



theScore Reports Q2 F2020 Financial Results

TORONTO, April 22, 2020 – [Score Media and Gaming Inc.](#) (TSX Venture: SCR) (“theScore” or the “Company”), today announced the financial results for the three and six months ended February 29, 2020.

“We saw great momentum across our core media and gaming operations in Q2 F2020, including exciting growth in sports betting handle, a new Q2 record for engagement on our sports app, powerful reach on our social channels, and continued esports audience growth,” said John Levy, Founder and CEO of theScore. “We now find ourselves in an unprecedented time, facing the rapidly evolving COVID-19 pandemic and the total disruption to global sports events that it has caused.

“Our first priority has been to protect the safety and well-being of our team, which led us to quickly implement a mandatory work-from-home policy for all staff in mid-March. At the same time, we have been responding to the anticipated revenue impact of the sudden disruption in the sports calendar by aggressively managing our costs and availing ourselves of applicable government programs. By moving early and decisively, we have been able to keep our team at full strength, empowering them to continue to keep sports fans as engaged, entertained and informed as possible, and to execute on our key product development priorities, which will position us well for when sports resume.”

Q2 F2020 Highlights

- theScore achieved a new Q2 record for engagement on its sports app. Average monthly sessions reached 453 million during Q2 F2020, year-over-year growth of 15%, with users opening it an average of 110 times a month each. Average monthly active users also grew year-over-year to 4.1 million.
- The Company continued to execute on product and corporate development initiatives to support the growth and multi-state rollout of theScore Bet, which launched in New Jersey in September 2019 and generated handle¹ of \$13.8 million in Q2 F2020, growth of 58% over the previous quarter:
 - theScore secured market access to offer mobile sports betting in Colorado [via an agreement with a subsidiary of U.S. gaming operator Jacobs Entertainment Inc.](#) The Company anticipates launching theScore Bet in Colorado, as well as in Indiana under its [market access framework agreement with Penn National Gaming](#), later this year subject to receiving all relevant licenses and approvals. The Company also continues to pursue additional market access opportunities across the United States.
 - [theScore became an Authorized Sports Betting Operator of the National Basketball Association](#) in a new multi-year partnership, providing the Company with access to official NBA betting data, including league marks and logos, for its mobile sports betting app, [theScore Bet](#).
 - theScore continued to execute on product roadmap initiatives to further enhance theScore Bet user experience. These included the addition of new sports and markets, as well as product enhancements to create even faster and tighter navigation between its media and gaming platforms, building on the [launch of FUSE](#) in Q1 F2020.

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 across all platforms reached 78 million in Q2 F2020, year-over-year growth of 91%, reinforcing its position as the leading independent provider of esports video content.
- theScore's social sports content across Twitter, Facebook, and Instagram reached approximately 91 million users in Q2 F2020. theScore also added approximately 625,000 followers on its TikTok account during Q2, and last month surpassed 1M followers on the platform.

"On theScore Bet both handle and gross gaming revenue continued to grow off the back of continued enhancements to our user experience, including support for more sports, even more betting options, and deeper integrations between our media and gaming platforms, setting us up perfectly as we continue to expand into states beyond New Jersey," said Levy.

"It was also a record Q2 for user sessions on our sports app, with monthly active users up year-over-year for the second quarter running. Furthermore, we also saw more powerful reach on our social and esports channels, which continue to drive strong engagement despite the mass disruption to traditional sports caused by the COVID-19 pandemic."

COVID-19 Operational Update

The Company is actively responding to the rapidly evolving COVID-19 pandemic by taking measures to ensure the health and safety of its team members, and to mitigate the business impact on the Company caused by the unprecedented postponement, suspension or cancellation of global sporting events.

The Company has successfully adopted a mandatory work-from-home program as of March 16, 2020. As substantially all of the Company's day-to-day activities can be fully performed by personnel working remotely, the Company is able to remain fully operational during this period. The Company continues to execute on its product development roadmap, including its plans to expand its sports betting platform, theScore Bet, to Indiana and Colorado later this year upon receipt of all applicable regulatory approvals, in anticipation of the resumption of sporting events. At the same time, the Company is actively producing sports content designed to engage users on theScore app and its social channels during this period when live sports are on hiatus. In addition, theScore's esports content team continues to develop and output new and innovative video content for its growing cross-channel audience, led by YouTube.

Due to the fluidity of the COVID-19 pandemic and the uncertainty of its magnitude, outcome and duration, the Company is unable to definitively quantify its potential impact on theScore. In the near-term, given the current disruption to the sports calendar, the Company does expect a decline in revenue beginning in Q3 F2020 compared to the prior year. In response, the Company is taking measures to manage costs, including the reduction of operating expenses and the exploration of applicable government programs. As part of these efforts, earlier this month, every member of theScore's management team agreed to forego 25% of their salary from May 1 to August 31, 2020 in exchange for an equivalent grant of Restricted Stock Units ("RSU") in the Company, with a variation of this program also being made available on an optional basis to all full-time staff.

Financial Results

Total revenue for Q2 F2020 was \$6.7 million compared to \$6.8 million for the same period last year, while total revenue for the six months ended February 29, 2020 was \$15.9 million compared to \$16.3 million for the same period last year. Revenues from media activities for the three months ended February 29, 2020 and February 28, 2019 were each \$6.8 million respectively, while revenues for media activities for the six months ended February 29, 2020 and February 28, 2019 were \$16.1 million and \$16.3 million respectively. Growth in direct advertising revenue was offset by a decline in programmatic revenue, primarily the result of reduced demand from a programmatic partner who, prior to January 2019, was a significant buyer of the Company's programmatic inventory, and more limited programmatic inventory in New Jersey and surrounding states following the launch of theScore Bet.

Gaming handle was \$13.8 million in Q2 F2020, versus \$8.8 million in Q1 F2020, and \$22.6 million for the six months ended February 29, 2020. Gross gaming revenue² was \$443,000 in Q2 F2020 and \$685,000 for the six months ended February 29, 2020. When taking into account promotional costs and fair value adjustments on unsettled bets, this resulted in negative net gaming revenue³ of \$195,000 and \$221,000 for the three and six months ended February 29, 2020.

EBITDA loss in Q2 F2020 was \$8.6 million versus EBITDA loss of \$2.2 million for the same period last year. EBITDA loss for the six months ended February 29, 2020 was \$13.4 million versus EBITDA loss of \$1.2 million in 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 453 million in Q2 F2020, year-over-year growth of 15% and a new all-time record for Q2. This represents 110 app sessions-per-user-per-month on a base of 4.1 million average monthly app users.

Total video views of theScore esports' video content across all platforms reached 78 million in Q2 F2020, year-over-year growth of 92%. Total watch hours for theScore esports' [YouTube channel](#) reached 5.1 million, year-over-year growth of 19%. An additional 127,000 YouTube subscribers were added during the period, with total channel subscribers now exceeding 1.2 million.

theScore's social sports content across Twitter, Facebook, and Instagram achieved an average monthly reach of approximately 91 million in Q2 F2019. After launching on the popular video-sharing social networking service TikTok towards the end of Q4 F2019, [theScore's TikTok account](#) now exceeds 1,000,000 followers and has quickly become one of the most popular sports media accounts on the platform.

Issuance of Restricted Share Units

In connection with the aforementioned salary modification plan, theScore announced that the board of directors has today granted 2,320,749 restricted stock units (RSUs) to employees of the Company, including 632,918 RSUs to directors and officers of the Company as follows: Norwest Video Inc. (135,022 RSUs); Benjamin Levy (81,224 RSUs); Hecham Ghazal (63,292 RSUs); Alvin Lobo (69,621 RSUs); Josh Sidsworth (68,566 RSUs); John Albright (33,756 RSUs); Brian Cooper (33,756 RSUs); Ralph Lean (46,414 RSUs); Mark Scholes (46,414 RSUs); and Thomson Associates Inc. (54,853 RSUs). Each RSU entitles the holder to receive one Class A Subordinate Voting Share issued from treasury on May 5, 2020, the date of vesting, in accordance with the terms and conditions of the Company's Amended & Restated Stock Option and Restricted Stock Unit Plan.

Financial Statements and Management's Discussion and Analysis

Score Media and Gaming Inc. reports its financial results in Canadian dollars, unless otherwise indicated. The Company's unaudited interim consolidated financial statements, accompanying notes, and Management's Discussion and Analysis for the three and six months ended February 29, 2020 are prepared in accordance with International Financial Reporting Standards ("IFRS") and are available on the Company's [Investor Relations page](#).

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.

Conference Call & Webcast

theScore will host a conference call and webcast at 4:30pm EST on Wednesday, April 22 where management will review the Company's F2020 Q2 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: 6175268

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: 6175268

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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	
	February 29, 2020	August 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,523	\$ 4,035
Restricted cash related to customer deposits	1,665	11
Accounts receivable	7,286	7,956
Prepaid expenses, deposits, and other assets	2,431	1,261
	<u>32,905</u>	<u>13,263</u>
Non-current assets:		
Restricted cash related to customer deposits	-	668
Property and equipment	3,472	1,373
Intangible and other assets	23,508	21,760
Tax credits recoverable	1,616	1,616
	<u>28,596</u>	<u>25,417</u>
Total assets	<u>\$ 61,501</u>	<u>\$ 38,680</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,093	\$ 7,147
Current portion of deferred lease obligation	-	184
Current portion of lease liability	884	-
Other current financial liabilities	66	-
	<u>7,043</u>	<u>7,331</u>
Non-current liabilities:		
Deferred lease obligation	-	112
Lease liability	1,502	-
Convertible debenture	27,007	-
	<u>28,509</u>	<u>112</u>
Shareholders' equity	25,949	31,237
Commitments		
Subsequents events		
Total liabilities and shareholders' equity	<u>\$ 61,501</u>	<u>\$ 38,680</u>

Score Media and Gaming Inc.

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

	Three months ended,		Six months ended	
	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
Revenue	\$ 6,653	\$ 6,776	\$ 15,871	\$ 16,251
Operating expenses:				
Product development and content	2,674	2,173	5,256	4,444
Sales and marketing	4,158	2,393	9,649	4,845
Technology and operations	4,249	1,798	7,407	3,058
General and administration	4,197	2,601	7,017	5,126
Depreciation and amortization	1,312	789	2,525	1,617
	<u>16,590</u>	<u>9,754</u>	<u>31,854</u>	<u>19,090</u>
Operating loss	(9,937)	(2,978)	(15,983)	(2,839)
Finance income (expense), net	(517)	(26)	(1,688)	1
Loss before income tax expense (recovery)	(10,454)	(3,004)	(17,671)	(2,838)
Deferred income tax expense (recovery)	-	-	(3,107)	-
Net loss	<u>\$ (10,454)</u>	<u>\$ (3,004)</u>	<u>\$ (14,564)</u>	<u>\$ (2,838)</u>
Other comprehensive income (loss)				
Foreign currency translation differences from foreign operations	(140)	-	(124)	-
Total comprehensive loss for the period	<u>\$ (10,594)</u>	<u>\$ (3,004)</u>	<u>\$ (14,688)</u>	<u>\$ (2,838)</u>
Income (loss) per share - basic and diluted	\$ (0.03)	\$ (0.01)	\$ (0.04)	\$ (0.01)

Score Media and Gaming Inc.

Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)

(unaudited)

	Six months ended	
	February 29, 2020	February 28, 2019
Cash flows from (used) in operating activities		
Net loss for the period	\$ (14,564)	\$ (2,838)
Adjustments for:		
Depreciation and amortization	2,525	1,617
Stock based compensation	634	245
Interest accretion on lease liabilities	72	-
Interest accretion on convertible debenture	2,036	-
Income tax recovery	(3,107)	-
	<u>(12,404)</u>	<u>(976)</u>
Change in non-cash operating assets and liabilities:		
Accounts receivable	670	(1,824)
Restricted cash related to customer deposits	(986)	-
Prepaid expenses, deposits, and other assets	(1,170)	(165)
Accounts payable and accrued liabilities	(1,054)	47
Deferred lease obligation	-	(48)
Other financial liabilities	66	-
	<u>(2,474)</u>	<u>(1,990)</u>
Net cash used in operating activities	<u>(14,878)</u>	<u>(2,966)</u>
Cash flows from financing activities		
Exercise of stock options	100	96
Payment of lease liabilities	(426)	-
Issuance of convertible debenture, net of transaction costs	37,272	-
Issuance of shares, net of transaction costs	-	8,500
Net cash from financing activities	<u>36,946</u>	<u>8,596</u>
Cash flows used in investing activities		
Additions to property and equipment	(421)	(91)
Additions to intangible and other assets, net	(4,218)	(3,589)
Net cash used in investing activities	<u>(4,639)</u>	<u>(3,680)</u>
Increase in cash and cash equivalents	17,429	1,950
Net effect of exchange rate fluctuations on cash	59	-
Cash and cash equivalents, beginning of period	4,035	6,347
Cash and cash equivalents, end of period	<u>\$ 21,523</u>	<u>\$ 8,297</u>

	Three Months Ended		Six Months Ended	
	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
Net loss for the period	\$ (10,454)	\$ (3,004)	\$ (14,564)	\$ (2,838)
Adjustments:				
Depreciation and amortization	1,312	789	2,525	1,617
Finance (income) expense, net	517	26	1,688	(1)
Deferred income tax (recovery)	-	-	(3,107)	-
EBITDA loss	\$ (8,625)	\$ (2,189)	\$ (13,458)	\$ (1,222)

