	-2,647	-1,468	-4,955	-2,878	-6,597
Total operating expenses	-29,849	-17,754	-60,477	-39,577	-92,697
Operating profit/loss	-15,918	-11,494	-33,176	-24,638	--45,800
Financial items	-1,058	-5,983	6,923	-2,668	-8,849
Profit before tax	-16,953	-17,477	-26,253	-27,307	-54,650
Deferred tax	0	0	0	0	0
Tax	20	16	40	33	65
Profit/loss for the period	-16,953	-17,461	-26,212	-27,273	-54,584

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2021- 06-30	2020- 06-30	2020- 12-31
Assets			
Intangible assets	23,387	13,325	18,652
Property, plant and equipment	756	788	764
Financial assets	108	7	7
Total non-current assets	24,251	14,120	19,423
Subscribed but unpaid capital	0	0	0
Accounts receivable	-265	3,012	1,863
Other receivables	10,264	5,866	7,333
Prepaid expenses and accrued income	4,873	1,303	3,862
Cash and cash equivalents	27,560	27,063	73,337
Total current assets	42,431	37,245	86,394
TOTAL ASSETS	66,682	51,364	105,817

<i>Equity and liabilities</i>			
Share capital	1,081	921	1,081
Other capital contributed	283,135	207,960	283,135
Reserves	-669	-2,115	3,079
Retained earnings including profit for the period	-223,45	-170,022	-197,333
Total equity	60,002	36,744	89,962
Provisions for deferred tax	30	108	0
Deferred tax liability	0	0	68
Total long-term liabilities	30	108	68
Short term debt to creditors	0	3,341	0
Accounts payable	4,633	2,761	1,855
Current tax liabilities	36	273	260
Other current liabilities	-725	6,855	10,959
Accrued expenses and prepaid income	2,705	1,283	2,714
Total short-term liabilities	6,649	14,513	15,787
TOTAL EQUITY AND LIABILITIES	66,682	51,364	105,817

Consolidated changes in equity

	Share capital	capital contributed	Reserves	Retained earnings	Total equity
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

2021-01-01	1,081	283,135	3,078	-197,333	89,962
Rights issue					
Conversion difference			-3,735		-3,735
Profit/loss for the period				-9,258	-9,258
2021-03-31	1,081	283,135	-656	-206,592	76,968
2021-04-01	1,081	283,135	-656	-206,592	76,968
Rights issue					
Conversion difference			-63		-63
Profit/loss for the period				-16,953	-16,953
2021-06-30	1,081	283,135	-719	-223,545	60,002

Consolidated statement of cash flows

Group (kSEK)	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Operating profit	-16,974	-17,477	-26,253	-27,307	-54,584
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortization and impairments	2,648	1,468	4,957	2,878	6,577
Non cashflow affecting	773	2,625	-7,477	-1,375	2,935
Tax paid	0	0	0	0	0
Cash flows from operating activities before change in working capital	-13,553	-13,384	-28,773	-25,803	-45,072
Changes in working capital	-8,239	2,175	-10,715	1,575	4,469
Cash flows from operating activities	-21,792	-11,209	-39,488	-24 228	-40,072
Capitalized intangible assets	-4,638	-1,979	-8,581	-4,532	-15,524
Acquisition of intangible assets	-77	0	-78	0	-175
Change in non-current receivables	-41	0	-100	0	0
Cash flows from investing activities	-4,755	-1,979	-8,758	-4,532	-15,700
Rights issue, after transaction costs	0	0	0	35,157	110,493
Cash flows from financing activities	0	0	0	35,157	110,493
Cash flow for the period	-26,548	-13,188	-48,247	6,398	54,191
Cash and cash equivalents at start of period	54,749	40,005	73,337	21,473	21,473
Exchange rate differences	-642	246	2,469	-808	-2,327
Cash and cash equivalents at end of period	27,560	27,063	27,560	27,063	73,337

Condensed Parent Company income statement

Parent Company income statement (kSEK)	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	FY 2020
Total revenue	191	955	531	2,124	1,401
Personnel expenses	-2,221	-1,278	-3,774	-3,206	-6,264
Other external expenses	-851	-747	-2,264	-1,603	-2,783
Depreciation, amortization and impairment of PPE	-5	-7	-5	-15	-47
Total expenses	-3,078	-2,033	-6,044	-4,823	-9,094
Operating profit/loss	-2,887	-1,078	-5,512	-2,700	-7,693
Financial items	-3	1,622	-3	3,069	7,508
Profit before tax	-2,889	545	-5,515	370	-184
Profit before tax	-2,889	545	-5,515	370	-184

Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2021-06-30	2020-06-30	2020-12-31
Assets			
Property, plant and equipment	25	42	30
Receivables from group companies	0	0	207,394
Financial assets	1,115	1,115	1,115
Total non-current assets	1,139	1,157	208,539
Group internal receivables	205,928	134,678	0
Account receivables	0	-7	0
Other receivables	1,060	123	131
Prepaid expenses and accrued income	182	141	103
Cash and cash equivalents	9,840	11,833	15,812
Total current assets	217,010	146,767	15,812
TOTAL ASSETS	218,149	147,924	224,351

Equity and liabilities

Share capital	1,081	921	1,081
Other contributed capital	239,180	164,004	239,180
Retained earnings excluding profit for the period	-24,481	-18,412	-18,966
Total equity	215,779	146,512	221,294
Accounts payable	649	376	200
Group internal liabilities	0	0	0
Tax liabilities	36	273	260
Other current liabilities	683	0	1,644
Accrued expenses and prepaid incomes	1,001	763	954
Total current liabilities	2,370	1,411	3,057
TOTAL EQUITY AND LIABILITIES	218,149	147,924	112,572

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, 27 August 2021

Fredrik Reuden, Member

Anders Encohsson, Chairman

Jonathan Pettemerides, Member

Andreas Ternstrom, CEO

Hans Isoz, Member

Carla Maree Vella, Member

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Web: www.scoutgaminggroup.com. 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 – 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

Operator Trading Index - Scout Gaming has established an index to report the total turnover on Scout Gaming's products to the company's customers