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Interim Report
January-March 2022
Scout Gaming Group AB



SCOUT
gaming group

First quarter: January - March 2022

- Revenues from the gaming operation amounted to mSEK 6.7 (8.4), corresponding to a decrease of 20% compared to same quarter last year
- B2B revenues amounted to mSEK 2.4 (1.9), increase of 23%
- B2C revenues amounted to mSEK 4.3 (6.5), decrease of 34%
- Total revenues amounted to mSEK 12.0 (13.4)
- EBITDA decreased to mSEK -18.2 (-15.0)
- Net result decreased to mSEK -19.6 (-9.3)
- Earnings per share amounted to SEK -0.9 (-0.5)
- Scout Gaming entered into an agreement with bet365, the world leading sportsbetting operator.

Events after the period ended

- Cost reduction program has been launched which will give effect during the second quarter, but with full effect during the second half of the year.

For additional information, please contact:

Niklas Jönsson, CFO & Investor Relations niklas.jonsson@scoutgaminggroup.com

CEO comment

During the first quarter we focused on restructure the company with decreasing the expenses and to strengthen our B2B operations. Our B2B operation has increased with 23 percent compared the same period last year.

We have also been strengthened by the fact that our B2B customers now clearly see the value of our product, in terms of low acquisition costs for end customers and the high loyalty that our products deliver, which strengthens our business model.

During the quarter we signed the largest sportsbetting operator in the world, bet365. This customer is under full integration and our estimate is that it will be fully launched in July. We have launched a number of operators and we look forward to the development with confidence.

Our own B2C operation has been negatively affected by the war in Ukraina and we have lost nearly half of the revenues compared to the same period last year. This is due to that the largest part of the users were from Russia or other parts of eastern Europe. All this put together we summarize this quarter with lower revenues and a non-satisfying result.

As communicated in the previous report, we have taken a number of measures to increase the revenue and decreasing the expenses. Our new model with more fixed income has been received well and also decreases the risk for our operation and increases the transparency.

Concerning the expenses during the second quarter with around 40% and within our B2C operations we have decrease the marketing spend significantly. This in combination with that we are launching new B2B customers will we be able to uphold our prize pools at attractive levels and that our B2C operation can be adapted towards our B2B operations and therefore receive less focus.

Our new focus and restructuring, and the new customers we have signed in combination with the aggressive cost-cuts which we are now doing is to create prerequisites which required to meet our goal of showing a positive cash flow in the operation during the fourth quarter of 2022. The effects of the actions will partly be seen already during the second quarter but primarily during the second half of the year.

Now it is time prove ourselves. We feel that we are on good path with our new deals, strong pipeline with world leading customers and with a significant more effective organization with world leading customers.

Regards

Andreas Ternström, CEO

Financial performance

Revenues

Total revenues amounted to mSEK 12.0 (13.4), a decrease of 10% compared last year. Revenues from gaming operations and gaming related services that Scout Gaming provides to its clients, amounted to mSEK6.7 (8.4), a decrease of 20%.

Revenues from B2B operation increase to mSEK 2.4 (1.9) or an increase by 23 percent compared to last year. The revenues from B2C decreased to mSEK 4.3 (6.5) a decrease of 34 percent compared to last year. The decrease in revenues depends heavily on that the user in our B2C operation was from Russia and Eastern Europe.

The groups new business model with fixed monthly revenues amounts to that the Group at the end of the year will have mSEK 1.3 in fixed monthly revenues. During the first quarter none of the agreements with the fixed revenues has been launched. Launch is scheduled for the second to fourth quarter 2022.

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 4.2 (3.9) was capitalised. Capitalised development costs are included as part of the revenue. These capitalised development costs are amortised over four years, starting when the costs incurred.

Costs

Total costs for the quarter amounted to mSEK -33.5 (-21.8) and mainly consist of personnel expenses amounting to mSEK 14.7 (9.8) and other external expenses amounting to mSEK 15.5 (18.5). Of the other external expenses a large part are marketing expenses for B2C and guarantee losses, which amounts to mSEK 4.0 respectively mSEK 4.3 during the first quarter. The increase in personnel expenses depends on the increase of employees from 88 till 131 at the end of the first quarter 2022. The decrease in other external expenses is mainly related 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.

Result

Operating profit was mSEK -21.5 (-17.3). Net result was mSEK -19.7 (-9.8) during the quarter.

Liquidity, financing and financial position

Cash flows from operating activities amounted to mSEK -31.1 (-17.7) during the quarter.

Cash flows from investing activities amounted to mSEK -4.2 million (-4.0) for the first quarter. Cash flows from financing activities amounted to mSEK 0 (0). Cash flows for the period was mSEK -35.7 (-21.7) for the quarter. Cash and cash equivalents amounted to mSEK 15.0 (49.4) million at the end of the quarter.

Key Ratios

Key ratios, Group (SEKm)	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Revenue	6.7	8.4	31.8
Growth, %	-20	62	23
Total revenues	12.0	13.4	56.6
Growth, %	-10	54	1
EBITDA	-18.2	-15.0	-65.4
EBITDA-margin, %	Neg	Neg	Neg
Operating profit	-21.5	-17.3	-76.3
Number of shares at the end of the period	22,520,047	20,536,654	22,520,047
Average number of shares *	22,520,047	20,536,654	21,445,709
Employees at end of period **	131	88	125
Earnings per share (SEK)	-0.9	-0.5	-3.2
Shareholders' equity per share (SEK)	2.3	3.7	3.1

Other

Parent company

Operating income for the first quarter amounted to mSEK 0.3 (0.3). Operating profit amounted to mSEK -2.1 (-2.6). Profit for the period amounted to mSEK -2.1 (-2.6). The parent company's cash and cash equivalents amounted to mSEK 4.0 (13.2) at the end of the period and equity amounted to mSEK 269.7 (218.7).

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. 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 SEKm (millions of SEK) unless otherwise stated.

Related party transactions

No material related party transactions were conducted during the quarter.

Owners per 31 March

Shareholders	No. Shares	Percentage
Topline Capital Partners LP	4,015,217	17.8%
Scobie Ward	2,567,824	11.4%
Lloyd Fonds AG	2,213,557	9.8%
Novobis AB	2,072,158	9.2%
Knutsson Holdings AB	1,993,960	8.9%
Atle Sundal Holding AS	1,139,995	5.1%
Andreas Sundal Holding AS	847,956	3.8%
SIA Optibet	833,333	3.7%
JP Morgan Chase Bank NV	673,850	3.0%
Ålandsbanken i ägares ställe	492,312	2.2%
Total top 10 shareholders	16,847,862	74.8%
Other shareholders	5,672,185	25.2%
Number of outstanding shares	22,520,047	

Calendar

Scout Gaming will publish reports according to the following schedule:

Q2 report: August 20th

Q3 report: November 18th

Year-end report 2022: February 18th, 2023

The Annual General Meeting of the Scout Gaming Group is planned to be held on May 25. The annual report will be available on Scout Gaming's website. <https://www.scoutgaminggroup.com/investor-relations/financial-reports>.

Condensed consolidated income statement

Scout Gaming Group AB (publ)

559119-1316

Group income statement (kSEK)	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Revenue	6,704	8,440	31,788
Capitalized expenditures	4,225	3,943	20,024
Other revenues	1,056	985	4,820
Total revenues	11,985	13,368	56,632
Personnel expenses	-14,729	-9,780	-45,737
Other external expenses	-15,489	-18,540	-76,320
Depreciation, amortization and impairment	-3,307	-2,308	-10,886
Total operating expenses	-33,525	-30,627	-132,943
Operating profit	-21,540	-17,259	-76,311
Financial items	1,891	7,981	3,397
Profit before tax	-19,649	-9,829	-72,913
Tax	-	17	61
Profit for the period	-19,649	-9,812	-72,853

Condensed consolidated balance sheet

Scout Gaming Group AB (publ)

559119-1316

Group balance sheet (kSEK)	2021-03-31	2020-03-31	2019-12-31
Assets			
Intangible assets	32,030	21,639	29,603
Property, plant and equipment	683	754	717
Financial assets	122	68	122
Total non-current assets	32,835	22,462	30,442
Accounts receivable	2,971	3,567	4,838
Other receivables	9,610	7,741	6,774
Prepaid expenses and accrued income	2,300	1,162	3,019
Cash and cash equivalents	15,005	54,748	49,413
Total current assets	29,886	67,217	64,160
TOTAL ASSETS	62,721	89,679	94,602
Equity and liabilities			
Share capital	1,185	1,081	1,185
Other capital contributed	334,776	283,135	334,776
Reserves	5,535	-656	3,619
Retained earnings including profit for the period	-289,835	-206,592	-270,186
Total equity	51,661	76,968	69,394
Deferred tax liability	9	52	9
Total long-term liabilities	9	52	9
Accounts payable	2,056	3,379	2,248
Current tax liabilities	558	287	54
Other current liabilities	5,126	6,118	19,886
Accrued expenses and prepaid income	3,311	2,875	3,011
Total short-term liabilities	11,051	12,659	25,199
TOTAL EQUITY AND LIABILITIES	62,721	89,679	94,602

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
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
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
2021-07-01	1,081	283,135	-719	-223,545	60,002
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
2021-09-30	1,185	334,776	1,151	-235,478	101,635
2021-10-01	1,185	334,776	1,151	-235,478	101,635
Conversion difference			2,468		2,468
Profit/loss for the period				-34,709	-34,709
2021-12-31	1,185	334,776	3,619	-270,186	69,394
2022-01-01	1,185	334,776	3,619	-270,186	69,394
Conversion difference			1,916		1,916
Profit/loss for the period				-19,649	-19,649
2022-03-31	1,185	334,776	5,535	-289,835	51,661

Consolidated statement of cash flows

Group (kSEK)	Jan-mar 2022	Jan-mar 2021	Jan-Dec 2021
Operating profit	-19,649	-9,279	-72,913
<i>Adjustment for items not included in cash flows:</i>			
Depreciation, amortization and impairments	3,307	2,309	10,887
Other non-cashflow items	-1,869	5,417	-3,489
Tax paid	0	0	0
Cash flows from operating activities before change in working capital	-18,211	-1,553	-65,365
Changes in working capital	-12,912	-16,143	8,003
Cash flows from operating activities	-31,123	-17,696	-57,362
Capitalized intangible assets	-4,225	-3,943	-20,024
Acquisition of intangible assets	-	-1	-157
Change in non-current receivables	-	-59	-112
Cash flows from investing activities	-4,225	-4,003	-20,293
Rights issue, after transaction costs	-	-	51,745
Cash flows from financing activities	-	-	51,745
Cash flow for the period	-35,348	-21,699	-25,910
Cash and cash equivalents at start of period	49,413	73,337	73,337
Exchange rate differences	940	3,110	1,986
Cash and cash equivalents at end of period	15,005	54,748	49,413

Condensed Parent Company income statement

Scout Gaming Group AB (publ)

559119-1316

Parent Company income statement (kSEK)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Revenues	257	340	914
Personnel expenses	-2,154	-1,553	-6,720
Other external expenses	-492	-1,412	-4,293
Depreciation, amortization and impairment of PPE	-3	0	-11
Total expenses	-2,389	-2,965	-11,024
Operating profit	-2,133	-2,625	-10,110
Financial items	0	0	8,999
Profit before tax	-2,133	-2,626	-1,111
Net profit	- 2,133	-2,626	-1,111

Condensed Parent Company balance sheet

Parent company balance sheet (kSEK)	2022-03-31	2021-03-31	2021-12-31
Assets			
Property, plant and equipment	17	30	19
Receivables from group companies	14,162	205,737	-
Financial assets	253,037	1,115	253,037
Total non-current assets	267,216	206,881	253,056
Other receivables	288	1,452	396
Prepaid expenses and accrued income	311	254	154
Cash and cash equivalents	3,975	13,164	21,241
Total current assets	4,286	14,869	21,791
TOTAL ASSETS	271,502	221,751	274,848
Equity and liabilities			
Share capital	1,185	1,081	1,185
Other contributed capital	290,819	239,180	290,819
Retained earnings excluding profit for the period	-22,756	-21,592	-20,075
Total equity	269,248	218,968	271,929
Accounts payable	-	937	216
Tax liabilities	-	287	-
Other current liabilities	558	857	1,335
Accrued expenses and prepaid incomes	1,696	1,001	1,368
Total current liabilities	2,254	3,082	2,919
TOTAL EQUITY AND LIABILITIES	271,502	221,751	274,848

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 May 2022

Anders Enochsson, Chairman

Hans Isoz, Member

Jonathan Petteimerides, Member

Fredrik Rūden, Member

Carla Maree Vella, Member

Andreas Ternstrom, 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. Contact details: Certifiedadviser@redeye.se, +46 (0)8 121 576 90.

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