



| Q4

Year-end Report 2023
Scout Gaming Group AB

Fourth quarter: October - December 2023

- Revenues from the gaming operation amounted to mSEK 8.7 (8.0), corresponding to an increase of 9 percent.
- B2B revenues amounted to mSEK 7.5 (5.1), an increase of 47 percent.
- B2C revenues amounted to mSEK 1.2 (2.9), a decrease of 59 percent.
- EBITDA amounted to mSEK -3.6 (-15.1), an improvement of 76 percent.
- Net result amounted to mSEK -5.0 (-4.4).
- Earnings per share amounted to SEK -0.02 (-0.09).

Full year 2023

- Revenues from the gaming operation amounted to mSEK 31.0 (25.6), corresponding to an increase of 21 percent.
- B2B revenues amounted to mSEK 25.3 (14.0), an increase of 81 percent.
- B2C revenues amounted to mSEK 5.7 (11.6), a decrease of 51 percent.
- EBITDA amounted to mSEK -25.4 (-55.6), an improvement of 54 percent.
- Net result amounted to mSEK -40.7 (-64.5).
- Earnings per share amounted to SEK -0.18 (-0.27).

Events after the financial year ended

No events after the financial year ended.

For additional information, please contact:

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CEO comment

During the fourth quarter we continue to execute on our optimization plans, with increased focus on cash generation and customer quality deliverances. Most important outcome of that is that we have gone live with the operator Duelbits meanwhile increasing the operation with bet365 in North America. For future references we continue to strengthen our B2B base and are in integration of new operators with the aim to go live during the coming months.

We continue to see interest from new partners and increased focus from existing partners which give us a positive view on 2024, with regards to B2B. During the past year we have also adjusted our B2C operation and developed that offering further to prepare for a year with both Euro and Copa America in June/July.

We are continuing our path to become a profitable company and to create shareholder value, we have achieved many things but there are still working, executing on more efficiencies and continued sharp focus and engagement in the organization.

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 8.7 (8.0) and the full year 31.0 (25.6), an increase of 9 percent compared to the same quarter last year and an increase of 21 percent compared to last year.

Revenues from B2B operations increased during the quarter to mSEK 7.5 (5.1) and for the period 25.3 (14.0) an increase of 47 percent compared to last year's quarter and an increase of 81 compared to last year. The growth of B2B comes from the increased focus on this vertical. The Group has by end of the year quarter 11 integrated and active B2B partners. The revenues from B2C decreased during the quarter to mSEK 1.2 (2.9) and for the period 5.7 (11.6) a decrease of 59 percent compared to last year's quarter and a decrease of 51 percent to 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 starting this process during the 1st quarter of 2024.

Revenues for B2C operations are booked at the date the transaction takes place. For B2B operations revenues are invoiced partners after month end based on either minimum fee specified in the agreements or revenue share agreements.

Expenses

Total operational expenses during quarter amounted to mSEK 12.3 (23.1) and mSEK 56.4 (98.1) for the period. The expenses consist mainly of personnel costs amounting to mSEK 5.3 (9.4) for the quarter and mSEK 28.7 (46.4) for the full year. Other external expenses amounted to mSEK 6.9 (13.7) for the quarter and mSEK 27.6 (51.4) for the full year. Other external expenses for the quarter consist mainly of software & hosting expenses, consultancy costs (auditors, accountants etc) and guarantee losses as well as a one-time loss provision of receivables.

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 amounts to mSEK 2.5.

Per period end the company had mSEK 13.4 of liabilities related to player balances and ongoing tournaments. Player funds accounted for mSEK 7.8 and networked buy-ins mSEK 5.6. 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 0.9
After the coming quarter, mSEK 4.7

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 0.3, already 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 -3.6 (-15.1) and for the full year mSEK -25.4 (-72.4). Net result was mSEK -5.0 (-4.4) during the quarter and mSEK -41.1 (-64.4).

Liquidity, financing and financial position

Cash flows from operating activities amounted to mSEK -4.2 (0.6) during the quarter and mSEK -26.3 (-70.4) for the full year. Cash flows from investing activities amounted mSEK 0, due to the decision not to capitalize cost. Cash flows for the quarter was mSEK -4.3 (57.0) and mSEK -26.3 (27.1) for the full year.

Cash and cash equivalents amounted to mSEK 47.3 (74.9) at the end of the period.

Key Ratios

	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Revenue	8.7	8.0	31.0	25.6
Growth, %	9	-4	21	-20
EBITDA	-3.6	-15.1	-24.7	-55.6
EBITDA-margin, %	Neg	Neg	Neg	Neg
Operating profit	-3.6	-15.1	-24.7	-72.5
Number of shares at the end of the period	225,200,470	225,200,470	225,200,470	225,200,470
Average number of shares	225,200,470	112,600,235	225,200,470	112,600,235
Employees at end of period *	36	64	36	64
Earnings per share (SEK)	-0.02	-0.09	-0.18	-0.27
Shareholders' equity per share (SEK)	0.15	0.30	0.15	0.30

* Includes contract staff

Other

Parent company

Revenue for the quarter amounted to mSEK 1.6 (1.8) and mSEK 2.7 (2.1) for the period. Operating result amounted to mSEK -0.7 (-0.1) for the quarter and mSEK -5.9 (-7.5) for the period. Financial result was mSEK -0.3 (-1.6) for the quarter and mSEK -74.0 (-178.8) for the period. The result for the quarter amounted to mSEK -0.9 (-1.5). The parent company's cash and cash equivalents amounted to mSEK 35.2 (62.7) at the end of the quarter and equity amounted to mSEK 105.2 (185.0).

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, 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 December 31st 2023

Shareholders	No. Shares	Ownership
Topline Capital Partners LP	66 439 978	29.5%
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	8 333 330	3.7%
Andreas Sundal Holding AS	6 500 083	2.9%
Clearstream Banking S.A.	4 265 413	1.9%
Mats Gidlund	4 003 180	1.8%
Bjørn Fjellby Holding AS	3 702 500	1.8%
Top 10 shareholders	178,230,671	79.1%
Other shareholders	46,969,799	20.9%
Total number of shares	225,200,470	

Calendar

Scout Gaming will publish reports according to the following schedule:

- Annual Report 2023: April 15th, 2024
- First quarter report 2024: May 15th, 2024
- Second quarter report 2024: August 15th, 2024
- Third quarter report 2024: November 14th, 2024

Condensed consolidated income statement

Scout Gaming Group AB (publ)

559119-1316

Group income statement (kSEK)	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Revenue	8,702	8,019	31,032	25,574
Other revenues	-	-	-	71
Total Revenues	8,702	8,019	31,032	25,646
Personnel expenses	-5,413	-9,385	-28,830	-46,396
Other external expenses	-6,854	-13,693	-27,565	-51,444
Depreciation, amortization and impairment of PPE	-	-65	-93	-260
Total operating expenses	-12,267	-23,143	-56,488	-98,100
Operating profit/loss	-3,565	-15,124	-24,691	-72,454
Result from Investments in Group Companies	-	-	-41,511	-
Financial items	-1,400	10,786	25,858	8,009
Profit before tax	-4,964	-4,338	-41,109	-64,445
Tax	-	-	-	-
Profit/loss for the period	-4,964	-4,338	-41,109	-64,445

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2023-12-31	2022-12-31
Assets		
Property, plant and equipment	-	470
Financial assets	-	7
Total non-current assets	-	477
Accounts receivable	2,430	2,459
Other receivables	2,950	1,357
Prepaid expenses and accrued income	1,047	7,262
Cash and cash equivalents	47,332	74,959
Total current assets	53,758	86,037
TOTAL ASSETS	53,758	86,514
Equity and liabilities		
Share capital	11,853	11,853
Other capital contributed	423,424	423,424
Reserves	65	-11,545
Retained earnings including profit for the period	-402,645	-361,536
Total equity*	32,556	62,196
Deferred tax liability	-	9
Total long-term liabilities	-	9
Accounts payable	1,993	3,327
Client assets	13,390	13,308
Other current liabilities	13	1,554
Accrued expenses and prepaid income	5,796	6,120
Total short-term liabilities	21,192	24,309
TOTAL EQUITY AND LIABILITIES	53,758	86,514

Consolidated changes in equity

Comparative period(s)	Share capital	Capital contributed	Reserves	Retained earnings	Total equity
2022-01-01	1,185	334,776	2,128	-297,082	41,008
Capital increase	10,667	90,673			101,340
Costs associated with increase		-2,025			-2,025
Conversion difference			-13,673		-13,673
Profit/loss for the quarter				-64,453	-64,453
2022-12-31	11,853	423,424	-11,545	-361,536	62,196

Current period(s)	Share capital	Capital contributed	Reserves	Retained earnings	Total equity
2023-01-01	11,853	423,424	-11,545	-361,536	62,196
Conversion difference			11,480		-11,480
Profit/loss for the quarter				-41,109	-40,344
2023-12-31	11,853	423,424	-65	-402,645	33,331

Consolidated statement of cash flows

Group (kSEK)	Oct-Dec 2023	Full year 2023	Oct-Dec 2022	Full year 2022
Profit before tax	-4,964	-41,109	-4,338	-64,445
<i>Adjustment for items not included in cash flows</i>				
Depreciation, amortization and impairments	65	93	65	260
Non cashflow affecting	250	14,129	-13,229	-10,084
Tax paid	-	-	-	0
Cash flows from operating activities before change in working capital	-4,650	-26,887	-17,552	-74,269
Changes in working capital	367	-1,534	16,887	3,824
Cash flows from operating activities	-4,283	-28,421	665	-70,455
Acquisition of tangible assets	-	-	-	-79
Change in non-current receivables	-	-	-	-43
Cash flow from investing activities	-	-	-	-122
Rights issue, after transaction costs	-	-	88,092	88,092
Loan	-	-	-	40,000
Repayment of Bridge financing	-	-	-30,413	-30,413
Cash flow from financing activities	-	-	57,679	97,679
Cash flow for the period	-4,283	-28,421	57,014	27,112
Cash and cash equivalents at start of period	51,702	74,959	19,268	49,413
Exchange rate differences	-97	784	-1,323	-1,566
Cash and cash equivalents at end of period	47,322	47,322	74,959	74,959

Condensed Parent Company income statement

Parent Company income statement (kSEK)	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Total revenue	1,584	1,888	2,685	2,146
Personnel expenses	-667	-629	-2,396	-5,342
Other external expenses	-1,616	-1,404	-6,150	-4,248
Depreciation, amortization and impairment of PPE	-	-3	-	-19
Other expenses	-	-	-	-9
Total expenses	-2,283	-2,036	-8,545	-9,610
Operating profit/loss	-700	-148	-5,860	-7,464
Financial items*	-251	1,594	-74,035	-178,768
Profit before tax	-951	1,446	-79,895	-186,232
Profit before tax	-951	1,446	-79,895	-186,232

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

Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2023-12-31	2022-12-31
Assets		
Property, plant and equipment	-	-
Financial assets	63,870	75,000
Total non-current assets	63,870	75,000
Group internal receivables	6,550	48,559
Other receivables	619	1,063
Prepaid expenses and accrued income	334	350
Cash and cash equivalents	35,209	62,701
Total current assets	42,712	112,673
TOTAL ASSETS	106,582	187,673
Equity and liabilities		
Share capital	11,853	1,185
Other contributed capital	379,468	379,468
Retained earnings excluding profit for the period	-286,203	-206,308
Total equity	105,118	185,013
Accounts payable	310	554
Loans from shareholders	-	-
Group internal payables	-	1,238
Other current liabilities	154	316
Accrued expenses and prepaid incomes	1,001	553
Total current liabilities	1,465	2,661
TOTAL EQUITY AND LIABILITIES	106,582	187,673

SIGNATURES AND ASSURANCE

This 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 23rd, 2024

Niklas Braathen, Chairman

Fredrik Rūden, Member

Jonathan Petteimerides, Member

Hans Isoz, Member

Niklas Jönsson, 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. Corpura 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