



| Q4

Year-end Report 2022
Scout Gaming Group AB

Fourth quarter: October - December 2022

- Revenues from the gaming operation amounted to mSEK 8.0 (8.4), corresponding to a decrease of 4 percent
- B2B revenues amounted to mSEK 5.1 (3.0), an increase of 70 percent
- B2C revenues amounted to mSEK 2.9 (5.4), a decrease of 45 percent
- Total revenues amounted to mSEK 8.0 (10.1)
- EBITDA decreased to mSEK -10.7 (-37.3)
- Net result decreased to mSEK 0.0 (-39.1)
- Earnings per share amounted to SEK 0.00 (-1.73)
- Signed agreements with Apple iSports and Cartola Express

Full year 2022

- Revenues from the gaming operation amounted to mSEK 25.6 (31.8), corresponding to a decrease of 20 percent
- B2B revenues amounted to mSEK 14.0 (9.6), an increase of 46 percent
- B2C revenues amounted to mSEK 11.7 (22.2), a decrease of 47 percent
- Total revenues amounted to mSEK 25.6 (36.6)
- EBITDA decreased to mSEK -67.9 (-84.3)
- Net result decreased to mSEK -60.1 (-82.6)
- Earnings per share amounted to SEK -0.27 (-3.67)
- The Board of Directors proposes that no dividend will be paid for the financial year 2022.

Events after the financial year ended

No events after the period.

For additional information, please contact:

Niklas Jönsson, CFO & acting CEO

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CEO comment

The most eventful year in the Group's history has come to an end. We have during the year executed a restructuring concerning our organization with significant reductions of personnel, our partner agreements and a successful rights issue.

During the fourth quarter we finalized our restructuring of B2B partnerships, which meant that we terminated a large number of our partnerships and by the year end 13 partnerships remained, whereof 8 are active and the remaining are under integration.

This restructuring program together with a continued cost control is a requirement for the Group to come to profitability.

During the last quarter we entered into agreements with both Apple iSports and Cartola. According to the agreements we will deliver our product during the first quarter of 2023.

Scout's B2C brand Fanteam has during the year decreased in revenue due decisions made to reduce marketing expenses. We still believe there is a profitable growth potential for Fanteam and are evaluating different options going forward.

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

As we execute on our plans a profitable cash generative company is a possibility and a target, even if more transformative work is needed. I am determined to continue this fight.

Niklas Jönsson
acting CEO

Financial performance

Revenues

Total revenues for the quarter amounted to mSEK 8.0 (10.1) and the full year to mSEK 25.6 (36.6), a decrease of 21 respectively 30 percent compared to last year. Revenues from gaming operations and gaming related services that Scout Gaming provides to its clients, amounted during the quarter to mSEK 8.0 (8.4) and for the full year to mSEK 25.6 (31.8), which is a decrease of 4 respectively of 20 percent.

Revenues from B2B operation decreased during the quarter to mSEK 5.1 (3.0) and for the full year to mSEK 14.0 (9.6) or an increase of 70 respectively 46 percent compared to last year. The growth B2B comes from the increased focus on this vertical. The Group has at year-end 8 integrated and active B2B partners. The revenues from B2C decreased during the quarter to mSEK 2.9 (5.3) and for the full year to mSEK 11.7 (22.2), a decrease of 45 respectively 47 percent compared to last year. The decrease in B2C revenue is explained by decrease of previous non profitable marketing campaigns. The managements assessment is that the B2C operation has the potential to generate profitable growth under controlled measures.

The groups business model, which was launched for new partners during the end of 2021, with fixed monthly revenues means that the Group will have more predictable recurring revenue during each month during the contract period.

Revenues are 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. The increase is due to additional launched partners and higher activity within current client base compared to corresponding period previous year.

Capitalized development costs

The Group has at year-end 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 capitalisations and amortisations has been removed for the years 2021 and 2022. The ingoing balance of capitalised work of January 1st 2021 has been adjusted directly towards equity.

Expenses

Total expenses during quarter amounted to mSEK 18.8 (48.4) and for the full year to mSEK 93.7 (122.7). The expenses mainly consist of personnel costs amounting to mSEK 9.4 (13.7) for the quarter and mSEK 46.4 (45.7) for the full year and other external expenses amounting to mSEK 9.4 (34.3) for the quarter and mSEK 47.1 (75.2) for the full year. Other external expenses consist mainly of marketing expenses for the B2C operations and guarantee losses, whereof the guarantee loss amounted mSEK 1.1 during the quarter and mSEK 13.7 for the full year. The change of process which commenced during the second quarter concerning guarantee levels has given a substantial change concerning this typ of expenses. The effect from the already initiated restructuring show a full effect until the first quarter. The number of employees has during the year decreased from 131 to 64 at the end of the year.

Result

Operating profit for the quarter was mSEK -10.8 (-38.3). Net result was mSEK 0.0 (-39.1) during the quarter. Operating profit for the full year amounted to mSEK -68.1 (-86.1) and net profit to SEK -60.1 million (-82.7).

Liquidity, financing and financial position

Cash flows from operating activities amounted to mSEK -0.7 (-17.0) during the quarter and to mSEK -70.6 (-77.5) for the year. Cash flows from investing activities amounted, due to the decision not to capitalize cost to mSEK 0 (-0.1) for the quarter and mSEK 0 (-0.3) for the full year. Cash flows from financing activities amounted, due to the executed new share issue, to mSEK 57.7 (0) for the quarter and mSEK 97.7 (51.7) for the year. Cash flows for the quarter was mSEK 57.0 (-17.2) and mSEK 27.1 (-26.0) for the year. Cash and cash equivalents amounted to mSEK 75.0 (49.4) at the end of the year.

Key Ratios

	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Revenue	8.0	8.4	25.6	31.8
Growth, %	-4	6	-20	23
Total revenue	8.0	10.1	25.6	36.6
Growth, %	-21	9	-30	17
EBITDA	-10.7	-37.9	-67.9	-84.3
EBITDA-margin, %	Neg	Neg	Neg	Neg
Operating profit	-10.8	-38.3	-68.1	-86.1
Number of shares at the end of the period	225,200,470	22,520,047	225,200,470	22,520,047
Average number of shares	112,600,235	22,520,047	112,600,235	21,455,709
Employees at end of period *	64	125	64	125
Earnings per share (SEK)	0.00	-1.73	-0.27	-3.67
Shareholders' equity per share (SEK)	0.30	1.82	0.30	1.82

* Includes contract staff in Ukraine.

Other

Parent company

Revenue for the full year amounted to mSEK 2.1 (0.9) and operating profit amounted to mSEK -7.5 (-10.1). The result for the year amounted to mSEK -186.2 (-1.1). The parent company's cash and cash equivalents amounted to mSEK 62.7 (21.2) at the end of the period and equity amounted to mSEK 185.0 (271.9).

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. 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 2021, 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 capitalisation 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 year the Chairman of Board has received mSEK 0.7 for work relating to the commercial restructuring which the Group has made during the year.

Owners per December 31th 2022

Shareholders	No. Shares	Ownership
Topline Capital Partners LP	33,537,476	14.9%
Scobie Ward	29,306,667	13.0%
Novobis AB	20,721,580	9.2%
Knutsson Holdings AB	19,939,600	8.9%
Nordnet Pensionsförsäkring AB	11,222,442	5.0%
Atle Sundal Holding AS	10,074,787	4.5%
SIA Optibet (Entain Group)	8,333,330	3.7%
Avanza Pension	6,718,258	2.9%
Andreas Sundal Holding AS	6,500,083	2.9%
JP Morgan Chase Bank NV	5,943,200	2.6%
Top 10 shareholders	152,297,423	67.6%
Other shareholders	72,903,047	32.4%
Total number of shares	225,200,470	

Calendar

Scout Gaming will publish reports according to the following schedule:

- Annual accounts 2022: April 30, 2023
- Interim report Q1 2023: May 25, 2023
- Annual General Meeting: May 30, 2023
- Interim report Q2 2023: August 18, 2023
- 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)	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Revenue	8,019	8,388	25,574	31,788
Other revenues	-	1,730	71	4,820
Total Revenues	8,019	10,118	25,646	36,608
Personnel expenses	-9,385	-13,704	-46,396	-45,737
Other external expenses	-9,354	-34,285	-47,106	-75,150
Depreciation, amortization and impairment of PPE	-65	-446	-260	-1,786
Total operating expenses	-18,804	-48,435	-93,762	-122,673
Operating profit/loss	-10,785	-38,317	-68,116	-86,065
Financial items	10,786	-791	8,009	3,390
Profit before tax	1	-39,108	-60,107	-82,674
Tax	-	20	-	61
Profit/loss for the period	1	-39,088	-60,107	-82,613

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2022-12-31	2021-12-31
Assets		
Intangible assets	-	47
Property, plant and equipment	470	717
Financial assets	7	122
Total non-current assets	477	886
Accounts receivable	2,459	4,838
Other receivables	1,357	6,774
Prepaid expenses and accrued income	7,262	3,019
Cash and cash equivalents	74,959	49,413
Total current assets	86,037	64,160
TOTAL ASSETS	86,514	65,046
Equity and liabilities		
Share capital	11,853	1,185
Other capital contributed	423,424	334,776
Reserves	-11,104	2,128
Retained earnings including profit for the period	-357,190	-297,082
Total equity	66,983	41,008
Deferred tax liability	9	9
Total long-term liabilities	9	9
Accounts payable	3,327	2,284
Current tax liabilities	-	54
Other current liabilities	10,075	17,227
Accrued expenses and prepaid income	6,120	4,501
Total short-term liabilities	19,531	24,038
TOTAL EQUITY AND LIABILITIES	86,514	65,046

Consolidated changes in equity

	Share capital	Capital contributed	Reserves	Retained earnings	Total equity
2021-01-01	1 081	283 135	3 078	-197 333	89 962
Effect of changed principle				-17 135	-17 135
2021-01-01, new ingoing balance	1 081	283 135	3 078	-214 468	72 827
New share issue	104	53 641			53 745
Expenses from share issue		-2 000			-2 000
Conversion difference			-951		-951
Profit/loss for the year				-82 614	-82 614
2021-12-31	1 185	334 776	2 128	-297 082	41 008
2022-01-01	1 185	334 776	2 128	-297 082	41 008
New share issue	10 667	90 673			101 340
Expenses from share issue		-2 025			-2 025
Conversion difference			-13 232		-13 232
Profit/loss for the year				-60 108	-60 108
2021-12-31	11 853	423 424	-11 104	-357 190	66 983

Consolidated statement of cash flows

Group (kSEK)	Jul-Sept 2022	Jul-Sept 2021	Jan-Sept 2022	Jan-Sept 2021
Operating profit	1	-39,108	-60,107	-82,674
<i>Adjustment for items not included in cash flows</i>				
Depreciation, amortization and impairments	65	446	260	1,786
Non cashflow affecting	-13,229	1,942	-13,856	-4,616
Tax paid	0	0	0	0
Cash flows from operating activities before change in working capital	-13,163	-36,720	-73,703	-85,504
Changes in working capital	-12,497	19,671	3,136	8,003
Cash flows from operating activities	-666	-17,049	-70,567	-77,501
Acquisition of tangible assets	-	-79	-	-157
Change in non-current receivables	-	-43	-	-112
Cash flow from investing activities	-	-122	-	-269
Rights issue, after transaction costs	88,092	-	88,092	51,745
Loan	-	-	40,000	-
Repayment of Bridge financing	-30,413	-	-30,413	-
Cash flow from financing activities	57,679	-	97,679	51,745
Cash flow for the period	57,014	-17,171	27,112	-26,025
Cash and cash equivalents at start of period	19,268	66,774	49,413	73,337
Exchange rate differences	-1,323	-191	-1,566	2,101
Cash and cash equivalents at end of period	74,959	49,413	74,959	49,413

Condensed Parent Company income statement

Parent Company income statement (kSEK)	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Total revenue	1,888	383	2,146	914
Personnel expenses	-629	-1,943	-5,341	-6,720
Other external expenses	-1,404	-715	-4,257	-4,293
Depreciation, amortization and impairment of PPE	-3	-3	-11	-11
Total expenses	-2,036	-2,666	-9,610	-11,024
Operating profit/loss	-148	-2,283	-7,464	-10,110
Financial items	1,594	9,003	-178,768	8,999
Profit before tax	1,446	6,720	-186,232	-1,111
Profit before tax	1,446	6,720	-186,232	-1,111

Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2022-12-31	2021-12-31
Assets		
Property, plant and equipment	-	19
Financial assets	75,000	253,037
Total non-current assets	75,000	253,056
Group internal receivables	47,321	-
Other receivables	1,063	396
Prepaid expenses and accrued income	351	154
Cash and cash equivalents	62,701	21,241
Total current assets	111,436	21,791
TOTAL ASSETS	186,436	274,848
Equity and liabilities		
Share capital	11,853	1,185
Other contributed capital	379,468	290,821
Retained earnings excluding profit for the period	-206,308	-20,075
Total equity	185,013	271,929
Accounts payable	554	216
Other current liabilities	316	1,335
Accrued expenses and prepaid incomes	553	1,368
Total current liabilities	1,423	2,919
TOTAL EQUITY AND LIABILITIES	186,436	274,848

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, February 28, 2023

Niklas Braathen, Chairman

Fredrik Rūden, Member

Jonathan Petteimerides, Member

Hans Isoz, Member

Niklas Jönsson, acting CEO

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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