



## theScore Reports Q3 F2020 Financial Results

TORONTO, July 28, 2020 – [Score Media and Gaming Inc.](#) (TSX Venture: SCR) (“theScore” or the “Company”), today announced the financial results for the three and nine months ended May 31, 2020.

“The past quarter has been a period of unprecedented challenge, as the world grappled with the vast impact of the COVID-19 pandemic, including the disruption of nearly every major sports league and event,” said John Levy, Founder and CEO of theScore. “Through this difficult period, I couldn’t be prouder of how our team has come together to respond, first and foremost, by taking care of each other.

“During this period, we have continued to press ahead at full strength on key initiatives, including the development of our mobile sportsbook, [theScore Bet](#), and we remain on track for our multi-state roll-out into Colorado and Indiana later this summer, subject to receiving all relevant licenses and approvals. Across our media platforms, we have focused on delivering innovative and interactive content formats, resulting in the retention of nearly 75% of our monthly active users compared to the same period last year, with users continuing to engage with our app on a daily basis.

“Live sports has the power to serve as a positive and welcome outlet during what remains a difficult and challenging time. We’re primed to deliver a best-in-class, integrated media and gaming experience as fans eagerly welcome major leagues and sporting events back to play. To that end, we’re already seeing great momentum building. On theScore, in the few days since baseball’s return, sessions have doubled compared to the days prior. At the same time, in the first week of live baseball on theScore Bet, we nearly matched our total betting handle from Super Bowl week. All with just one of the major sports back at play.”

### Q3 F2020 Highlights

- The Company continued to execute on product and corporate development initiatives to support the growth and multi-state expansion of its mobile sports betting app, [theScore Bet](#).
  - theScore was granted a [Temporary License for Internet Sports Betting in Colorado](#), a [Temporary Sports Wagering Vendor License in Indiana](#), and GLI-33 certification for [Colorado](#) and [Indiana](#) as part of multi-stage regulatory approval processes to offer wagering on theScore Bet in those states. theScore remains on schedule to launch theScore Bet in Colorado and Indiana later this summer, subject to receiving all relevant licenses and approvals.
  - [theScore became an Authorized Gaming Operator of Major League Baseball](#) in a new multi-year partnership, providing the Company with immediate access to Official MLB Data, league marks, and logos for theScore Bet.
  - theScore continued to execute on product roadmap initiatives to further enhance theScore Bet user experience. These included the addition of numerous new markets, a native payments system, and enhancements to our promotional infrastructure.
- Total views of theScore esports’ video content across all platforms reached a new all-time quarterly record of 145 million in Q3 F2020, year-over-year growth of 113%. Total watch hours for theScore esports’ [YouTube channel](#) reached a new all-time quarterly record of 9.7 million, year-over-year growth of 76%.

- theScore's social sports content across Twitter, Facebook, and Instagram achieved an average monthly reach of approximately 104 million in Q3 F2020. In addition, [theScore's TikTok account](#) grew by more than 80% in Q3 F2020 and now exceeds 1.7 million followers.

### **Audience Metrics**

Despite the unprecedented disruption to the sports calendar caused by the COVID-19 pandemic, the Company achieved 2.9 million average monthly active users of theScore app on iOS and Android in Q3 F2020, representing nearly 75% of its average monthly active users achieved in the same period in the previous year. Live sports events drive significant engagement in theScore app, and the disruption to the sports calendar led to an expected decline in engagement in Q3 F2020. However, theScore's focus on delivering innovative and interactive content during this period resulted in users continuing to engage with theScore app on a daily basis, with 35 average monthly sessions-per-user during Q3 F2020.

Across theScore esports' platforms, total video views reached a new all-time quarterly record of 145 million in Q3 F2020, year-over-year growth of 113%. Total watch hours for theScore esports' [YouTube channel](#) reached 9.7 million, year-over-year growth of 76%. An additional 189,000 YouTube subscribers were added during the period, with total channel subscribers now exceeding 1.4 million.

theScore's social sports content across [Twitter](#), [Facebook](#), and [Instagram](#) achieved an average monthly reach of approximately 104 million in Q3 F2020, year-over-year growth of 5%. theScore's [TikTok](#) account added approximately 620,000 new followers in Q3 2020. Total account followers now exceed 1.7 million, reinforcing its position as one of the most popular sports media accounts on the platform.

### **Financial Results**

Total revenue for Q3 F2020 was \$2.4 million compared to \$8.5 million for the same period last year, while total revenue for the nine months ended May 31, 2020 was \$18.3 million compared to \$24.7 million for the same period last year. This anticipated decline in revenue for the period reflects the direct impact of the disruption to the sports calendar caused by the COVID-19 pandemic.

Gaming handle<sup>1</sup> was \$3.7 million in Q3 F2020 and \$26.7 million for the nine months ended May 31, 2020. Gross gaming revenue<sup>2</sup> was \$81,000 in Q3 F2020 and \$766,000 for the nine months ended May 31, 2020. When taking into account promotional costs and fair value adjustments on unsettled bets, this resulted in negative net gaming revenue<sup>3</sup> of \$22,700 and \$244,000 for the three and nine months ended May 31, 2020.

EBITDA loss in Q3 F2020 was \$9.0 million versus EBITDA loss of \$1.1 million for the same period last year. EBITDA loss for the nine months ended May 31, 2020 was \$22.2 million versus EBITDA loss of \$2.3 million in the same period last year. The increase in EBITDA loss was primarily due to the COVID-19-related impact on revenue for the period and the result of additional expenses incurred in connection with the expansion of our gaming operations compared to the prior year.

During the period, the Company took significant measures to manage costs, including the reduction of discretionary expenses and availing itself of applicable Government programs, including the Canadian Emergency Wage Subsidy (CEWS). Additionally, in April 2020, every member of theScore's senior 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 (RSUs) in the Company, with a variation of this program also made available on an optional basis to all full-time staff.

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<sup>1</sup> 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.

<sup>2</sup> 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.

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

As a result of these cost containment measures, the Company's cash use in the quarter was limited to \$3.9 million. The Company ended the quarter with \$17.6 million of cash on hand and \$5 million revolving demand operating credit facility that remains undrawn.

### **Credit Facility**

In July 2020, the Company entered into a \$6.25 million revolving term credit facility with the same Canadian chartered bank that maintains the Company's \$5 million revolving demand operating credit facility, supported by Export Development Corporation's Business Credit Availability Program. The term credit facility is available to provide additional liquidity to the Company and to mitigate the impact of COVID-19 on the Company's operations. The term credit facility is secured by substantially all of the assets of the Company and certain of its subsidiaries. The term credit facility bears interest rate at the lenders prime rate plus 2.00% per annum and is subject to a facility fee in respect of the EDC BCAP program of 1.80%. The term credit facility is repayable by July 15, 2021, is extendable for a further period of 364 days in certain circumstances and is subject to certain financial covenants. On July 24, 2020, the Company completed a drawdown of the revolving credit facility in the amount of \$6.25 million.

### **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 nine months ended May 31, 2020 are prepared in accordance with International Financial Reporting Standards ("IFRS") and are available on the Company's [Investor Relations page](#).

### **Conference Call & Webcast**

theScore will host a conference call and webcast at 5:30pm EDT on Tuesday, July 28:

*Conference Call Dial-In*

Local: +1 (647) 689-5637

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

Conference ID: 3754319

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: 3754319

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### **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 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 as filed with applicable Canadian securities regulatory authorities and available on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com) and elsewhere in documents that theScore files from time to time with such securities regulatory authorities, including its Management's Discussion & Analysis. 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	
	May 31, 2020	August 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 17,597	\$ 4,035
Restricted cash related to customer deposits	720	11
Accounts receivable	4,813	7,956
Prepaid expenses, deposits, and other assets	2,610	1,261
	<u>25,740</u>	<u>13,263</u>
Non-current assets:		
Restricted cash related to customer deposits	-	668
Property and equipment	3,257	1,373
Intangible and other assets	23,994	21,760
Tax credits recoverable	1,616	1,616
	<u>28,867</u>	<u>25,417</u>
Total assets	<u>\$ 54,607</u>	<u>\$ 38,680</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,197	\$ 7,147
Current portion of deferred lease obligation	-	184
Current portion of lease liability	896	-
Other current financial liabilities	97	-
	<u>8,190</u>	<u>7,331</u>
Non-current liabilities:		
Deferred lease obligation	-	112
Lease liability	1,273	-
Convertible debenture	28,266	-
	<u>29,539</u>	<u>112</u>
Shareholders' equity	16,878	31,237
Commitments		
Subsequent event		
Total liabilities and shareholders' equity	<u>\$ 54,607</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,		Nine months ended,	
	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Revenue	2,381	8,463	18,253	24,714
Operating expenses:				
Product development and content	1,633	2,267	6,889	6,711
Sales and marketing	1,778	2,806	11,426	7,651
Technology and operations	4,040	1,875	11,447	4,932
General and administration	3,666	2,635	10,683	7,762
Depreciation and amortization	1,503	775	4,028	2,393
	<u>12,620</u>	<u>10,358</u>	<u>44,473</u>	<u>29,449</u>
Operating loss	(10,239)	(1,895)	(26,220)	(4,735)
Finance income (expense), net	<u>(438)</u>	<u>168</u>	<u>(2,126)</u>	<u>169</u>
Loss before income tax expense (recovery)	(10,677)	(1,727)	(28,346)	(4,566)
Deferred income tax expense (recovery)	<u>-</u>	<u>-</u>	<u>(3,107)</u>	<u>-</u>
Net loss	<u>\$ (10,677)</u>	<u>\$ (1,727)</u>	<u>\$ (25,239)</u>	<u>\$ (4,566)</u>
Other comprehensive income (loss)				
Foreign currency translation differences from foreign operations	(287)	-	(411)	-
Total comprehensive loss for the period	<u>\$ (10,964)</u>	<u>\$ (1,727)</u>	<u>\$ (25,650)</u>	<u>\$ (4,566)</u>
Loss per share - basic and diluted	\$ (0.03)	\$ (0.01)	\$ (0.08)	\$ (0.01)

**Score Media and Gaming Inc.**

## Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)

(unaudited)

	Nine months ended	
	May 31, 2020	May 31, 2019
Cash flows from (used) in operating activities		
Net income (loss) for the period	\$ (25,239)	\$ (4,566)
Adjustments for:		
Depreciation and amortization	4,025	2,393
Stock based compensation	2,394	461
Interest accretion on lease liabilities	103	-
Unrealized foreign exchange (gain) loss	(964)	-
Interest accretion on convertible debenture	3,295	-
Income tax recovery	(3,107)	-
	<u>(19,493)</u>	<u>(1,712)</u>
Change in non-cash operating assets and liabilities:		
Accounts receivable	3,143	(2,694)
Restricted cash related to customer deposits	(19)	-
Prepaid expenses, deposits, and other assets	(1,339)	157
Accounts payable and accrued liabilities	(6)	873
Deferred lease obligation	-	(78)
Other financial liabilities	95	-
	<u>1,874</u>	<u>(1,742)</u>
Net cash used in operating activities	<u>(17,619)</u>	<u>(3,454)</u>
Cash flows from financing activities		
Exercise of stock options	232	109
Payment of lease liabilities	(665)	-
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>36,839</u>	<u>8,609</u>
Cash flows used in investing activities		
Additions to property and equipment	(530)	(283)
Additions to intangible and other assets, net	(5,180)	(4,737)
Net cash used in investing activities	<u>(5,710)</u>	<u>(5,020)</u>
Increase in cash and cash equivalents	13,510	135
Net effect of exchange rate fluctuations on cash	52	-
Cash and cash equivalents, beginning of period	4,035	6,347
Cash and cash equivalents, end of period	<u>\$ 17,597</u>	<u>\$ 6,482</u>

	Three Months Ended		Nine Months Ended	
	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Net loss for the period	\$ (10,677)	\$ (1,727)	\$ (25,239)	\$ (4,566)
Adjustments:				
Depreciation and amortization	1,503	775	4,028	2,393
Finance (income) expense, net	438	(168)	2,127	(169)
Deferred income tax (recovery)	-	-	(3,107)	-
EBITDA	\$ (8,736)	\$ (1,120)	\$ (22,191)	\$ (2,342)