



| Q3

Interim Report
July-September 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.

Quarter July - September 2021

- Revenues were mSEK 12.2 (15.0), a decrease with 19% compared to corresponding year.
- EBITDA improved to mSEK -6.3 (-11.6).
- Net result was mSEK -11.9 (-13.4)
- Earnings per share amounted to SEK -0.6 (-0.7)
- Operator trading index (which illustrates the underlying client activity) was 2,410 (2,421).
- Scout Gaming conducted a directed share issue of approximately 2 million shares on a subscription price of 27 SEK, amounting to mSEK 54.

Subscribers were Ellerston Capital Limited, Topline Capital Partners LP, Lupus alpha Investment GmbH, Scobie Ward (SWIM Capital), Knutsson Holdings AB and Provobis Holding AB.

- Scout Gaming has launched its fantasy software in a "social gaming" version.
- Regarding the above platform, Scout Gaming has signed 3 agreements in the US market, Masters Cup Series, a billiard tour in the US, Skylands Events and University Sports & Entertainment regarding the baseball league "Frontier League" and "eFangage" with Backal Hospitality Group, where the



product will be used as a gaming platform for the relationship between sport bars / restaurants and their visitors.

Interim period January - September 2021

- Revenues amounted to mSEK 39.5 (30.0)
- EBITDA amounted to mSEK -34.6 (-33.4)
- Net result amounted to mSEK -38.1 (-40.7)
- Earnings per share amounted to SEK -1.7 (-2.3)

Trailing 12 months (SEKm)



Events after the period ended

- Scout Gaming has launched Betano (part of Kaizen Gaming) in Brazil.

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CEO comment

During the quarter, we have worked intensively to launch our tier 1 clients. An example is Norsk Tipping, which now has launched Fantasy Sports games for real money. After the end of the quarter, we launched Fantasy e-sports with Razer and we will launch with ATG before year end. These tier 1 clients will generate growth during the 2022 and beyond. Launching tier 1 customers is the most important cornerstone of our strategy.

One of the challenges we have experienced is the time between signing agreement and the launch of our customers, which we work actively to minimize. Larger customers follow stricter processes and project plans and can therefore sometimes take longer time to launch. One of the measures we take to speed up the process is to execute implementations through third parties, which I hope to return to in more detail in the near future.

We will continue to focus our work around signing and launching of tier 1 clients across Europe, which will secure our future growth possibilities.

The operator index was unchanged compared with the previous year, which is primarily due to a very strong development during the third quarter of 2020 when the Group benefited from the condensed calendar of sporting events after Covid-related disruptions - there have not been as many fantasy-related, playable events in the third quarter. Compared with the third quarter of 2019, the index increased by 168 percent.

Revenues were negatively affected in relation to last year for the reasons mentioned above. As a result, however, we had lower marketing costs during

the quarter, which in turn resulted in an improved EBITDA compared to previous year. This in turn shows the flexibility of our underlying business and that the work of optimizing our marketing costs is functioning.

We made a number of organizational changes during and after the end of the quarter as well as refining our business model, in order to additionally strengthen our focus towards tier 1 clients, residing primarily on the European market.

With the support of signing and launching tier 1 clients and the interest our offer, we see great opportunities for future growth.

Andreas Ternström,
CEO

Scout Gaming Operator Trading Index



The operator index amounted to 2410 (2421) during the third quarter of 2021. Activity during the third quarter of 2020 was higher than normal, as the global sports calendar changed as a result of the outbreak of COVID-19 and a number of events that would normally have been completed during the second quarter, instead was finished during the third quarter, which has affected comparability.

The first quarter of 2017 should be seen as a base and the changes that take place are affected by the number of operational customers, changes in their activity and general market growth, where the latter is, among other things, dependent season for the major leagues and championships. The index is also

affected by Scout Gaming's customers' share of their end customers' contribution, so-called "rake", but also their sportsbook margins on odds products within Scout Gaming's range, which may vary in different markets and product categories.

Financial performance

Revenues

Revenues were SEKm 12.2 (15.0) during the third quarter and are largely derived from sports betting-related products and services that Scout Gaming provides to its customers. Customers' fees are based on a combination of different variables, such as number of markets provided, product categories and guarantee commitments in price pools, etc. and can be both of a fixed and variable nature. The third quarter last year contained an extraordinary amount of playable events, which affects comparability. Revenues from the first three quarters amounted to SEKm 39.5 (30.0).

Costs

Total costs amounted to SEKm -21.4 (-28.3) and mainly consists of marketing and sales related expenses. Scout Gaming has taken an active decision to increase marketing related expenses to accelerate the growth of the Fantasy Sports market outside the US. These costs are flexible. Personnel expenses experienced a slight decrease compared to same period last year and are not expected to grow essentially going forward. Total costs for the first three quarters were SEKm -81.9 (-67.9).

Result

Operating profit was SEKm -9.2 (-13.3) during the third quarter and SEKm -42.4 (-37.9) for the first three quarters. Net result was -11.9 m (-13.4) during the third quarter and SEKm -38.1 (-40.7) for the first three quarters.

Liquidity, financing and financial position

Cash flow from operating activities before changes in working capital amounted to SEKm -7.0 (-4.8) during the quarter and to SEKm -35.7 (-36.3) for the first three quarters. Cash flow from investing activities amounted to SEKm -4.4 (-3.5) for the third quarter and to SEKm -13.2 (-8.0) for the first three quarters of the year. Cash flow from financing activities amounted to SEKm 51.7 (75.5) for the quarter and to SEKm 51.7 (110.6) for the first three quarters. Cash flow for the period was SEKm 39.4 (61.0) for the quarter and SEKm -8.9 (61.8) for the first three quarters of the year. Cash and cash equivalents amounted to SEKm 66.8 (81.7) at the end of the quarter.

Capitalised development costs

In the third quarter of 2021, development expenditure of SEKm 4.5 (3.4) 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 three first quarters were SEKm 13.1 (7.9).

Key Ratios

Group Key Ratios mSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Revenue	12.2	15.0	46.9
Revenue growth, %	-19	85	86
EBITDA	-6.3	-11.6	-39.2
EBITDA-margin, %	Neg	Neg	Neg
Operating profit	-9.2	-13.3	-45.8
Number of shares at the end of the period	22,520,047	20,536,654	20,536,654
Average number of shares *	21,528,350	19,019,123	17,535,055
Employees at end of period **	111	87	85
Earnings per share (SEK)	-0.6	-0.7	-3.1
Shareholders' equity per share (SEK)	4.5	4.8	4.4
Operator Trading Index	2,010	2,421	N/A

* Scout Gaming has issued 60,000 warrants of series 20121/2024: 1. ** Also refers to contract staff in Ukraine.

The average number of shares outstanding for the period Jan-Sep was 21,528,350 (17,535,055).

Other

Parent company

Operating income for the third quarter of 2020 amounted to SEKm 0 (0.6). Operating profit amounted to SEKm -2.3 (-1.2). Profit for the period amounted to SEKm -2.3 (0.7). The parent company's cash and cash equivalents amounted to SEKm 23.5 (48.7) at the end of the period and equity amounted to SEKm 265.2 (222.7).

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). The Parent Company applies the same accounting principles as the Group except in the cases specified. Amounts are expressed in mSEK (millions of SEK) unless otherwise stated.

Related party transactions

No material related party transactions were conducted during the quarter

Calendar

Scout Gaming will publish reports according to the following schedule:

Year-end report: February 26, 2021

Condensed consolidated income statement

Scout Gaming Group AB (publ)

559119-1316

Group income statement (kSEK)	Jul-sep 2021	Jul-sep 2020	Jan-sep 2021	Jan-sep 2020	Jan-Dec 2020
Revenue	12,214	15,015	39,515	29,954	46,897
Personnel expenses	-11,722	-8,230	-32,032	-25,797	-34,755
Other external expenses	-6,774	-18,398	-42,035	-37,531	-51,345
Depreciation, amortization and impairment of PPE	-2,885	-1,687	-7,841	-4,565	-6,597
Total operating expenses	-21,432	-28,315	-81,908	-67,893	-92,697
Operating profit/loss	-9,217	-13,301	-42,393	-37,939	--45,800
Financial items	-2,735	-128	4,188	-2,796	-8,849
Profit before tax	-11,952	-13,428	-38,205	-40,735	-54,650
Tax	20	16	60	49	65
Profit/loss for the period	-11,932	-13,412	-38,145	-40,685	-54,584

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2021- 09-30	2020- 09-30	2020- 12-31
Assets			
Intangible assets	24,937	14,935	18,652
Property, plant and equipment	687	738	764
Financial assets	77	7	7
Total non-current assets	25,701	15,680	19,423
Accounts receivable	2,311	1,975	1,863
Other receivables	9 905	6,681	7,333
Prepaid expenses and accrued income	3,779	5,074	3,862
Cash and cash equivalents	51,119	81,659	73,337
Cash and cash equivalents	67,114	95,389	86,394
TOTAL ASSETS	92,815	111,069	105,817

<i>Equity and liabilities</i>			
Share capital	1,185	1,081	1,081
Other capital contributed	334,776	283,251	283,135
Reserves	1,151	-2,878	3,079
Retained earnings including profit for the period	-235,478	-183 434	-197,333
Total equity	101,635	98,020	89,962
Deferred tax liability	10	87	0
Other liabilities	0	0	68
Total long-term liabilities	10	87	68
Short term debt to creditors	0	0	0
Accounts payable	3,284	2,349	1,855
Current tax liabilities	5	301	260
Other current liabilities	-14,510	8,334	10,959
Accrued expenses and prepaid income	2,391	1,979	2,714
Total short-term liabilities	-8,830	12,963	15,787
TOTAL EQUITY AND LIABILITIES	92,815	111,069	105,817

	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
2021-06-01	1,081	283,135	-719	-223,545	60,002
Rights issue	104	53,641			53,745
Cost for rights issue		-2,000			-2,000
Conversion difference			1,820		1,820
Profit/loss for the period				-11,932	-16,953
2021-09-30	1,085	334,776	1,151	-235,478	101,635

Consolidated statement of cash flows

Group (kSEK)	Jul-sep 2021	Jul-sep 2020	Jan-sep 2021	Jan-sep 2020	Jan-Dec 2020
Operating profit	-11,952	-13,428	-38,205	-40,735	-54,584
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortization and impairments	2,885	1,687	7,842	4,565	6,577
Capital gain	2,110	6,936	-5,367	-115	2,935
Tax paid	0	0	0	0	0
Cash flows from operating activities before change in working capital	-6,956	-4,806	-35,729	-36,285	-45,072
Changes in working capital	-953	-6,098	11,667	-4,523	4,469
Cash flows from operating activities	-7,908	-10,904	-47,396	-40,807	-40,072
Capitalized intangible assets	-4,477	-3,417	-1,058	-7,949	-15,524
Acquisition of intangible assets	0	-93	-78	-93	-175
Change in non-current receivables	30	0	-69	0	0
Cash flows from investing activities	-4,447	-3,510	-13,205	-8,041	-15,700
Rights issue, after transaction costs	51,745	75,452	51,745	110,609	110,609
Cash flows from financing activities	51,745	75,452	51,745	110,609	110,493
Cash flow for the period	39,391	61,038	-8,855	61,760	54,191
Cash and cash equivalents at start of period	27,560	27,063	73,337	21,473	21,473
Exchange rate differences	-177	-6,443	2,292	-1,574	-2,327
Cash and cash equivalents at end of period	66,774	81,659	66,774	81,659	73,337

Condensed Parent Company income statement

Scout Gaming Group AB
 (publ)
 559119-1316

Parent Company income statement (kSEK)	Jul-sep 2021	Jul-sep 2020	Jan-sep 2021	Jan-sep 2020	Full year 2020
Total revenue	0	637	531	2,444	1,401
Personnel expenses	-1,003	-1,150	- 4,777	2,761	-6,264
Other external expenses	-1,314	-654	-3,578	-4,356	-2,783
Depreciation, amortization and impairment of PPE	-3	-7	-8	-2,257	-47
Total expenses	-2,320	-1,811	-7,836	-22	-9,094
Operating profit/loss	-2,320	-1,174	-7,832	- 3,874	-7,693
Financial items	-1	1,884	-4	4,953	7,508
Profit before tax	-2,321	710	- 7,836	1,079	-184
Net profit	-2,321	710	-7,836	1,079	-184

Condensed Parent Company balance sheet

Scout Gaming Group AB (publ)

559119-1316

Parent company balance sheet (kSEK)	2020-09-30	2019-09-30	2020-12-31
Assets			
Property, plant and equipment	22	35	30
Group internal receivables	0	0	207,394
Financial assets	1,115	1,115	1,115
Total non-current assets	1,137	1,150	208,539
Group internal receivables	241,449	174,200	0
Accounts receivable	0	-7	0
Other receivables	599	1,219	131
Prepaid expenses and accrued income	133	75	103
Cash and cash equivalents	23,496	48,663	15,812
Total current assets	265,677	224,149	15,812
TOTAL ASSETS	266,813	225,299	224,351

Equity and liabilities

Share capital	1,185	1,081	1,081
Other contributed capital	290,821	239,296	239,180
Retained earnings excluding profit for the period	-26,803	-17,703	-18,966
Total equity	265,203	222,674	221,294
Accounts payable	484	477	200
Tax liabilities	5	301	260
Other current liabilities	317	913	1,644
Accrued expenses and prepaid incomes	803	935	954
Total current liabilities	1,610	2,625	3,057
TOTAL EQUITY AND LIABILITIES	266,813	225,299	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, 25 November 2021

Jonathan Petteimerides, Member

Anders Enochsson, Chairman

Fredrik Rudén, Member

Andreas Ternström, CEO

Hans iso, Member

Carla Maree Vella, Member

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Information about Nasdaq First North Growth Market

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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 index - Scout Gaming has established an index to report the total gross gaming revenue on Scout Gaming's products to the company's customers.