



# | Q2

Interim Report  
January-June 2022  
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 2022

- Revenues from the gaming operation amounted to mSEK 4.2 (8.0), corresponding to a decrease of 47 percent
- B2B revenues amounted to mSEK 1.8 (2.6), a decrease of 30 percent
- B2C revenues amounted to mSEK 2.4 (7.1), a decrease of 66 percent
- Total revenues amounted to mSEK 4.3 (13.9)
- EBITDA decreased to mSEK -23.3 (-13.3)
- Net result decreased to mSEK -27.3 (-16.9)
- Earnings per share amounted to SEK -1.2 (-0.8)
- The Board made a proposal to the coming extra general meeting of a fully guaranteed rights issue of mSEK 101
- Received bridge financing of mSEK 20 from three larger shareholders

## Interim period: January-June 2021

- Revenues from the gaming operation amounted to mSEK 10.9 (16.3), corresponding to a decrease of 40 percent
- B2B revenues amounted to mSEK 4.2 (5.0), a decrease of 16 percent
- B2C revenues amounted to mSEK 6.7 (12.2), a decrease of 45 percent
- Total revenues amounted to mSEK 16.3 (27.3)
- EBITDA decreased to mSEK -41.6 (-28.2)
- Net result decreased to mSEK -47.0 (-26.3)
- Earnings per share amounted to SEK -2.1 (-1.2)

## Events after the period ended

- Went live with the operators bet365 and Norsk Tipping

For additional information, please contact:

Niklas Jönsson, CFO & acting CEO [niklas.jonsson@scoutgaminggroup.com](mailto:niklas.jonsson@scoutgaminggroup.com)

## CEO comment

This is my first CEO comment after being acting CEO for a little more than two months. The second quarter has been an intensive period under which I together with the management and Board have initiated and implemented many for the company existential decisions.

I can conclude that the company's expenses and work force has been way to high compared to the revenue which have been created on a longer period of time. We have therefore changed the organizational structure and management to adapt to the new business.

The restructuring program which was launched during the second quarter to handle the challenges above has already given effect and full realization of the effects will be seen in the fourth quarter. At that time, we will since the beginning of the year halved our work force to a total of 63 employees within the Group, in the effort to streamline the organization and better support our customers, through more efficient delivery process.

Post the quarter end, we are proud that we have launched our Fantasy product on the world leading sports betting operator bet365 on more than 120 markets. In addition the Norwegian State Lottery, Norsk Tipping went live, representing a key strategic objective of working with global state lotteries. The integration with bet365 isn't only the largest the group has performed but also the fastest which Scout Gaming has performed. This achievement I must thank our team who together with our partner have acted exemplary and professionally, in the extremely pressured situation the company is in.

These two launched and the increased interest from other operators makes us at Scout look positively at the future. The work with cost control and prize pool sizes will be in focus at least until we show a positive result. During the quarter we have improved our work with the prize pools to limit the guarantee losses which have been too high during the last year and depends on the high prize pools which the company hasn't had the customer base to fill previously. This is a continuous, but we are already seeing positive effects where we have decreased the losses to an acceptable level.

In the end of the second quarter, the Board decided to put forward a proposal to the extra general meeting for a rights issue of mSEK 101 which we are currently working on. Many of our larger shareholders has guaranteed their part of the rights issue and we are very happy and proud that they share our vision of a positive future. In connection with the rights issue the main shareholders also has given the Group a bridge financing of mSEK 40 to secure the liquidity situation until the rights issue is completed. The time schedule for the financing is an extra general meeting which takes place on September 1 to make the decision for the rights issue. Subscription and trading of rights will take place in September and the Group will receive the final liquidity in the beginning of October. My assessment is that after the expenses for the rights issue and repayment of the bridge financing the Group will have a cash position of about mSEK 55 on a debt-free basis.

I look forward to the future of Scout with several promising projects and integrations aimed at increased growth. However, it will involve a lot of work, continued streamlining and razor-sharp focus from all of us in the organization to realize our plan.

Niklas Jönsson  
acting CEO

## Financial performance

### Revenues

Total revenues for the quarter amounted to mSEK 4.3 (13.9) and the period mSEK 16.3 (27.3), a decrease of 69 respectively 40 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 4.2 (8.0) and for the period mSEK 10.9 (16.3), a decrease of 47 respectively 33 percent.

Revenues from B2B operation decreased during the quarter to mSEK 1.6 (2.6) and for the period to mSEK 4.2 (5.0) or a decrease of 30 respectively 16 percent compared to last year. The revenues from B2C decreased during the quarter to mSEK 2.4 (7.1) and for the period to mSEK 6.7 (12.2), a decrease of 66 respectively 45 percent compared to last year. The Group has currently 17 B2B partners integrated and active.

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

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.

### Capitalised development costs

During the quarter development expenditure of mSEK 0 (4.6) was capitalized. During the period mSEK 4.2 (8.6) was capitalized. Capitalised development costs are included as part of the total revenue. These capitalised development costs are amortised over four years, starting when the costs incurred.

### Costs

Total costs during quarter amounted to mSEK 30.9 (29.8) and for the period mSEK 64.4 (60.5). The costs consist mainly of personnel costs amounting to mSEK 12.2 (10.5) for the quarter and mSEK 26.9 (20.3) for the period and other external expenses amounting to mSEK 15.5 (16.7) for the quarter and mSEK 31.0 (35.3) for the period. Other external expenses consist mainly of marketing expenses for the B2C operations and guarantee losses, which amounts to mSEK 1.2 respectively 7.8 during the quarter and mSEK 5.4 respectively mSEK 12.2 during the period. The guarantee losses are 25 percent of the total expenses and more than 50 percent of other external expenses during the quarter. During the second quarter the restructuring program has gotten effect on the personnel costs meaning a decrease of the expenses of mSEK 2.5 compared the first quarter. The number of employees has decrease from 131 to 107 at the end of the quarter..

### Result

Operating profit for the quarter was mSEK -26.6 (-15.9). Net result was mSEK -27.3 (-17.0) during the quarter. Operating profit for the period amounted to mSEK -48.2 (-33.2) and net profit to SEK -47.0 million (-26.2).

## Liquidity, financing and financial position

Cash flows from operating activities amounted to mSEK -25.5 (-21.8) during the quarter and to mSEK -56.6 (-39.5) for the period.

Cash flows from investing activities amounted to nSEK 0 (-4.8) for the quarter and mSEK -4.2 (-8.8) for the period. Cash flows from financing activities amounted to mSEK 20 (0) both for the quarter and the period. Cash flows for the quarter was mSEK -5.5 (-26.6) and mSEK -40.8 (-48.2) for the period. Cash and cash equivalents amounted to mSEK 8.4 (27.6) at the end of the period.

## Key Ratios

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Revenue	4.2	8.0	10.9	16.4	31.8
Growth, %	-47	86	-33	80	23
Total revenue	4.3	13.9	16.3	27.3	56.6
Growth, %	-69	121	40	83	1
EBITDA	-23.4	-13.3	-41.6	-28.2	-56.6
EBITDA-margin, %	Neg	Neg	Neg	Neg	Neg
Operating profit	-26.6	-15.9	-48.2	-33.2	-45.8
Number of shares at the end of the period	22,520,047	20,536,654	22,520,047	20,536,654	22 520 047
Average number of shares	22,520,047	20,536,654	22,520,047	20,536,654	21 455 709
Employees at end of period *	107	110	107	110	125
Earnings per share (SEK)	-1.2	-0.8	-2.1	-1.2	-3.2
Shareholders' equity per share (SEK)	0.4	2.9	0.4	2.9	3.1

\* Includes contract staff in Ukraine.

## Other

### Parent company

Revenue for the period of 2021 amounted to mSEK 0.3 (0.5). Operating profit for the period amounted to mSEK -2.8 (-2.9). Profit for the period amounted to mSEK -183.1 (-5.5). During the period the parent company has made a write down of the shares in subsidiaries to match the Group market cap, which has meant a write down of mSEK 177.9. The parent company's cash and cash equivalents amounted to mSEK 1.2 (9.8) at the end of the period and equity amounted to SEKm 88.6 (215.5).

### 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. 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). Amounts are expressed in mSEK (millions of SEK) unless otherwise stated.

### Related party transactions

No material related party transactions were conducted during the quarter.

### Owners per 30 June, 2022

Shareholders	No. Shares	Ownership
Topline Capital Partners LP	3,688,939	16.4%
Scobie Ward	2,562,153	11.4%
Novobis AB	2,072,158	9.2%
Knutsson Holdings AB	1,993,960	8.9%
Lloyd Fonds AG	1,710,353	7.6%
Atle Sundal Holding AS	1,061,566	4.7%
Andreas Sundal Holding AS	847,956	3.8%
SIA Optibet (Entain Group)	833,333	3.7%
JP Morgan Chase Bank NV	691,476	3.1%
Ålandsbanken i ägares ställe	490,012	2.2%
Top 10 shareholders	15,951,906	70.8%
<b>Other shareholders</b>	<b>6,568,141</b>	<b>29.2%</b>
Total number of shares	22,520,047	

### Calendar

Scout Gaming will publish reports according to the following schedule:

Q3 report: 18 November

Year-end report 2022: February 28, 2023

## Condensed consolidated income statement

Scout Gaming Group AB (publ)

559119-1316

Group income statement (kSEK)	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Revenue	4,218	7,955	10,922	16,338	31,788
Capital Expenditure	-	4,600	4,225	8,600	20,024
Other revenues	99	1,378	1,155	2,364	4,820
<b>Total Revenues</b>	<b>4,317</b>	<b>13,933</b>	<b>16,303</b>	<b>27,301</b>	<b>56,632</b>
Personnel expenses	-12,180	-10,480	-26,909	-20,260	-45,737
Other external expenses	-15,499	-16,721	-30,988	-35,261	-76,320
Depreciation, amortization and impairment of PPE	-3,267	-2,647	-6,574	-4,955	-10,886
<b>Total operating expenses</b>	<b>-30,946</b>	<b>-29,849</b>	<b>-64,471</b>	<b>-60,477</b>	<b>-132,943</b>
<b>Operating profit/loss</b>	<b>-26,628</b>	<b>-15,915</b>	<b>-48,168</b>	<b>-33,173</b>	<b>-76,311</b>
Financial items	-694	-1,058	1,197	6,923	3,397
<b>Profit before tax</b>	<b>-27,323</b>	<b>-16,973</b>	<b>-46,971</b>	<b>-26,253</b>	<b>-72,914</b>
Tax	-	20	-	40	61
<b>Profit/loss for the period</b>	<b>-27,323</b>	<b>-16,953</b>	<b>-46,971</b>	<b>-26,213</b>	<b>-72,853</b>

## Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2021-06-30	2020-06-30	2020-12-31
<b>Assets</b>			
Intangible assets	27,575	23,387	29,603
Property, plant and equipment	591	756	717
Financial assets	122	108	122
<b>Total non-current assets</b>	<b>28,288</b>	<b>24,251</b>	<b>30,442</b>
Accounts receivable	776	-265	4,838
Other receivables	9,098	10,264	6,774
Prepaid expenses and accrued income	1,294	4,873	3,019
Cash and cash equivalents	8,388	27,560	49,413
<b>Total current assets</b>	<b>19,556</b>	<b>42,431</b>	<b>64,160</b>
<b>TOTAL ASSETS</b>	<b>47,844</b>	<b>66,682</b>	<b>94,602</b>
<b>Equity and liabilities</b>			
Share capital	1,185	1,081	1,185
Other capital contributed	334,776	283,135	334,776
Reserves	-9,272	-669	3,619
Retained earnings including profit for the period	-317,158	-223,545	-270,186
<b>Total equity</b>	<b>9,532</b>	<b>60,002</b>	<b>69,394</b>
Provisions for deferred tax	-	30	-
Deferred tax liability	9	-	9
<b>Total long-term liabilities</b>	<b>9</b>	<b>30</b>	<b>9</b>
Accounts payable	6,116	4,633	2,248
Current tax liabilities	-	36	54
Other current liabilities	28,253	-725	19,886
Accrued expenses and prepaid income	3,934	2,705	3,011
<b>Total short-term liabilities</b>	<b>38,303</b>	<b>6,649</b>	<b>25,199</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47,844</b>	<b>66,682</b>	<b>94,602</b>

## Consolidated changes in equity

	Share capital	Capital contributed	Reserves	Retained earnings	Total equity
<b>2021-01-01</b>	<b>1,081</b>	<b>283,135</b>	<b>3,078</b>	<b>-197,333</b>	<b>89,962</b>
Conversion difference			-3,735		-3,735
Profit/loss for the period				-9,258	-9,258
<b>2021-03-31</b>	<b>1,081</b>	<b>283,135</b>	<b>-656</b>	<b>-206,592</b>	<b>76,968</b>
<b>2021-04-01</b>	<b>1,081</b>	<b>283,135</b>	<b>-656</b>	<b>-206,592</b>	<b>76,968</b>
Conversion difference			-63		-63
Profit/loss for the period				-16,953	-16,953
<b>2021-06-30</b>	<b>1,081</b>	<b>283,135</b>	<b>-719</b>	<b>-223,545</b>	<b>60,002</b>
<b>2021-07-01</b>	<b>1,081</b>	<b>283,135</b>	<b>-719</b>	<b>-223,545</b>	<b>60,002</b>
Rights issue	104	53,641			53,745
Expenses from rights issue		-2,000			-2,000
Conversion difference			1,820		1,820
Profit/loss for the period				-11,932	-11,932
<b>2021-09-30</b>	<b>1,185</b>	<b>334,776</b>	<b>1,151</b>	<b>-235,478</b>	<b>101,635</b>
<b>2021-10-01</b>	<b>1,185</b>	<b>334,776</b>	<b>1,151</b>	<b>-235,478</b>	<b>101,635</b>
Conversion difference			2,468		2,468
Profit/loss for the period				-34,709	-34,709
<b>2021-12-31</b>	<b>1,185</b>	<b>334,776</b>	<b>3,619</b>	<b>-270,186</b>	<b>69,394</b>
<b>2022-01-01</b>	<b>1,185</b>	<b>334,776</b>	<b>3,619</b>	<b>-270,186</b>	<b>69,394</b>
Conversion difference			1,916		1,916
Profit/loss for the period				-19,649	-19,649
<b>2022-03-31</b>	<b>1,185</b>	<b>334,776</b>	<b>5,535</b>	<b>-289,835</b>	<b>51,661</b>
<b>2022-04-01</b>	<b>1,185</b>	<b>334,776</b>	<b>5,535</b>	<b>-289,835</b>	<b>51,661</b>
Conversion difference			-14,807		-14,807
Profit/loss for the period				-27,323	-27,323
<b>2022-06-30</b>	<b>1,185</b>	<b>334,776</b>	<b>-9,272</b>	<b>-317,158</b>	<b>9,532</b>

## Consolidated statement of cash flows

Group (kSEK)	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Operating profit	-27,323	-16,974	-46,971	-26,253	-72,913
<i>Adjustment for items not included in cash flows</i>					
Depreciation, amortization and impairments	3,267	2,648	6,574	4,957	10,887
Non cashflow affecting	1,242	773	-627	-7,477	-3,489
Tax paid	0	0	0	0	0
<b>Cash flows from operating activities before change in working capital</b>	<b>-22,814</b>	<b>-13,553</b>	<b>-41,025</b>	<b>-28,773</b>	<b>-65,365</b>
Changes in working capital	-2,658	-8,239	-15,570	-10,715	8,003
<b>Cash flows from operating activities</b>	<b>-25,472</b>	<b>-21,792</b>	<b>-56,595</b>	<b>-39,488</b>	<b>-57,362</b>
Capitalized intangible assets	-	-4,638	-4,225	-8,581	-20,024
Acquisition of intangible assets	-	-77	-	-78	-157
Change in non-current receivables	-	-41	-	-100	-112
<b>Cash flow from investing activities</b>	<b>0</b>	<b>-4,755</b>	<b>-4,225</b>	<b>-8,758</b>	<b>-20,293</b>
Rights issue, after transaction costs	-	-	-	-	51,745
Loan	20,000	-	20,000	-	-
<b>Cash flow from financing activities</b>	<b>20,000</b>	<b>0</b>	<b>20,000</b>	<b>0</b>	<b>51,745</b>
<b>Cash flow for the period</b>	<b>-5,472</b>	<b>-26,548</b>	<b>-40,820</b>	<b>-48,247</b>	<b>25,910</b>
Cash and cash equivalents at start of period	15,005	54,749	49,413	73,337	73,337
Exchange rate differences	-1,145	-642	-205	2,469	1,986
<b>Cash and cash equivalents at end of period</b>	<b>8,388</b>	<b>27,560</b>	<b>8,388</b>	<b>27,560</b>	<b>49,413</b>

## Condensed Parent Company income statement

Parent Company income statement (kSEK)	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
<b>Total revenue</b>	<b>0</b>	<b>191</b>	<b>257</b>	<b>531</b>	<b>914</b>
Personnel expenses	-1,236	-2,221	-3,390	-3,774	-6,720
Other external expenses	-1,519	-851	-2,011	-2,264	-4,293
Depreciation, amortization and impairment of PPE	-2	-5	-5	-5	-11
<b>Total expenses</b>	<b>-2,757</b>	<b>-3,078</b>	<b>-5,406</b>	<b>-6,044</b>	<b>-11,024</b>
<b>Operating profit/loss</b>	<b>-2,757</b>	<b>-2,887</b>	<b>-5,148</b>	<b>-5,512</b>	<b>-10,110</b>
Financial items	-177,927	-3	-177,931	-3	8,999
<b>Profit before tax</b>	<b>-180,683</b>	<b>-2,889</b>	<b>-183,079</b>	<b>-5,515</b>	<b>-1,111</b>
<b>Profit before tax</b>	<b>-180,683</b>	<b>-2,889</b>	<b>-183,079</b>	<b>-5,515</b>	<b>-1,111</b>

## Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2022-06-30	2021-06-30	2021-12-31
<b>Assets</b>			
Property, plant and equipment	14	25	19
Financial assets	75,115	1,115	253,037
<b>Total non-current assets</b>	<b>75,129</b>	<b>1,139</b>	<b>253,056</b>
Group internal receivables	32,946	205,928	-
Other receivables	1,373	1,060	396
Prepaid expenses and accrued income	158	182	154
Cash and cash equivalents	1,210	9,840	21,241
<b>Total current assets</b>	<b>35,687</b>	<b>217,010</b>	<b>21,791</b>
<b>TOTAL ASSETS</b>	<b>110,816</b>	<b>147,924</b>	<b>274,848</b>
<b>Equity and liabilities</b>			
Share capital	1,185	1,081	1,185
Other contributed capital	290,819	239,180	290,819
Retained earnings excluding profit for the period	-203,414	-24,481	-20,075
<b>Total equity</b>	<b>88,592</b>	<b>215,779</b>	<b>271,929</b>
Accounts payable	690	649	216
Tax liabilities	-	36	-
Other current liabilities	20,071	683	1,335
Accrued expenses and prepaid incomes	1,463	1,001	1,368
<b>Total current liabilities</b>	<b>22,224</b>	<b>1,411</b>	<b>2,919</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>110,816</b>	<b>147,924</b>	<b>274,848</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 19 2022

Niklas Braathen, Chairman

Fredrik Rūden, Member

Jonathan Petteimerides, Member

Hans Isoz, Member

Niklas Jönsson, acting CEO

For additional information please contact CFO & acting CEO, Niklas Jönsson, +46 725 49 41 73, [niklas.jonsson@scoutgaminggroup.com](mailto:niklas.jonsson@scoutgaminggroup.com).

Scout Gaming Group AB (publ) E-mail: [niklas.jonsson@scoutgaminggroup.com](mailto:niklas.jonsson@scoutgaminggroup.com)

Web: [www.scoutgaminggroup.com](http://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](mailto: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