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**Q1 – 2015**  
**Condensed Consolidated Interim Financial Statements**  
**For the Three Months Ended**  
**November 30, 2014 and 2013**  
**(Unaudited)**

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**theScore, Inc.**

## Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

(unaudited)

	November 30, 2014	August 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (note 8)	\$ 16,863	\$ 21,363
Accounts receivable	2,769	1,472
Tax credits recoverable (note 6)	2,060	2,060
Prepaid expenses and deposits	557	559
	<u>22,249</u>	<u>25,454</u>
Non-current assets:		
Property and equipment (note 3)	2,262	2,155
Intangible assets (note 4)	4,985	4,959
Investment	760	760
Tax credits recoverable (note 6)	5,035	4,485
	<u>13,042</u>	<u>12,359</u>
Total assets	<u>\$ 35,291</u>	<u>\$ 37,813</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,357	\$ 3,052
Non-current liabilities:		
Deferred lease obligation	517	513
Shareholders' equity	32,417	34,248
Commitments and contingencies (note 8)		
Subsequent events (notes 6 and 12)		
Total liabilities and shareholders' equity	<u>\$ 35,291</u>	<u>\$ 37,813</u>

See accompanying notes to condensed consolidated interim financial statements

**theScore, Inc.**

Condensed Consolidated Interim Statements of Comprehensive Loss

Three months ended November 30, 2014 and 2013

(in thousands of Canadian dollars, except per share amounts)

(unaudited)

	Three months ended November 30,	
	2014	2013
Revenue (note 10)	\$ 3,046	\$ 2,130
Operating expenses:		
Personnel	2,475	2,212
Content	234	251
Technology	408	315
Facilities, administrative and other	907	958
Marketing	518	678
Depreciation of property and equipment (note 3)	126	128
Amortization of intangible assets(note 4)	458	670
	<u>5,126</u>	<u>5,212</u>
Operating loss	(2,080)	(3,082)
Finance income, net	(65)	(34)
Net and comprehensive loss	<u>\$ (2,015)</u>	<u>\$ (3,048)</u>
Loss per share - basic and diluted (note 11)	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>

See accompanying notes to condensed consolidated interim financial statements

**theScore, Inc.**

## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Three months ended November 30, 2014 and 2013

(in thousands of Canadian dollars, except share amounts)

(unaudited)

	Special Voting Shares		Class A Subordinate Voting Shares		Contributed Surplus	Retained Earnings (Deficit)	Total Shareholders' Equity
	Amount	Number of Shares	Amount	Number of Shares			
Balance August 31, 2013	\$ 15	5,566	\$ 27,456	195,035,274	\$ 153	\$ 736	\$ 28,360
Net and comprehensive loss	-	-	-	-	-	(3,048)	(3,048)
Share-based compensation expense	-	-	-	-	80	-	80
Shares issued on exercise of stock options	-	-	-	1,667	-	-	-
Balance November 30, 2013	\$ 15	5,566	\$ 27,456	195,036,941	\$ 233	\$ (2,312)	\$ 25,392
Balance August 31, 2014	\$ 15	5,566	\$ 43,644	252,663,102	\$ 540	\$ (9,951)	\$ 34,248
Net and comprehensive loss	-	-	-	-	-	(2,015)	(2,015)
Share-based compensation expense	-	-	-	-	176	-	176
Shares issued on exercise of stock options	-	-	10	31,665	(2)	-	8
Balance November 30, 2014	\$ 15	5,566	\$ 43,654	252,694,767	\$ 714	\$ (11,966)	\$ 32,417

See accompanying notes to condensed consolidated interim financial statements

**theScore, Inc.**

## Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)

(unaudited)

	Three months ended November 30,	
	2014	2013
Cash flows from (used in) operating activities		
Net and comprehensive loss	\$ (2,015)	\$ (3,048)
Adjustments for:		
Depreciation and amortization	584	798
Share-based compensation (note 9)	176	80
	<u>(1,255)</u>	<u>(2,170)</u>
Change in non-cash operating assets and liabilities:		
Accounts receivable	(1,297)	(302)
Other receivables	-	230
Tax credits recoverable	(340)	(150)
Prepaid expenses and deposits	2	(124)
Accounts payable and accrued liabilities	(695)	(158)
Deferred lease obligation	4	5
	<u>(2,326)</u>	<u>(499)</u>
Net cash used in operating activities	<u>(3,581)</u>	<u>(2,669)</u>
Cash flows from financing activities		
Exercise of stock options	8	-
Funding provided from Arrangement	-	1,800
Net cash from financing activities	<u>8</u>	<u>1,800</u>
Cash flows used in investing activities		
Additions of property and equipment	(233)	(218)
Additions of intangible assets	(694)	(471)
Net cash used in investing activities	<u>(927)</u>	<u>(689)</u>
Decrease in cash and cash equivalents	(4,500)	(1,558)
Cash and cash equivalents, beginning of period	21,363	14,524
Cash and cash equivalents, end of period	<u>\$ 16,863</u>	<u>\$ 12,966</u>

See accompanying notes to condensed consolidated interim financial statements

## **theScore, Inc.**

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

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### **1. Nature of operations:**

#### (a) Business:

theScore, Inc. ("theScore" or the "Company") creates mobile-first sports experiences, connecting fans to a combination of real-time news, scores, fantasy information and alerts while creating and curating content that is mobile-optimized, comprehensive, customizable and shareable. theScore principally operates in Canada and is currently headquartered at 500 King Street West, 4th floor, Toronto, Ontario, M5V 1L9. Common shares are traded on the TSX-V under the symbol SCR.TO. The Company is organized and operates as one operating segment for the purpose of making operating decisions and assessing performance.

### **2. Significant accounting policies:**

#### (b) Basis of presentation and statement of compliance:

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) using International Accounting Standard 34, Interim Financial Reporting and using the same accounting policies and methods of computation theScore applied in its consolidated financial statements as at and for the year ended August 31, 2014 except as described below. These accounting policies are disclosed in note 2 of theScore's annual consolidated financial statements for the year ended August 31, 2014.

The notes presented in these interim financial statements include only significant changes and transactions occurring since August 31, 2014, and do not include all disclosures required by IFRS for annual financial statements. These interim financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended August 31, 2014.

These interim financial statements are presented in Canadian dollars, which is theScore's functional currency, and have been prepared primarily using the historical cost basis.

These interim financial statements were approved by the Board of Directors of theScore on January 14, 2015.

## **theScore, Inc.**

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

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### **2. Significant accounting policies (continued):**

Recently adopted accounting pronouncements:

(i) IAS 32, Offsetting Financial Assets and Financial Liabilities ("IAS 32"):

In December 2011, the IASB published IAS 32. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. These amendments are to be applied retrospectively. The amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The Company adopted the amendments to IAS 32 beginning on September 1, 2014. IAS 32 did not have an impact on the Company's interim financial statements.

(ii) IFRIC 21, Levies ("IFRIC 21"):

In May 2013, the IASB issued IFRIC 21. This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The IFRIC 21 provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executory contracts or other contractual arrangements. The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Company adopted IFRIC 21 beginning on September 1, 2014. IFRIC 21 did not have a material impact on the Company's interim financial statements. Recently released accounting pronouncements:

## theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

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### 3. Property and equipment:

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	Computer equipment	Leasehold improvements	Office equipment	Total
<b>Cost</b>				
Balance, August 31, 2014	\$ 990	\$ 1,609	\$ 669	\$ 3,268
Additions	141	82	10	233
Balance, November 30, 2014	\$ 1,131	\$ 1,691	\$ 679	\$ 3,501
<b>Accumulated depreciation</b>				
Balance, August 31, 2014	\$ 572	\$ 357	\$ 184	\$ 1,113
Depreciation	36	67	23	126
Balance, November 30, 2014	\$ 608	\$ 424	\$ 207	\$ 1,239
<b>Carrying amounts</b>				
Balance, August 31, 2014	418	1,252	485	2,155
Balance, November 30, 2014	523	1,267	472	2,262

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In the periods presented, no impairment charges were recognized in respect of individual assets within property and equipment and the Company did not dispose of any assets or adjust useful lives.



## theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

### 4. Intangible assets:

	Product development	Trademarks & domain names	Computer software	Acquired technology	Acquired customer relationships	Total
<b>Cost</b>						
Balance, August 31, 2014	\$ 12,243	\$ 260	\$ 1,159	\$ 239	\$ 485	\$ 14,386
Additions	385	99	-	-	-	484
Balance, November 30, 2014	\$ 12,628	\$ 359	\$ 1,159	\$ 239	\$ 485	\$ 14,870
<b>Accumulated amortization</b>						
Balance, August 31, 2014	\$ 7,575	\$ 138	\$ 1,140	\$ 239	\$ 335	\$ 9,427
Amortization	410	7	4	-	37	458
Balance, November 30, 2014	\$ 7,985	\$ 145	\$ 1,144	\$ 239	\$ 372	\$ 9,885
<b>Carrying amounts</b>						
Balance, August 31, 2014	4,668	122	19	-	150	4,959
Balance, November 30, 2014	4,643	214	15	-	113	4,985

## **theScore, Inc.**

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

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### **5. Related party transactions:**

The Company entered into a lease in fiscal 2013 for a property partially owned by a director and officer of the Company. The aggregate rent paid during the three months ended November 30, 2014 and 2013 amounted to \$8. The corresponding payable balance as at November 30, 2014 and 2013 was nil.

### **6. Tax credits:**

theScore has access to refundable credits for qualifying digital media expenditures incurred that are available as part of the Ontario Interactive Digital Media Tax Credit legislation created by the Government of Ontario and managed by the Ontario Media Development Corporation ("OMDC").

As at November 30, 2014, tax credits recoverable of \$2,060 and \$5,035 are included in tax credits recoverable - current and tax credits recoverable - non-current, respectively, in the condensed consolidated interim statement of financial position (August 31, 2014 - \$2,060 and \$4,485, respectively). Tax credits recoverable reflect management's best estimate of credits that are reasonably assured of realization considering both certificates of eligibility received from the OMDC for specific claims and the OMDC's historical acceptance of expenditures of a similar nature for refundable credit. As at November 30, 2014, the recorded tax credits recoverable included credits of \$2,060 for which theScore had received a certificate of eligibility from the OMDC and was awaiting payment. On December 19, 2014 theScore received \$2,060 of the current tax credit recoverable from the ODMC in connection with the 2010 and 2011 claim.

During the months ended November 30, 2014, theScore accrued \$550 (2013 . \$250) of tax credits receivable for eligible expenditures incurred during the period. An amount of \$340 (2013 . \$150) of the accrual was recorded as a reduction of related personnel expenses in the consolidated statement of comprehensive loss, and \$210 (2013 . \$100) of the accrual was recorded as a reduction of related internal development costs capitalized as intangible assets.

## **theScore, Inc.**

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

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### **7. Capital risk management:**

theScore's objectives in managing capital are to maintain its liquidity to fund future development and growth of the business. The capital structure consists of shareholders' equity and cash.

theScore manages and adjusts the capital structure in consideration of changes in economic conditions and the risk characteristics of the underlying assets. theScore is not subject to any externally imposed capital requirements.

### **8. Financial risk management:**

theScore has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about theScore's exposure to each of these risks and theScore's objectives, policies and processes for measuring and managing these risks.

#### **(a) Credit risk:**

Credit risk is the risk of financial loss to theScore if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from theScore's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure. theScore's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

theScore establishes an allowance for doubtful accounts that represents its estimate of potential credit losses in respect of accounts receivable but historically has not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographical area. This allowance consists of a specific provision that relates to individually significant exposures. As at November 30, 2014 and August 31, 2014, theScore had an allowance for doubtful accounts of \$10 and \$10, respectively.

theScore has customer concentration risk as two customers represented 16% and 22% of revenues, respectively, for the three months ended November 30, 2014 (2013 . 11% and 12%) and two customers represented 16% and 14% (August 31, 2014 . 11% and 15%) respectively of accounts receivable balance.

theScore does not believe that it is exposed to significant credit risk in respect of tax credits recoverable as the counterparty is the Government of Ontario.

## theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

### 8. Financial risk management (continued):

#### (b) Liquidity risk:

Liquidity risk is the risk that theScore will not be able to meet its financial obligations as they fall due. theScore has the following firm commitments under agreements:

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
Content	312	234	-	\$ 546
Office lease	400	1,574	-	\$ 1,974
Total	712	1,808	-	\$ 2,520

As at November 30, 2014, theScore had cash and cash equivalents of \$16,863 (August 31, 2014 - \$21,363), accounts receivable from customers of \$2,769 (August 31, 2014 - \$1,472), current tax credits recoverable of \$2,060 (August 31, 2014 - \$2,060) and accounts payable and accrued liabilities to third parties of \$2,357 (August 31, 2014 - \$3,052). Accounts payable and accrued liabilities have contracted maturities of less than three months.

Management prepares budgets and cash flow forecasts to assist in managing liquidity risk. theScore has a history of operating losses, and can be expected to generate continued operating losses and negative cash flows in the future while it carries out its current business plan to further develop and expand its digital media business. While theScore can utilize its cash and cash equivalents to fund its operating and development expenditures, it does not have access to committed credit facilities or other committed sources of funding, and depending upon the level of expenditures and whether profitable operations can be achieved, may be required to seek additional funding in the future.

#### (c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices and interest rates, will affect theScore's income or the value of its holdings of financial instruments.

The Company does not engage in risk management practices such as hedging or use of derivative instruments.

## theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

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### 8. Financial risk management (continued):

theScore's head office is located in Canada. Some of theScore's customers and suppliers are based in Canada and, therefore, transact in Canadian dollars. Certain customers and suppliers are based outside of Canada and the associated financial assets and liabilities originate in U.S. dollars, Euros or Pounds Sterling, thereby exposing theScore to foreign exchange risk. theScore's exposure to foreign exchange risk is deemed to be low, as the net impact of foreign denominated receivables and payables has not been significant. theScore's foreign exchange gain for the three months ended November 30, 2014 and 2013 was \$32 and \$1, respectively.

#### (d) Fair values:

The fair values of theScore's financial assets and liabilities, including cash equivalents, accounts receivable and accounts payable and accrued liabilities were deemed to approximate their carrying amounts due to the short-term nature of these financial instruments.

The Company provides disclosure of the three level hierarchy that reflects the significance of the inputs used in making the fair value measurement. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs are based on observable market data, either directly or indirectly other than quoted prices; and
- Level 3 - inputs are not based on observable market data.

The Company has one financial asset measured on a fair value basis using Level 3 inputs being an available-for-sale financial asset, which has been determined by reference to the most recent external capital financing transaction and consideration of other indicators of fair value as the entity is not a public company and therefore there is no quoted market price at theScore's reporting date.

## theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

### 8. Financial risk management (continued):

Cash and cash equivalents:

	November 30, 2014	August 31, 2014
Cash	\$ 1,875	\$ 12,369
Cash equivalents:		
Government treasury bills	14,988	8,994
Total cash and cash equivalents	\$ 16,863	\$ 21,363

### 9. Share-based compensation:

(a) Stock Option Plan:

theScore has a stock option plan (the "Plan") under which the Board of Directors, or a committee appointed for such purpose, may, from time to time, grant to directors, officers and full-time employees of, or consultants to, theScore options to acquire Class A Subordinate Voting shares. Under the Plan, the exercise price of an option is based on the closing trading price on the day prior to the grant. An option's maximum term is 10 years and options generally vest in six month tranches over a period of three years. Certain of theScore's employees and consultants participate in the Plan in exchange for services provided to theScore.

The following table summarizes the status of options granted to employees of theScore under the Plan

	Number	Exercise price	Weighted average exercise price
Outstanding options, August 31, 2014	8,810,510	0.13 - 0.18	\$ 0.16
Granted October 14, 2014	5,665,000	0.29	0.29
Cancelled	(54,999)	0.13 - 0.18	0.16
Exercised	(31,665)	0.13 - 0.18	0.14
Outstanding options, November 30, 2014	14,388,846		\$ 0.21

Options exercisable, November 30, 2014

4,190,499

## theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

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### 9. Share-based compensation (continued):

As at November 30, 2014, the weighted average remaining contractual life of the options exercisable and outstanding was 3.79 years. The estimated fair value of options granted during the three months ended November 30, 2014 was determined on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1%-2%
Dividend yield	-
Volatility factor of the future expected market price of common shares	86.3%
Weighted average expected life of the options	3-10 years
Fair value of each option	\$0.18

During the three months ended November 30, 2014 and 2013 share-based compensation recorded in connection with stock options issued by theScore included as part of personnel expenses was \$176 and \$80, respectively.

#### (b) Share Purchase Plan:

The Company has a share purchase plan (the "SPP") in order to facilitate the acquisition and the retention of Class A Subordinate Voting shares by eligible participants. The SPP allows eligible participants to voluntarily join in a share purchase program. Under the terms of the SPP, eligible participants can have up to 5% of their compensation deducted from their pay to contribute towards the purchase of Class A Subordinate Voting shares of the Company. The Company makes a contribution equal to the amount of the compensation contributed by each participant. The Class A Subordinate Voting shares are purchased by an independent broker through the facilities of the TSX Venture Exchange and are held by a custodian on behalf of the SPP participants. During the three months ended November 30, 2014 and 2013, theScore recorded an expense of \$77 and \$51 as part of personnel expenses within net loss, respectively, relating to its participating employees in the SPP.

## theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

### 10. Revenue:

theScore has two distinct sources of revenue . advertising on its digital media products and licensing of its mobile applications. The revenue earned in the period from each of these revenue sources is as follows:

	Three months ended November 30,	
	2014	2013
Advertising	\$ 2,796	\$ 1,880
Licensing	250	250
Total	<u>\$ 3,046</u>	<u>\$ 2,130</u>

Revenue from Canadian sources for the three months ended November 30, 2014 and 2013 was \$926 and \$963, respectively, while revenue from non-Canadian sources (predominantly USA) for the same period was \$2,120 and \$1,167, respectively.

### 11. Basic and diluted loss per share:

The following table sets forth the computation of basic and diluted loss per share:

	Three months ended November 30,	
	2014	2013
Net loss available to shareholders - basic and diluted	\$ (2,015)	\$ (3,048)
Weighted average shares outstanding . basic and diluted	252,689,603	195,036,885
Loss per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>

During the three months ended November 30, 2014 and 2013 there were no outstanding stock options to purchase Class A Subordinate Voting shares included in the computation of diluted loss per share as the impact would have been anti-dilutive.



## **theScore, Inc.**

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, unless otherwise stated)

Three months ended November 30, 2014 and 2013 (unaudited)

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### **12. Subsequent event**

On December 18, 2014, theScore entered into an asset purchase agreement with ApptheGame, Inc. (%ApptheGame+) pursuant to which a subsidiary of theScore purchased substantially all of the assets of ApptheGame. ApptheGame owns and operates %Swoopt+, a daily fantasy sports mobile game. Swoopt offers a range of daily fantasy sports contests for professional baseball, hockey, football, basketball and college football. The acquisition provides theScore with a strategic entry point into the daily fantasy sports space. In connection with the transaction four members of ApptheGame's San Francisco-based product development and leadership team will join theScore.

The purchase price was made up of \$658,915 (\$566,667 USD) of cash paid on closing, 2,208,333 Class A Subordinate Voting shares of theScore issued on closing, with a value of \$0.38 per share, and up to \$290,698 (\$250,000 USD) contingently payable March 18, 2016.