



**SCOUT**  
gaming group

Global market Leader of Premium B2B  
Fantasy Sports & Fantasy Betting



Presentation  
SEB 19 Nov.

**EBR**

B2B AWARDS 2020

*Winner*

# Scout Gaming – A leading sports entertainment company

## Superior full-service provider of Fantasy Sports

- Growth from high value clients, high prize pools, new games
- Strategy based on low fixed cost base and scalability
- Business model combines fixed recurring revenues and scalable revenue share as well as revenue generated from own fantasy operator
- Proprietary tech platform, stats and games
- Staff of appr. 87 staff (55 in Ukraine)

B2B

Value chain

B2C



## Shareholders per 30 Sep

Shareholders	No. Shares	Amount
Topline Capital Partners LP	4,895,508	23.8%
Lloyd Fonds AG	2,053,665	10.0%
Novobis AB	1,772,158	8.6%
Knutsson Holdings AB	1,693,960	8.2%
Atle Sundal Holding AS	1,578,705	7.7%
SIA Optibet	833,333	4.1%
Andreas Sundal Holding AS	803,464	4.0%
Nordnet Pensionsförsäkring	815,254	4.0%
Swedbank Robur micro cap	750,000	3.7%
Björn Fjellby Holding AS	606,131	3.5%
<b>Total top 10 shareholders</b>	<b>15,802,178</b>	<b>77.0%</b>
<b>Others</b>	<b>4,734,476</b>	<b>23.0%</b>
Number of shares	20,536,654	

## Management team



**Andreas Ternström**  
CEO

- Previously CEO at Bonnier Gaming and Business Development director at TV4
- Co-founder Offerta & RedMessage
- Shares: 402,340<sup>(1)</sup>
- Warrants: 40,000<sup>(1)</sup>



**Billy Degerfeldt**  
CFO

- Background from the financial sector
- Wide experience from working with small and mid cap companies
- Shares: 63,798<sup>(1)</sup>
- Warrants: -



**Andreas Sundal**  
CPO/Founder

- Extensive experience from gambling and IT, online and apps
- Engineer, Bergen
- Shares: 803,464<sup>(1)</sup>
- Warrants: 20,000<sup>(1)</sup>



**Terje Bolstad**  
COO

- Experience leading modern tech organizations, most recent Experis IT Norway.
- Previously worked Xerox, UMOE consulting & CGI
- Shares: 9,025
- Warrants: -



**Joakim Renman**  
CCO

- Extensive experience from B2B business dev. in gambling sector
- Previously at NYX, NetEnt, Wiraya, and B2C gambling
- Shares: 8,417<sup>(1)</sup>
- Warrants: -

# A European market leader for Fantasy Sports

Worlds largest B2B Fantasy Sports provider



# The European market leading Fantasy Sports company

## Scout Gaming components for high global growth

Powered by the latest technology and architecture

### Latest technology

- The Scout platform was built 2014-2017 using the latest technology and architecture. The solution was designed for large transaction volumes, easy integration and customization catering for uniqueness and adaptation
- **Proprietary tech platform**

### StatCenter

- Scout's in-house StatCenter provides all data and pricing of players, odds setting and squad maintenance. On request, Scout can also support local sports and leagues. Own rules-sets can easily be configured
- Supply of any sport
- **Inhouse trading and pricing**
- **Proprietary data**

### Network & High prize pools

- Scout offers the only B2B global liquidity network for Fantasy Sports. Through the network operators pool liquidity whereby prices and player activity reach levels that would be unattainable on a stand-alone basis
- High Prizes pools attracts more players and an the higher the hurdle for competitor entry.
- **Proprietary Network Liquidity**

### Multiple game formats

- Scout can provide support for any sport and league. A wide range of game formats are available as standard and the offering is constantly enhanced
- The company offers FS game formats as well as other related games including betting products
- The user interface has been designed to be intuitive and easy to use
- **Proprietary Games**

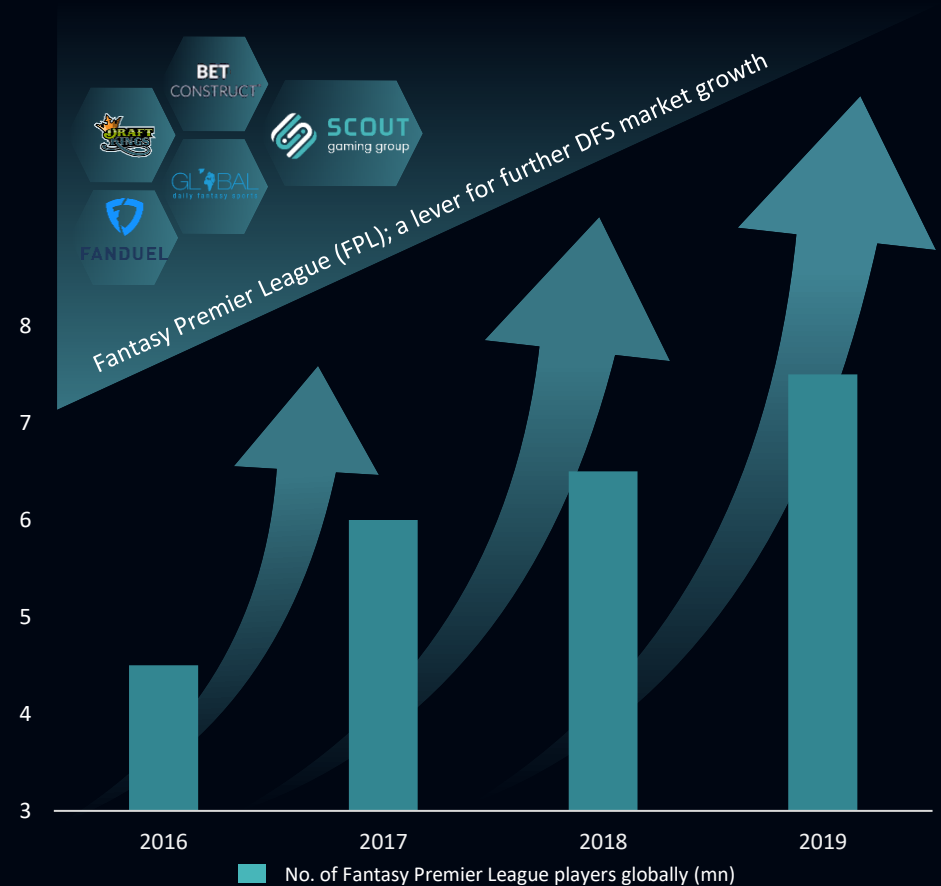
# The Market

## The market is growing

### Key market drivers

- 1 Huge play-for-free market, concept already recognized by the public**
  - Traditional non-monetary fantasy games are on the rise. With 7.5 millions of teams registered in last year's Fantasy Premier League
- 2 Content driven and highly social**
  - The primary background for the interest in Fantasy Sports is the social aspect and the fit to the editorial flow in the local markets
- 3 Client acquisition and loyalty/retention with new revenues**
  - Fierce competition for traditional sport bettors and casino players makes traditional iGaming companies look for new ways to acquire players
- 4 Media houses and Sports federations to become a part of the iGaming industry (US driven)**
  - Given the editorial and assets within sports, new players with new assets will enter the market

### Major leagues underpinning further DFS growth



# The American DFS market – a frontrunner to the European market and RoW

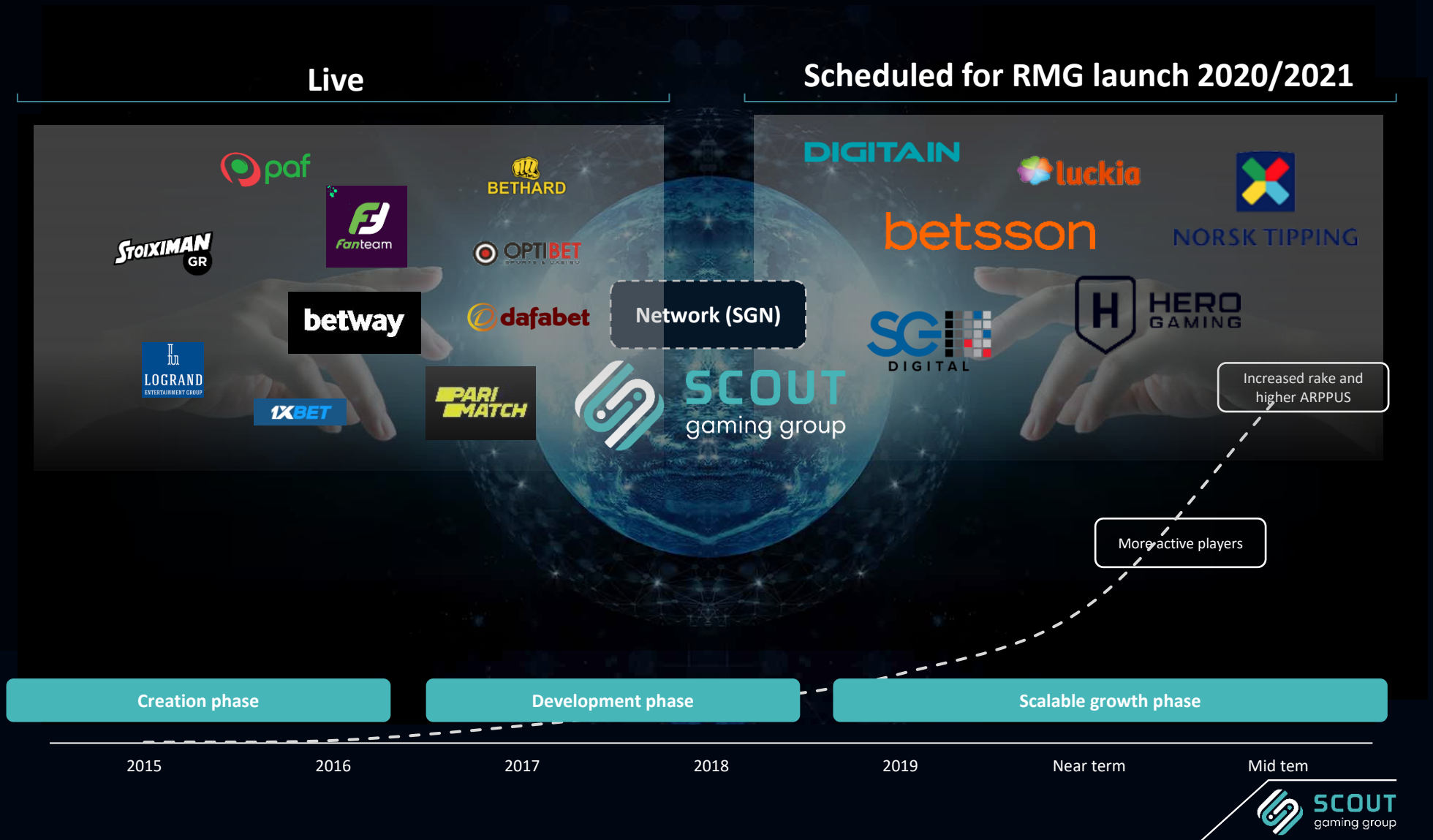
## US DFS market indicates large European potential

- Full Fantasy Sports player base in the US is estimated to be 60 million, where 6 million players are registered DFS players within DraftKings and/or FanDuel, <https://www.thelines.com/fantasy-sports/>
- FanDuel and DraftKings are estimated to account for around 90-95% of the handle on the American DFS market
- Full American DFS market is estimated to contain roughly 0.5 billion USD In Gross Gaming Revenue for 2019. DraftKings accounted for 212.9 MUSD and is expected to increase the DFS business with 86% to 396.2 MUSD for 2023. (Jefferies initiation coverage of DraftKings, June 22, 2020)
- US DFS market from beginning driven from a regulatory perspective – opposite situation in Europe. With a 20 year+ well-established gaming market, allowing casino and sportsbetting, across the continent.



# Growth - Scout Gaming Network (RMG) - Customers

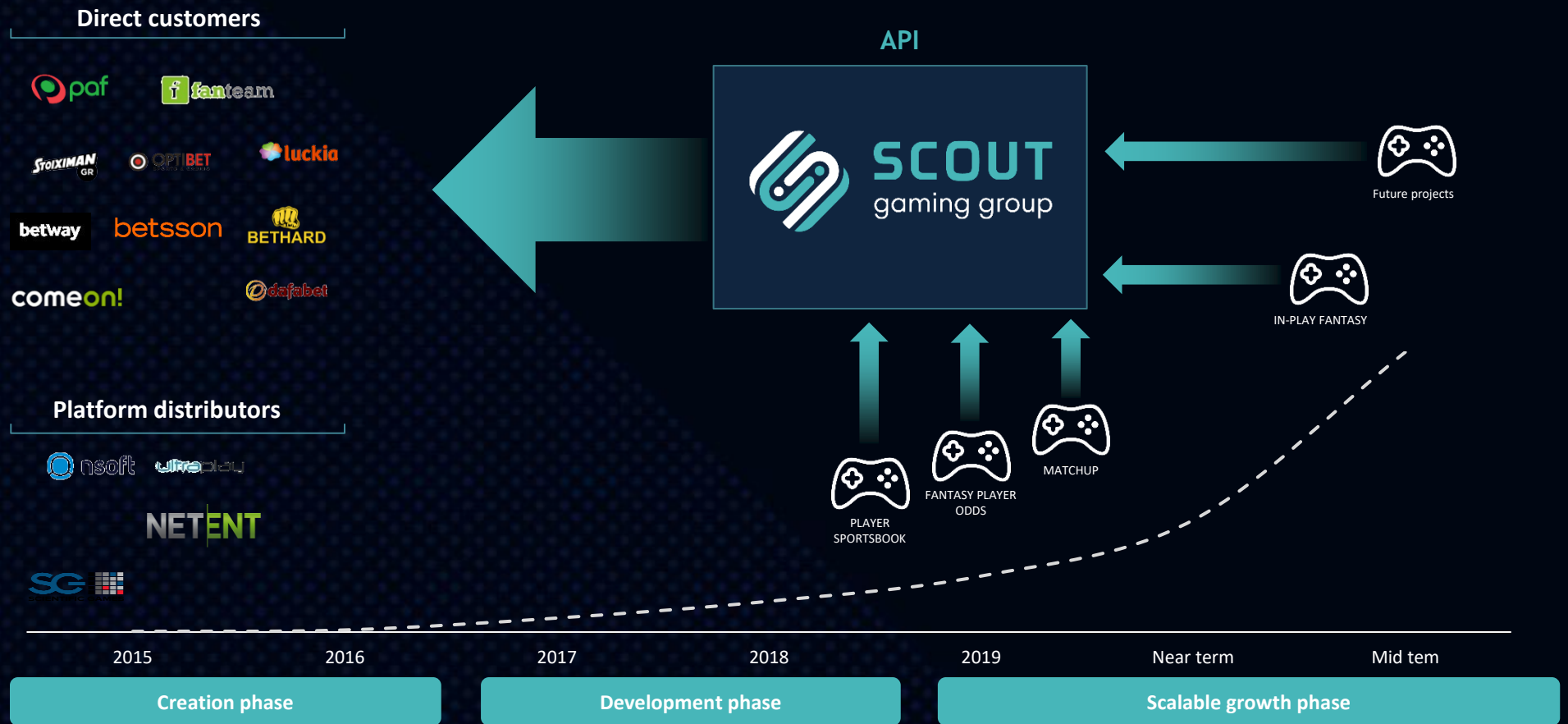
Integrate existing customers and signing new tier 1 customer contracts



# Growth - Untapped potential to upsell through product innovation

An already integrated distribution network for new products

Network connected and already integrated for taking new products



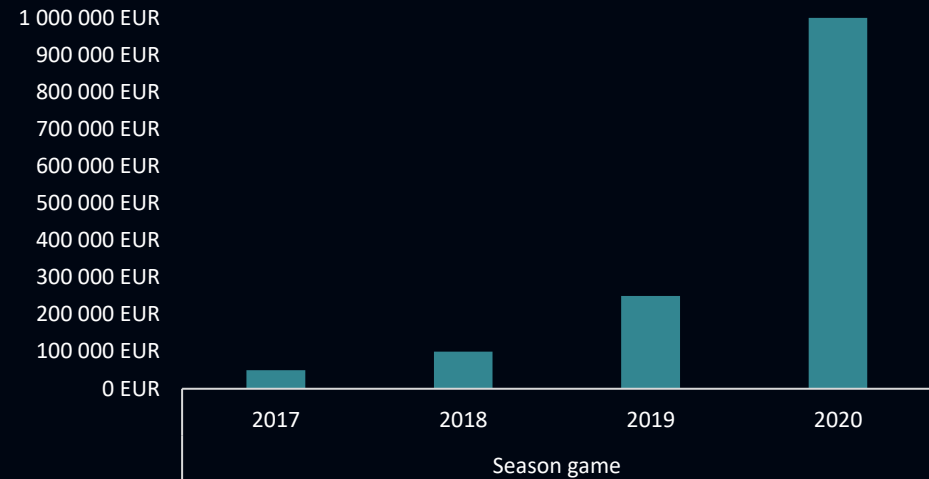


# Growth – Prize pools are crucial for enhancing product further

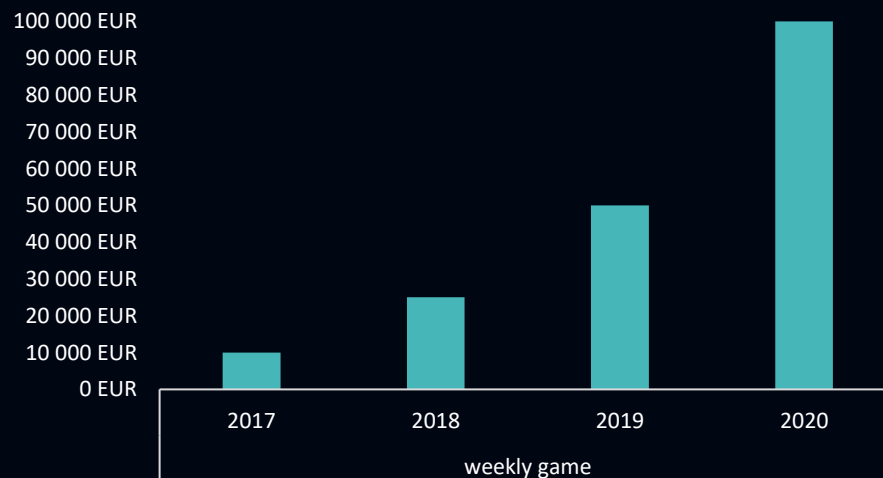
## Global market leading prize pool volumes for DFS soccer games

- Prize pool in the season long Premier League game has increased 20x since initiation 2017.
- Enabled mainly through adding new partners to the network of operators as well as ramping up current ones
- Number of players in the network for the season game has had similar development during the period
- Important recruitment ground for weekly and daily tournaments

### Scout prize pool, season tournament



### Scout prize pool, largest weekly tournaments



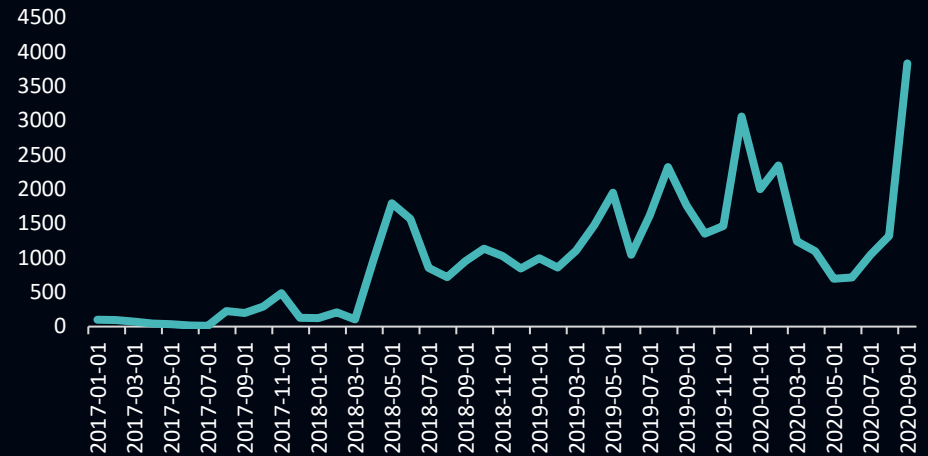
- Prize pools in the weekly Premier League games have increased 10x since initiation 2017.
- Important revenue driver and crucial for adding further high-volume partners to the network.
- Long-term objective to be able to run weekly premier guaranteed prize pools on a million-euro level.

# User growth highly correlated to prize pools

## User numbers spiked in the Scout network

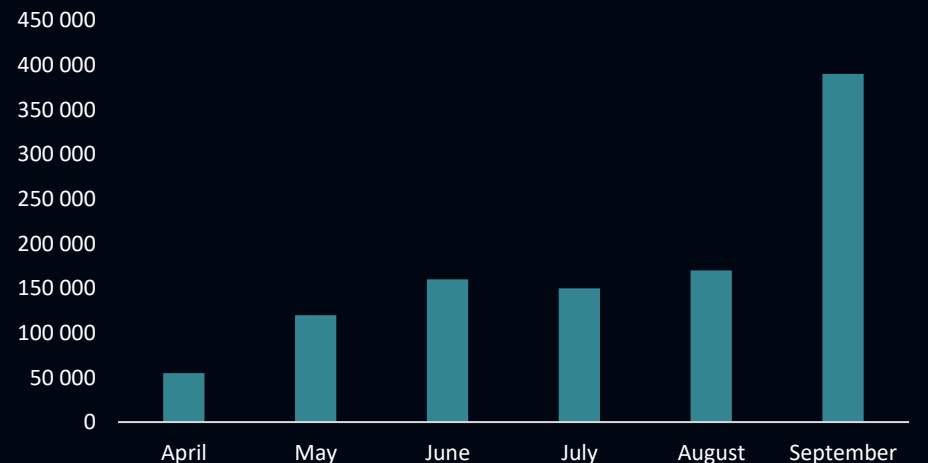
- First 3 years we more than 30x the active user base in the network of operators from initiation. Index value of 3059 reached in December 2019 (start 100, Jan 2017). Closing in on 40x players base per end of Sep 2020.
- Covid-19 had a severe impact on numbers of users, but the recovery has been swift and the recovery in Q3 exceeded management expectations
- Overall sports calendar has remained intact during the third quarter.
- Strong outlook for the coming years, additional tier 1 operators signed and in the process of signing as well as strong underlying growth on Fanteam.

Indexed number of users in the Scout network\*



\*100 set as starting level, January 2017. All users on media platforms are excluded in the index.

Number of visits on Fanteam.com\*

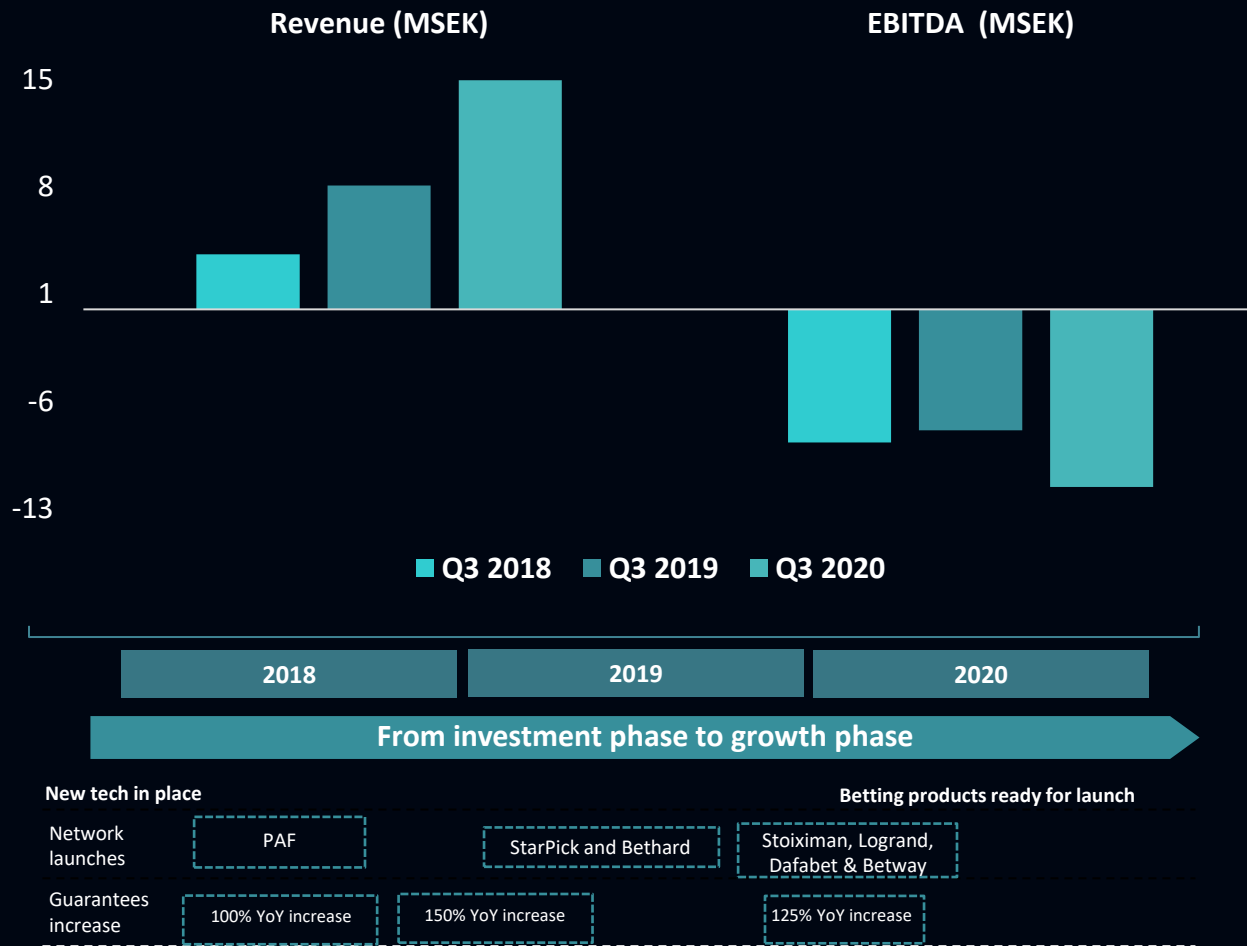


\*Obtained from public source similarweb.com



# Q3 Financials – Strong underlying growth connected to the restart of sports

## Financial performance



- Norsk Tipping – market leader and state-owned monopoly operator expected to launch during H2
- Parimatch market leader in CIS and Ukraine expected to launch during H2
- New Betting games will be rolled out to external clients
- Increased Prize pools



# Q3 Financials – Scalable growth

## Financial performance

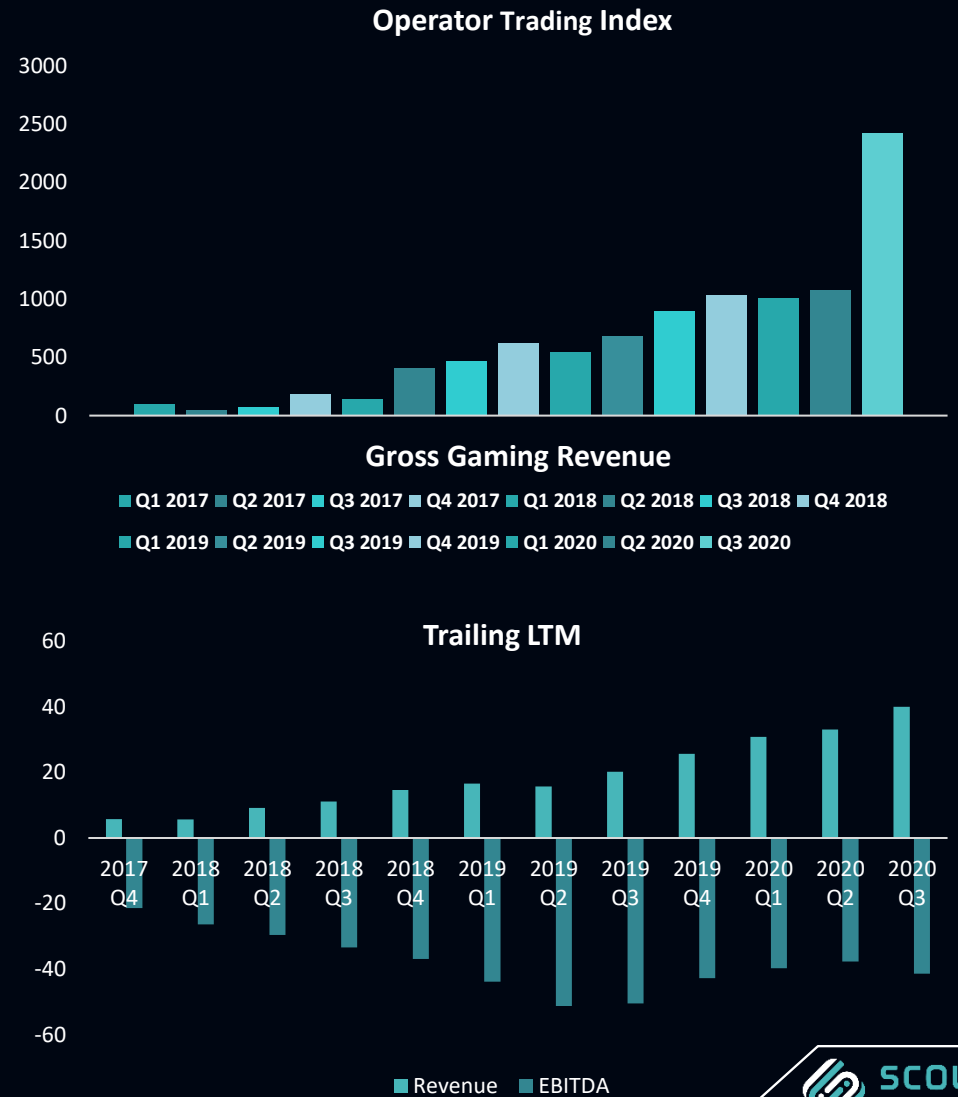
- Operating with a low fixed cost base (personnel).
- In order to enable a fast recovery after sports resumed and a pick-up in revenues, an active decision was taken to be aggressive on marketing costs.
- So far generated a higher ROI than management expectations. DFS product has an underlying high LTV, explained by high loyalty (life-time).
- Other expenses mainly consists of marketing costs and are highly flexible.

Group income statement (kSEK)	Jul-sep 2020	Jul-sep 2019	Jan-sep 2020	Jan-sep 2019	Jan-Dec 2019
<b>Revenue</b>	<b>15,015</b>	<b>8,149</b>	<b>29,954</b>	<b>15,707</b>	<b>25,691</b>
Personnel expenses	-8,230	-9,158	-25,797	-30 383	-39,790
Other external expenses	-18,398	-6,852	-37,531	-19 932	-28,655
Depreciation, amortization and impairment of PPE	-1,687	-2,566	-4,565	-7 307	-10,058
<b>Total operating expenses</b>	<b>-28,315</b>	<b>-18,576</b>	<b>-67,893</b>	<b>-57,622</b>	<b>-78,503</b>
<b>Operating profit/loss</b>	<b>-13,301</b>	<b>-10,427</b>	<b>-37,939</b>	<b>-41,915</b>	<b>-52,812</b>
Financial items	-128	942	-2,796	2,949	580
<b>Profit before tax</b>	<b>-13,428</b>	<b>-9 485</b>	<b>-40,735</b>	<b>-38,965</b>	<b>-52,232</b>
Tax	16	14	49	54	66
<b>Profit/loss for the period</b>	<b>-13,412</b>	<b>-9,471</b>	<b>-40,685</b>	<b>-38,912</b>	<b>-52,166</b>

# Scout Gaming Operator Trading Index & historical performance

## Operator trading index – (Rake + GGR, B2B and B2C)

- Driven by previous product and tech investments and signing of customers that build network liquidity for high prize pools and large number of users.
- Prize pools will be an essential underlying growth driver where we will invest continuously.
- Strategy: Trade-off between growth and profitability, enhancing shareholder value going forward.
- No financial target yet – but strong revenue growth is expected for the coming years



# Q&A

