

CORPORATE PARTICIPANTS

James Bigg

Senior Manager, Communications

John Levy

Founder & Chief Executive Officer

Benjie Levy

President & Chief Operating Officer

Alvin Lobo

Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

David McFadgen

Cormark Securities

Suthan Sukumar

Eight Capital

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to theScore Q3 Fiscal 2020 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question-and-answer session. To ask a question during the session, you will need to press star one on your telephone. If you require any further assistance, press star zero.

I will now turn the conference over to your speaker today, James Bigg, Senior Manager of Communications. Thank you. Please go ahead.

James Bigg, Senior Manager, Communications

Thank you. Hello and good afternoon, everyone. Many thanks for joining us on today's call and webcast for theScore's fiscal 2020 Q3 results. Presenting today will be theScore Founder and Chief Executive Officer, John Levy; President and Chief Operating Officer, Benjie Levy; and Chief Financial Officer, Alvin Lobo.

At this time we would like to caution our listeners that this presentation contains forward-looking statements. There are risks that actual results could differ materially from what is discussed and that certain material factors or

assumptions are applied in making these forward-looking statements.

Any forward-looking statements contained in this presentation represent the views of management and are presented for the purposes of assisting theScore shareholders and analysts in understanding theScore's financial position, objectives and priorities, and anticipated financial performance. Forward-looking statements may not be appropriate for other purposes.

Additional information on items of note, theScore's reported results, and factors and assumptions related to forward-looking information are all available in our financials and MD&A for Q3 fiscal 2020, both of which were filed on SEDAR a few moments ago, and are also available on our Investor Relations page at www.scoremediaandgaming.com.

Our CEO, John Levy, will now begin the presentation.

John Levy, Founder & Chief Executive Officer

Thanks, James, and good afternoon to everyone and thank you for joining us today. We hope you are all well and keeping safe.

As you all know, Q3 coincided with an unprecedented time for the world at large as we all grappled with the impact of COVID-19 pandemic and the near total disruption to sports events on a global scale. But today we're all excited by the return sports given the role they play in bringing a sense of familiarity and some reprieve from the otherwise challenging times. We recognize that we are all still living in and working through a very fluid situation. This will demand our ongoing flexibility and vigilance as we press forward, adapting as things unfold.

As we have navigated through this over the past quarter, our focus was on keeping our team safe at full strength, mitigating the impact on audience and engagement, and maintaining an unwavering focus on our ongoing product and corporate development initiatives. At the same time, we managed our costs responsibly, including reducing discretionary spending and availing ourselves of the government programs, thereby limiting our cashews in the quarter to \$3.9 million. I'm very proud of our team's ability to successfully accomplish all of these goals.

And that brings us to today. As major sports begin to return to action, we sit positioned with a primed media user base on the precipice of our on-time multi-state rollout of theScore Bet and an ever-growing esports audience that set new records during the quarter. By staying focused on engaging our users with a highly creative content in Q3, we were able to retain nearly 75%

of our app user base during the period. This puts us in an amazing position across the media and betting platforms to take advantage of the upcoming avalanche of sports content and, as mentioned, our launch into two new states with theScore Bet.

To that end, we're already seeing positive momentum across both media and gaming platforms as the major sports continue to return. On theScore, in the few days since baseball's return, sessions have doubled compared to the days prior. And at the same time, in the first week of live baseball on theScore Bet, we've nearly matched our total betting handle from super bowl week. And we've accomplished all this with just one major sport back in play.

Obviously, circumstances continue to evolve and we need to be flexible as we move forward; however, we have proven to be and we will continue to be nimble and adaptable, ensuring we're being responsible in our approach but fully prepared to capitalize on all the opportunities directly ahead. As sports return and new states and new provinces here in Canada come online, we are ready to go.

I will now turn things over to Benjie, who will take a closer look at the product and content initiatives that make us so well positioned for the resumption of sports and have excited us for the immediate months ahead. Benjie?

Benjie Levy, President & Chief Operating Officer

Thanks, John, and good afternoon, everyone.

As John noted, in Q3 we continue to make ongoing product enhancements to theScore Bet, preparing us for this summer is multi-state expansion into both Colorado and Indiana subject to receiving all regulatory approvals. As part of this, we secured GLI-33 certification earlier this month for both Indiana and Colorado, significant milestones towards launching in those states, and also strengthened our relationships with the major professional leagues by becoming an authorized gaming operator of MLB.

From a user experience standpoint, we made significant improvements to our payments and promotional infrastructure, the latter of which facilitated the launch of our new cash-back engine, forming the cornerstone of our market leading Sports are Back celebratory offering where all new and existing users of theScore Bet can unlock 5% cash back on their bets up to \$2,500. We also continued to deepen the unique and cutting edge integrations between our gaming and media platforms that truly set us apart from our rivals, which will be further rolling out into the fall.

Across our media platforms, we launched more innovative and interactive content formats to keep fans as engaged as possible while sports were on pause. As mentioned, this led us to successfully retain 75% of our audience on theScore app compared to the same period last year, with 2.9 million average monthly active users despite the total disruption to live events. Naturally, live sports are a significant driver of engagement on theScore app, but even during this downtime theScore app remained a daily ritual for our fans with 35 average sessions per user per month. This is a real testament to the strong audience and loyalty we have built. From a feature standpoint, we expanded our popular public chat forums beyond our box scores and into our league and exclusive content sections, driving conversations and engagement around broader topics and breaking news with live sports on hiatus.

Our focus on content innovation also extended to our social channels, where we achieved an average monthly reach for the quarter of 104 million users across Twitter, Facebook, and Instagram. We leveraged this reach to promote our interactive in-app content while also delivering exclusives on those platforms, including live interviews of high-profile athletes. Our TikTok channel also continues to demonstrate incredible growth, adding more than 600,000 followers in the period to now exceed more than 1.7 million fans. This scale in engagement has opened up a new channel for our sales teams to explore, leading to our first activation on the platform with Epic Games to promote their digital storefront.

On theScore esports, we set an all-time quarterly record of 145 million video of views in Q3, which was year-over-year growth of 113%. Total watch hours on our YouTube channel were also up 76% year over year reaching 9.7 million with our subscriber base growing to over 1.4 million subscribers. On top of the success of our on-demand content, the team now continues to deliver new and engaging ways to entertain fans of competitive gaming and in Q3 began to experiment with live streaming content formats across YouTube and Twitch. Following the success of our sports TikTok channel, we also launched our esports TikTok offering in February and already sit at more than 500,000 fans.

I'll now turn things over to Alvin, who will take a closer look at our financial results.

Alvin Lobo, Chief Financial Officer

Thanks, Benjie.

Before diving deeper into our financial performance for the quarter, I want to first recap some of the actions taken

in Q3 to mitigate the impact on our operations as a result of the pause in the sports calendar.

To responsibly counteract the anticipated decline in revenue caused by the pandemic, we took a number of measures to manage costs, including the reduction of discretionary expenses and availing ourselves of all applicable government programs, including the Canada Emergency Wage Subsidy. We also secured a \$6.25 million revolving term credit facility with the same Canadian chartered bank that maintains our \$5 million revolving demand operating credit facility supported by the Export Development Corporation's business credit availability program.

Additionally, in April, every member of theScore senior management team agreed to forgo 25% of their salary from May 1st through August 31st in exchange for an equivalent grant of restricted stock in the company with a variation of this program also made available on an optional basis to all full-time staff. As a result of these cost containment measures, the company's cash use in the quarter was limited at \$3.9 million, the equivalent of a mid-seven figure saving for period. We will continue to manage our business operations responsibly and accordingly during what remains a fluid and uncertain period.

Now for the financial recap of the quarter. Total revenue for the third quarter was \$2.4 million compared to \$8.5 million for the same period last year. Revenue for the nine months ended May 31st was \$18.3 million compared to the \$24.7 million for the same period of last year. The decrease in revenue for the period reflects the direct impact of the disruption to the sports calendar caused by the COVID-19 pandemic.

Gaming handle was \$3.7 million in the third quarter and \$26.4 million for the nine months ended May 31st. Gross gaming revenue was \$81,000 in the quarter and \$766,000 for the nine months ended May 31st. When taking into account promotional costs and fair value adjustments on unsettled debts, this resulted in negative net gaming revenue of \$22,700 and \$244,000 for the three and nine months ended May 31st.

EBITDA loss in the third quarter was \$8.7 million versus an EBITDA loss for \$1.1 million for the same period last year. EBITDA loss for the nine months ended May 31st was \$22.2 million versus an EBITDA loss of \$2.3 million in the same period of last year. The increase in the EBITDA loss was due primarily 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.

From a liquidity perspective, we ended the quarter with cash of \$17.6 million and our \$5 million revolving credit facility remains undrawn. On July 24, 2020, we completed a drawdown of the 6.25 million under our new revolving term credit facility. Pro forma for this draw down, cash as of May 31st is \$23.8 million.

And I'll now turn it back over to James.

James Bigg, Senior Manager, Communications

Thanks, Alvin. That concludes the formal part of our presentation. Operator, we'll now take any questions from analysts.

QUESTION AND ANSWER SESSION

Operator

At this time, if you would like to ask a question, please press star then the number one on your telephone keypad. That's star then the number one to ask a question. We'll pause for just a moment.

Your first question comes from the line of David McFadgen with Cormark Securities.

David McFadgen, Cormark Securities

Hi, guys. A couple of questions. So, you generated gaming handle of \$3.7 million in the quarter but obviously that wouldn't be for the full quarter with the suspension of sports, so just wondering for what period of time or how many weeks does that \$3.7 million represent.

Alvin Lobo, Chief Financial Officer

That was for the full quarter, David.

David McFadgen, Cormark Securities

No, I know, but I mean like the sports were suspended probably for, I don't know, eight weeks out of the quarter, so I'm just wondering, was that \$3.7 million done over one week, two weeks?

John Levy, Founder & Chief Executive Officer

Our quarter starts the beginning of March, right? So when did things shut down?

David McFadgen, Cormark Securities

Mid-March, so...

Alvin Lobo, Chief Financial Officer

But, David, I think there were some events that were still being bet on. We had other markets open through the end of the period. If memory serves me correctly, the NFL draft was in the quarter as well. So there were other things that people were betting on, as big or as small as these events might seem, you know, whether it was Korean baseball or certain international soccer events and the likes. So there is activity beyond March 11.

David McFadgen, Cormark Securities

Okay. Okay. And then, so obviously you got some CEWS funding in the quarter. (Inaudible) you disclosed was \$2 million. When does that funding run out where you're no longer eligible to receive it?

Alvin Lobo, Chief Financial Officer

Go ahead, Benjie.

Benjie Levy, President & Chief Operating Officer

No, I was going to say the program runs, David, they've extended it through the end of December, and I think kind of the existing formula carries on through the end of August and then there's sort of different ratchets that used to be—the current test is a 30% drop in revenue to be eligible for the 75% subsidy and then moving forward it moves to a bit of a different sliding scale. So the government is providing that as revenues start to recover the subsidy tapers off, but the program in general is available to the end of December in one form or fashion.

David McFadgen, Cormark Securities

Okay. So do you think it would be reasonable to expect another \$2 million for Q4 assuming things stay the way they are?

Benjie Levy, President & Chief Operating Officer

I think, listen, I think for, you know, in terms of when sports resumes, I think we're now in the kind of end of July and baseball has been back for a week and in the

course of next week we're expecting NBA to come back and NHL to come back, so that obviously would lead us to see uptick in activity and advertising on the platforms. So, tough to speculate exactly what kind of the end calculation will be for August but, as I said, the program has been built to (inaudible) in modularity, so depending on exactly how the revenue test works, there certainly will be some subsidy available, we believe.

David McFadgen, Cormark Securities

Okay. And you talked a little bit about, ah, or you gave some details on how the wager activity has really picked up on baseball just for the first week. I was wondering, can you give us any details on how the media revenue is responding as sports resumes?

Benjie Levy, President & Chief Operating Officer

It's been similar. I think, you know, one of the things our guys have done a great job of over the course of this period since March is staying very close to our advertisers, doing what they can to maintain campaigns, to shift campaigns. The advertisers are very keen to participate in the resumption of sports. We would see upticks of activity around events like NFL draft and things like that where there would be increased activity on the app around periods like that. And naturally, just like John was talking about, an uptick, a significant uptick in engagement around the start of MLB, you know, there has been a similar uptick in activity from our direct advertisers and programmatic advertisers around that period and with bookings continuing into August and into the fall.

David McFadgen, Cormark Securities

Okay. And then you highlight in your user engagement, it's obviously very good, and then on esports it also continues to be quite strong. Any thoughts on when you actually might want to start monetizing esports users?

Benjie Levy, President & Chief Operating Officer

That's an ongoing process. We have campaigns running now. That's going to be a function of continuing to build out our sales execution capability on the esports platform, which is an ongoing project for us, and just rolling that out into the marketplace. There's a lot of, you know, the audience is there and the eyeballs are there and it's a process of helping to educate advertisers, helping to educate the mainstream advertisers that are now starting

to come into the space about esports media opportunities that are available to them, how they're able to advertise, how they're able to integrate, and as we shift from a scenario where most of the advertising is endemic to a scenario where most of, you know, to a scenario where you're targeting mainstream advertisers. And that's a process that's starting and will continue over the course of the next fiscal year.

David McFadgen, Cormark Securities

Okay. And then just lastly, can you tell us what your cash position is right now?

John Levy, Founder & Chief Executive Officer

Sorry, what our what is? Our what? Sorry.

David McFadgen, Cormark Securities

Your cash, what your cash position is right now like start of mid quarter, mid-Q4.

John Levy, Founder & Chief Executive Officer

Alvin, what did we report? I don't know if we—

Alvin Lobo, Chief Financial Officer

Well, as of Q3, at the end of Q3 it was \$17.6 million and then pro-forma for the loan, the new revolving credit facility it was \$23.8 million.

David, we're not going to provide like a mid-quarter cash number, but I would say that what we've been doing in terms of being responsible about managing our costs has continued through, so I don't think you're going to see anything that varies from how we've managed in the third quarter into the fourth.

David McFadgen, Cormark Securities

Okay. And then just lastly, just on the sports betting win margin, you know, it's in that 2% to 3% range, and in order to get it up to say 6% to 7%, is that just a function of just building scale still or you've just got to get some more betters on the platform? Is that really what we need to see?

John Levy, Founder & Chief Executive Officer

I'll answer that. Yeah, that's what we've said in the past and absolutely that's the name of the game. And why we're excited now is, you know, coming out of this and seeing some of the early results and this new 5% cash back up to \$2,500 bucks that we just launched looks very, very encouraging to start to bring, you know, quickly get us back to where we were when we shut down just before March madness, right, when we were starting to scale up then. So hoping to scale back up pretty quickly and then start to have the input and the numbers that would start to bring us to the range that we've always talked about, which I think is, we've always said somewhere in the 6% to 8.5% or something like that.

So, yeah, I think we're getting there and early signs are encouraging us to say that the activity level continuing to grow, sports staying on, having if, you know, assuming baseball can continue and it looks like basketball is in good shape and hockey is in good shape and all pre-NFL, you know, we're looking at sort of March madness activity. So both on the media front, and I think Benjie or somebody or Alvin mentioned earlier, that's jumping up dramatically pretty quickly as well, just like the sports betting is. So I think we're kind of firing at all cylinders here and just hoping that everything continues in the context of games continuing to be played.

What we do know is our users. First of all, we didn't lose that many of them. We had like 70% or 75% of our user base, I think we reported, stayed with us, and now we're getting the engagement back out of them. And the same sort of immediate lift we're seeing both in Canada on the direct sales and in the US, and the programmatic is just a matter of numbers, as you know, you know, we deliver up double, triple the impressions, we're going to get more revenue, and that's kind of what we're seeing. So all three sources—the Canadian ad sales, US programmatic, and betting in New Jersey—are coming back very quickly and it's very, very exciting to us. So just let the games continue.

David McFadgen, Cormark Securities

Okay. All right, thanks a lot, guys.

Operator

Once again, if you would like to ask a question, please press star then the number one on your telephone keypad. That's star one. Your next question is from Suthan Sukumar with Eight Capital.

John Levy, Founder & Chief Executive Officer

Hey, Suthan.

Suthan Sukumar, Eight Capital

Hey, guys. Good evening. The first question for me, I guess I want to start on the media side of the business. It sounds like, obviously, that the user base is relatively healthy, sounds like user engagement is starting to track back up maybe to even pre-COVID levels. I'm kind of curious to what you guys are seeing on the overall recovery of ad spend and monetization on your platform. And secondly, what's kind of been the advertiser response to your new content strategy? Wondering if there's broader interest building around some of these new content formats that you guys have rolled out as part of that platform strategy.

Benjie Levy, President & Chief Operating Officer

Thanks, Suthan. So I think, generally speaking, we've seen a reasonable response from advertisers in response to the pandemic across really a wide variety of the advertising categories. Some advertisers, like P&G, have been leaning in and increasing spend and other advertisers are coming back at more moderate levels. And the beauty of our platform is that we can offer advertisers a very high degree of flexibility in terms of when they want to book, what they want to run. We're starting to see, as I was saying in response to David's question, bookings continue out into the fall. And advertiser's behaving kind of consistent with us in the past.

On the direct side in Canada, we've got great relationships, we have preferred deals with most of the ad agencies, which is useful because that gives us, as the advertisers are starting to come back and spend, you know, it is typically as a result, you know, those relationships are the first conversations that typically happen and so we're pretty happy with how things are starting to resume and pick up and it really is a testament to the strength of our direct sales team.

And in terms of some of the new formats, I think, you know, we're starting to see some pickup on our social channels where we've talked about those not just being an opportunity for us to extend our brand and our reach, but ultimately for those to become media assets for us in their own right. And the content is generating the engagement is generating the reach and we're now starting to see advertisers engage with us for those platforms across Instagram and TikTok.

Suthan Sukumar, Eight Capital

Okay, great. No, that's helpful. On the sports betting side, just kind of thinking about the whole restart in New Jersey, you know, some of early betting handle growth that you guys disclosed is obviously encouraging. What type of player activity but, you know, I guess I'm more curious kind of on the player activity side. What are you guys seen with respect to kind of the cross sell versus new player acquisition today and how is that compared to kind of pre-COVID levels?

Benjie Levy, President & Chief Operating Officer

I don't think we're at a point to talk about sort of the percentages of where users are coming from as we look forward to Q4, but our strategy remains the same. Our differentiated approach is that this is about the ecosystem for us. This is about presenting an integrated offering and leveraging our highly engaged media app users. So, that is where the core of our marketing efforts are. You know, we supplement that with some targeted external paid acquisition, but our full expectation moving forward is that our mix of users is going to be comparable to what we were seeing earlier, pre-COVID.

Suthan Sukumar, Eight Capital

Okay, great. And with respect to the mobile betting platform, I know New Jersey historically has been some of test bed for you guys. Can you speak to kind of where you guys are at currently with your technology stack and integration between media and betting and, yeah, just kind of where you're at in terms of the roadmap of rolling out that more holistic betting solution?

Benjie Levy, President & Chief Operating Officer

Yeah. So, a couple of points there. I think we've done, you know, over the course of the last quarter or two we've done a lot of work both on the betting side where we've rolled out now our own wallet and our own payments infrastructure, the infrastructure to permit, ah, to be able to offer cash back and similar types of promotions, which we just did. And then equally on the media side, to support the type of integrations that we're talking about, there's been a lot of groundwork laid for some of the bigger integrated features that you're going to see us deploy around the start of NFL season, which we're pretty excited about internally. Not ready to unveil exactly what those are going to be yet but kind of offering that increased depth of integration between the two platforms building on our initial FUSE integration, which we rolled out last fall in November.

It was just starting to really pick up momentum over the course of our Q2 and heading into, you know, we were super excited for how that was going to play for March madness when you have tons and tons of users in the media app all afternoon, all day while those games were being played, and didn't get the opportunity. But now, in the kind of restart of sports, we are going to see that opportunity, admittedly, but won't be college basketball. It's going to be with MLB, NBA, NHL, you know, all kind of starting at noon and running 'til midnight every day of the week. So we think that's really when the integrated approach like ours can shine and we're really excited to get back to it.

Suthan Sukumar, Eight Capital

Great. And then just kind of looking here your launch in Indiana and Colorado, is it kind of reasonable to assume that all those kind of learnings that you kind of experienced in New Jersey and kind of factored into the solution as it stands in New Jersey today, would that be kind of the de facto platform that you can be looking to launch in Indiana and Colorado or will the product experience be slightly different than what you have in New Jersey today?

Benjie Levy, President & Chief Operating Officer

No, it's going to be the same product experience, obviously. There are some regulatory nuances in each jurisdiction but, by and large, the product experience is going to be the same, and that's one of the things actually that we've been spending, you know, getting stood up in one state was a large amount of work and we've spent as much time, as much effort getting ready for our multi-state launch where we're doing a lot of work behind the scenes from an infrastructure perspective to make sure that we can deliver a singular app experience to users anywhere in the United States where we're going to launch, where we're going to deploy. So it's not, you don't have like—unlike some other operators where you have to download a Score Bet New Jersey or Score Bet Indiana, or Score Bet Colorado. That is not the case with us. It's a singular app and a singular experience wherever you are going to, ah, wherever you want to engage with us. And it's been a lot of work, a lot of infrastructure work to be able to get to that point, but ultimately we think that pays dividends in the long run from a user experience perspective.

Suthan Sukumar, Eight Capital

Okay. Okay, great. And then maybe just one last one from me, guys, on esports. You guys obviously have a

fairly prominent and quickly growing platform in esports. Can you touch on some of the progress that you guys are seeing with some of our newer initiatives? I think you touched on the whole streaming opportunity with Twitch. And also curious has there been any kind of change to your mid- to long-term strategy with respect to esports just given everything that you've been seeing on that side of business in recent periods.

Benjie Levy, President & Chief Operating Officer

No. I think, listen, I think one of the biggest questions for us actually, so in this kind of transition to, ah, as a result of COVID from the transition to work from home, was esports is our kind of most intensive production and we would, you know, there was typically, for esports in the past, a lot of in-person shooting in the office. And so, as we started, we were a little bit, you know, we were curious as to how this was going to work. And our team responded in an amazing fashion. We were able to not just maintain our content output cadence, but increase it. And it ended up being a record quarter for us in terms of esports viewership.

I think for us there's nothing that's changed. Our overall approach to esports is to approach it as a media platform. We are covering the sports, we are covering the stories, we are covering the personalities and creating amazing, engaging content around it. That started with the VOD content on YouTube. That's going to continue. That's going to continue to grow. We're going to continue to add new formats and new series and new titles to that. And now we're starting to branch out into different forms of the same philosophy. It's we're covering competitive gaming and whether we're going to be able to do that on social channels like TikTok or starting to try out some different live streaming formats on Twitch and also on YouTube, you know, we're going to be nimble and we're going to see what gets heat and then we'll file resources behind those areas that are working. And so far, we don't see any limits to how big and how powerful this esports community can be.

And then kind of taking that to the next level in the fullness of time, you're going to see betting on esports. And we know, with what's going on in some of the offshore markets, that esports, kind of broadly speaking, is a top-five betting category. And when that opens it up in a meaningful way in North America, we are going to be there with the number-one, you know, in traditional sports we sit number two on a mobile perspective behind the ESPN. In esports, we are far and away number one from a media platform perspective and, when the time comes, that's going to be a very, very interesting channel for us to be able to leverage and deploy.

Suthan Sukumar, Eight Capital

Okay. Great. Thank you for the colour, gents. I appreciate you taking my question. That's it for me. I'll pass the line.

Benjie Levy, President & Chief Operating Officer

Thanks, Suthan.

Operator

At this time, there are no additional questions. I'll turn it back over to management.

James Bigg, Senior Manager, Communications

Thanks, everyone, for joining us today for our Q3 results. We look forward to presenting to you again when we deliver our year-end results in mid-October. That concludes the presentation.

Operator

Thank you. This concludes today's conference call. You may now disconnect.
