



theScore Reports Q1 F2020 Financial Results

TORONTO, January 22, 2020 – [Score Media and Gaming Inc.](#) (TSX Venture: SCR) (“theScore”), today announced the financial results for the three months ended November 30, 2019 in accordance with International Financial Reporting Standards (“IFRS”). All financial information in this press release is reported in Canadian dollars, unless otherwise indicated.

Highlights

- theScore made history by becoming the first sports media company in North America to create and launch a mobile sportsbook. [theScore Bet](#) went live in New Jersey ahead of the NFL Football season and generated \$8.8 million in handle¹ in Q1 F2020, its first three months of operation. Natively built for iOS and Android devices, theScore Bet has been integrated with the company’s flagship sports app to create a unique media and gaming ecosystem.
- The company continued to execute on product and corporate development initiatives to support the growth and multi-state rollout of its gaming operations:
 - The company launched FUSE by theScore, a unique product development initiative introducing a new suite of innovative integrations linking its media and sports betting platforms. FUSE allows users to create a betslip from within theScore’s sports app via native integrations embedded directly into box score pages. Additional integrations within its chat pages were also added, with ongoing innovations to further enhance navigation between theScore’s media and gaming platforms due to be rolled-out throughout F2020 and beyond.
 - Subject to receiving all required licenses and approvals, the Company anticipates launching theScore Bet in Indiana under its multi-state market access framework agreement with [Penn National Gaming](#) later this year, with other states to follow. theScore also continued to pursue additional market access opportunities for theScore Bet across the United States.
 - theScore further strengthened its leadership team to support the multi-state rollout of theScore Bet, appointing experienced gaming executives [Alvin Lobo](#) as Chief Financial Officer and [Josh Sidsworth](#) as General Counsel and Chief Compliance Officer.
 - theScore closed a private placement with a fund managed and controlled by [Fengate Asset Management](#), securing \$40,000,000 to fund the growth and development of the Company’s media and gaming operations.
- theScore achieved a new quarterly record for engagement on its sports app. Average monthly sessions reached 523 million during Q1 F2020, year-over-year growth of 11%, with users opening it an average of 123 times a month each. Average monthly active users also grew to 4.3 million.

¹ Handle is calculated as the total amount of money bet by customers in respect of bets that have settled in the applicable period. Handle does not include free bets or other promotional incentives, nor money bet by customers in respect of bets that are open at period end.

- Total video views of theScore esports' video content reached 74 million in Q1 F2020, year-over-year growth of 84%. theScore esports' YouTube channel also [passed 1 million subscribers](#), reinforcing its position as the leading independent provider of esports video content.
- theScore's social sports content across Twitter, Facebook, and Instagram reached approximately 97 million users in Q1 F2020, year-over-year growth of 44%.

"It was a huge achievement by our product development team to create and launch a best-in-class, natively-built mobile sportsbook at the very beginning of F2020," said John Levy, Founder and CEO of theScore. "Our unique integrated approach to media and sports betting sets us apart from any other operator and enabled us to hit the ground running in our launch state of New Jersey.

"But New Jersey is only the start for us. As we grow our footprint there, we are also moving to quickly expand our presence across the United States. Under our existing multi-state market access framework agreement with Penn National, we anticipate launching theScore Bet in Indiana later this year, pending receipt of all relevant licenses and approvals, with more states to follow. At the same time, we continue to actively explore other market access opportunities.

"Further, our hypothesis that sports app users would engage with our gaming product was reinforced in our first quarter of operation. Approximately three quarters of fans who placed a wager on theScore Bet in Q1 came directly from theScore sports app, supporting our powerful integration of media and gaming. Sports app users are also proving more valuable in terms of handle, gross gaming revenue, and retention than non-sports app users. This is especially exciting given the record user engagement we saw on our sports app in Q1, as well as the robust product roadmap we have in place to further strengthen the connection between our media and gaming platforms, including new product features and cross-promotional capabilities."

Financial Results

Total revenue for the three months ended November 30, 2019 was \$9.2 million compared to \$9.5 million for the same period last year. During the quarter, growth in direct advertising revenue was offset by a decline in programmatic revenue, resulting from the impact of lower demand from a programmatic partner who, prior to January 2019, was a significant buyer of the Company's programmatic inventory, as well as more limited programmatic inventory in New Jersey and surrounding states related to the launch of theScore Bet.

In the first quarter of theScore Bet being live in market, the Company generated \$8.8 million in handle and gross gaming revenue² of \$242,000. When taking into account promotional costs and fair value adjustments on unsettled bets, this resulted in negative net gaming revenue³ of \$26,000 for the period.

EBITDA loss for the three months ended November 30, 2019 was \$4.8 million versus EBITDA of \$1.0 million for the same period last year. The increase in EBITDA loss was primarily the result of additional expenses incurred in connection with the launch and expansion of our gaming operations.

Audience Metrics

User sessions of theScore sports app on iOS and Android reached 523 million in Q1 F2020, year-over-year growth of 11% and a new all-time quarterly record. This represents 123 app sessions-per-user-per-month on a base of 4.3 million average monthly app users.

² Gross gaming revenue is calculated as dollar amounts bet by customers less the dollar amounts paid out to customers in respect of such bets which have settled in the applicable period

³ Net gaming revenue is calculated as gross gaming revenue, less free bets, promotional costs, bonuses and fair value adjustments on open bets.

Total video views of theScore esports' content hit 74 million for Q1 F2020, year-over-year growth of 84%. Total watch hours for theScore esports' [YouTube channel](#) reached 5.6 million, year-over-year growth of 28%. An additional 125,000 YouTube subscribers were added during the period, with channel subscribers surpassing one million in November.

theScore's social sports content across Twitter, Facebook, and Instagram achieved an average monthly reach of approximately 97 million in Q1 F2019, year-over-year growth of 44%. After launching on the popular video-sharing social networking service TikTok towards the end of Q4 F2019, [theScore's TikTok account](#) now exceeds 500,000 followers and has quickly become one of the most popular sports media accounts on the platform.

Stock Option Plan

theScore announced that the board of directors has granted 8,420,000 options to acquire Class A subordinate voting shares to employees of the Company, including 3,700,000 options to directors and officers of the Company as follows: Norwest Video Inc. (600,000 options); Benjamin Levy (500,000 options); Alvin Lobo (1,000,000 options), Josh Sidsworth (1,000,000 options), Ralph Lean (100,000 options); John Albright (100,000 options); Mark Scholes (100,000 options); Lorry Schneider (100,000 options); Thomson Associates Inc. (100,000 options), and Mark Zega (100,000 options). Each option will be exercisable for one Class A Subordinate Voting Share of theScore at an exercise price of \$0.85 in accordance with the terms and conditions of the Company's employee stock option plan.

Conference Call & Webcast

theScore will host a conference call and webcast at 4:30pm EST on Wednesday, January 22 where management will review the Company's F2020 Q1 results, followed by a Q&A session:

Conference Call Dial-In

Local: +1 (647) 689-5637

Toll Free North America: +1 (877) 396-4208

Conference ID: 4388306

The conference call will also be webcast live. Register now [here](#).

Instant Replay

Local: +1 (416) 621-4642

Toll Free North America: +1 (800) 585-8367

Conference ID: 4388306

Annual General Meeting

theScore will be hosting its Annual General Meeting at 11:00am EST on Thursday, January 23, 2020 at the Company's Toronto office at: 500 King Street West, Fourth Floor, Toronto, Ontario, M5V 1L9.

For more information:

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

About Score Media and Gaming Inc.

[Score Media and Gaming Inc.](#) empowers millions of sports fans through its digital media and sports betting products. Its media app 'theScore' is one of the most popular in North America, delivering fans highly-personalized live scores, news, stats, and betting information from their favorite teams, leagues, and players. The Company's sports betting app 'theScore Bet' delivers an immersive and holistic mobile sports betting experience. Natively built for iOS and Android devices, theScore Bet is deeply integrated with theScore's media app and is currently available to place wagers in New Jersey. Publicly traded on the TSX Venture Exchange (SCR), theScore also creates and distributes innovative digital content through its web, social and esports platforms.

Forward-looking (safe harbour) statement

Statements made in this news release that relate to future plans, events or performances are forward-looking statements. Any statement containing words such as "may", "would", "could", "will", "believes", "plans", "anticipates", "estimates", "expects" or "intends" and other similar statements which are not historical facts contained in this release are forward-looking, and these statements involve risks and uncertainties and are based on current expectations. Such statements reflect theScore's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements, including among other things, those which are discussed under the heading "Risk Factors" in the Company's Annual Information Form and Short-form Prospectus as filed with the TSX Venture Exchange and available on SEDAR at www.sedar.com and elsewhere in documents that theScore files from time to time with securities regulatory authorities. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results could differ materially from the expectations expressed in these forward-looking statements. The Company does not intend, and does not assume any obligation, to update these forward-looking statements except as required by applicable law or regulatory requirements.

Score Media and Gaming Inc.

Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

(unaudited)

	As at	
	November 30,	August 31,
	2019	2019
ASSETS		
Current assets:		
Cash and cash equivalents (note 8)	\$ 32,087	\$ 4,035
Restricted cash related to customer deposits (note 8)	847	11
Accounts receivable	9,801	7,956
Prepaid expenses, deposits, and other assets	1,980	1,261
	<u>44,715</u>	<u>13,263</u>
Non-current assets:		
Restricted cash related to customer deposits (note 8)	664	668
Property and equipment (note 3)	3,532	1,373
Intangible and other assets (note 4)	21,465	21,760
Tax credits recoverable (note 6)	1,616	1,616
	<u>27,277</u>	<u>25,417</u>
Total assets	<u>\$ 71,992</u>	<u>\$ 38,680</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,217	\$ 7,147
Current portion of deferred lease obligation	-	184
Current portion of lease liability	872	-
Current portion of convertible debenture (note 13)	1,167	-
Other current financial liabilities (note 15)	27	-
	<u>9,283</u>	<u>7,331</u>
Non-current liabilities:		
Deferred lease obligation	-	112
Lease liability	1,727	-
Convertible debenture (note 13)	24,971	-
	<u>26,698</u>	<u>112</u>
Shareholders' equity	36,011	31,237
Commitments (note 9)		
Total liabilities and shareholders' equity	<u>\$ 71,992</u>	<u>\$ 38,680</u>

Score Media and Gaming Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
(in thousands of Canadian dollars, except per share amounts)
(unaudited)

	Three months ended November 30,	
	2019	2018
Revenue (note 11)	\$ 9,219	\$ 9,475
Operating expenses (note 14):		
Product development and content	2,582	2,273
Sales and marketing	5,491	2,453
Technology and operations	3,158	1,261
General and administration	2,820	2,524
Depreciation and amortization	1,213	828
	<u>15,264</u>	<u>9,339</u>
Operating income (loss)	(6,045)	136
Finance income (expense), net (note 16)	<u>(1,172)</u>	<u>27</u>
Income (loss) before income tax expense (recovery)	(7,217)	163
Deferred income tax expense (recovery) (note 17)	<u>(3,107)</u>	<u>-</u>
Net income (loss)	<u>\$ (4,110)</u>	<u>\$ 163</u>
Other comprehensive income (loss)		
Foreign currency translation differences from foreign operations	16	-
Total comprehensive income (loss) for the period	<u>\$ (4,094)</u>	<u>163</u>
Income (loss) per share - basic and diluted (note 12)	<u>\$ (0.01)</u>	<u>\$0.00</u>

Score Media and Gaming Inc.

Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)

(unaudited)

	Three months ended November 30,	
	2019	2018
Cash flows from (used) in operating activities		
Net income (loss) for the period	\$ (4,110)	\$ 163
Adjustments for:		
Depreciation and amortization	1,213	828
Stock based compensation (note 10)	153	119
Interest accretion on lease liabilities	37	-
Interest accretion on convertible debenture (note 13)	1,167	-
Revaluation of foreign currency balances (note 16)	84	-
Income tax recovery (note 17)	(3,107)	-
	<u>(4,563)</u>	<u>1,110</u>
Change in non-cash operating assets and liabilities:		
Accounts receivable	(1,845)	(3,501)
Restricted cash related to customer deposits	(832)	-
Prepaid expenses, deposits, and other assets	(719)	(304)
Accounts payable and accrued liabilities	70	401
Deferred lease obligation (note 2)	-	(20)
Other financial liabilities (note 15)	27	-
	<u>(3,299)</u>	<u>(3,404)</u>
Net cash used in operating activities	<u>(7,862)</u>	<u>(2,294)</u>
Cash flows from financing activities		
Exercise of stock options	49	51
Payment of lease liabilities (note 2)	(249)	-
Issuance of convertible debenture, net of transaction costs (note 13)	37,274	-
Issuance of shares, net of transaction costs	-	8,500
Net cash from financing activities	<u>37,074</u>	<u>8,551</u>
Cash flows used in investing activities		
Additions to property and equipment (note 3)	(166)	(41)
Additions to intangible and other assets, net (note 4)	(1,010)	(807)
Net cash used in investing activities	<u>(1,176)</u>	<u>(848)</u>
Increase in cash and cash equivalents	28,036	5,389
Net effect of exchange rate fluctuations on cash	16	-
Cash and cash equivalents, beginning of period	4,035	6,347
Cash and cash equivalents, end of period	<u>\$ 32,087</u>	<u>\$ 11,736</u>

	Three Months Ended	
	November 30, 2019	November 30, 2018
Net and comprehensive income (loss) for the period	\$ (4,110)	\$ 163
Adjustments:		
Depreciation and amortization	1,213	828
Finance (income) expense, net	1,172	(27)
Deferred income tax (recovery)	(3,107)	-
EBITDA	\$ (4,832)	\$ 964