Q1 – 2017
Condensed Consolidated Interim Financial Statements
For the Three Months Ended
November 30, 2016 and 2015
(Unaudited)

theScore, Inc.

Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

(unaudited)

	November 30, 2016	August 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents (note 8)	$ 11,693	$ 15,554
Accounts receivable	7,685	5,326
Tax credits recoverable (note 6)	5,192	5,192
Prepaid expenses and deposits	922	1,008
	25,492	27,080
Non-current assets:		
Property and equipment (note 3)	2,097	2,141
Intangible assets (note 4)	6,077	5,807
Investment	760	760
Tax credits recoverable (note 6)	1,616	1,616
	10,550	10,324
Total assets	$ 36,042	$ 37,404
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 4,309	$ 5,180
Non-current liabilities:		
Deferred lease obligation	496	495
Shareholders' equity	31,237	31,729
Commitments (note 9)		
Total liabilities and shareholders' equity	$ 36,042	$ 37,404

See accompanying notes to condensed consolidated interim financial statements

theScore, Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss
Three months ended November 30, 2016 and 2015
(in thousands of Canadian dollars, except per share amounts)
(unaudited)

	Three months ended November 30, 2016	2015
Revenue (note 11)	$ 8,548	$ 7,003
Operating expenses:		
Personnel	4,562	4,413
Content	607	640
Technology	650	594
Facilities, administrative and other	1,518	1,532
Marketing	1,326	1,986
Depreciation of property and equipment (note 3)	117	149
Amortization of intangible assets (note 4)	469	614
Stock based compensation (note 10)	240	182
	9,489	10,110
Operating loss	(941)	(3,107)
Finance income	(188)	(48)
Net and comprehensive loss	$ (753)	$ (3,059)
Loss per share - basic and diluted (note 12)	$ (0.00)	$ (0.01)

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, 2016 and 2015

(in thousands of Canadian dollars, except share amounts)

(unaudited)

	Special Voting Shares		Class A Subordinate Voting Shares			
	Amount	Number of Shares	Amount	Number of Shares	Contributed Surplus	Warı
Balance August 31, 2015	$ 15	5,566	$ 68,216	294,807,771	$ 1,346	$
Net and comprehensive loss	-	-	-	-	-	
Share-based compensation expense	-	-	-	-	182	
Shares issued on exercise of stock options	-	-	58	250,834	(20)	
Balance November 30, 2015	$ 15	5,566	$ 68,274	295,058,605	$ 1,508	$
Balance August 31, 2016	$ 15	5,566	$ 68,349	295,362,784	$ 2,419	$
Net and comprehensive loss	-	-	-	-	-	
Share-based compensation expense	-	-	-	-	240	
Shares issued on exercise of stock options	-	-	32	162,500	(11)	
Balance November 30, 2016	$ 15	5,566	$ 68,381	295,525,284	$ 2,648	$

theScore, Inc.

Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)

(unaudited)

	Three months ended November 30, 2016	2015
Cash flows used in operating activities		
Net and comprehensive loss	$ (753)	$ (3,059)
Adjustments for:		
Depreciation and amortization	586	763
Stock based compensation (note 10)	240	182
	73	(2,114)
Change in non-cash operating assets and liabilities:		
Accounts receivable	(2,359)	(3,111)
Prepaid expenses and deposits	86	(17)
Accounts payable and accrued liabilities	(871)	(893)
Deferred lease obligation	1	(9)
	(3,143)	(4,030)
Net cash used in operating activities	(3,070)	(6,144)
Cash flows from financing activities		
Exercise of stock options	21	38
Net cash from financing activities	21	38
Cash flows used in investing activities		
Additions of property and equipment (note 3)	(73)	(271)
Additions of intangible assets (note 4)	(739)	(635)
Net cash used in investing activities	(812)	(906)
Decrease in cash and cash equivalents	(3,861)	(7,012)
Cash and cash equivalents, beginning of period	15,554	31,841
Cash and cash equivalents, end of period	$ 11,693	$ 24,829

See accompanying notes to condensed consolidated interim financial statements

1. Nature of operations:

Business:

theScore, Inc. ("theScore" or the "Company") is an independent creator of mobile-first sports experiences, connecting fans to a combination of comprehensive and personalized real-time news, scores, stats, alerts and fantasy sports contests via its mobile sports platforms theScore, theScore esports, and Squad Up. theScore is currently headquartered at 500 King Street West, 4th floor, Toronto, Ontario, M5V 1L9. Class A subordinate voting shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol SCR.TO and warrants are traded under the symbol SCR.WT. The Company is organized and operates as one operating segment for the purpose of making operating decisions and assessing performance.

2. Significant accounting policies:

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, 2016. These accounting policies are disclosed in note 2 of theScore’s annual consolidated financial statements for the year ended August 31, 2016.

The notes presented in these interim financial statements include only significant changes and transactions occurring since August 31, 2016, 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, 2016.

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 11, 2017.

(In thousands of Canadian dollars, unless otherwise stated)

3. Property and equipment:

	Computer equipment	Leasehold improvements	Office equipment	Total
Cost				
Balance, August 31, 2016	1,716	1,964	866	4,546
Additions	31	7	35	73
Balance, November 30, 2016	$ 1,747	$ 1,971	$ 901	$ 4,619
Accumulated depreciation				
Balance, August 31, 2016	1,063	926	416	2,405
Depreciation	51	43	23	117
Balance, November 30, 2016	$ 1,114	$ 969	$ 439	$ 2,522
Carrying amounts				
Balance, August 31, 2016	$ 653	$ 1,038	$ 450	$ 2,141
Balance, November 30, 2016	$ 633	$ 1,002	$ 462	$ 2,097

(In thousands of Canadian dollars, unless otherwise stated)

4. Intangible assets:

	Product development	Trademarks & domain names	Computer software	Total
Cost				
Balance, August 31, 2016	$17,572	$ 355	$ 1,173	$ 19,100
Additions	724	-	15	739
Balance, November 30, 2016	$18,296	$ 355	$ 1,188	$ 19,839
Accumulated amortization				
Balance, August 31, 2016	$12,017	$ 112	$ 1,164	$ 13,293
Amortization	455	9	5	469
Balance, November 30, 2016	$ 12,472	$ 121	$ 1,169	$ 13,762
Carrying amounts				
Balance, August 31, 2016	$ 5,555	$ 243	$ 10	$ 5,807
Balance, November 30, 2016	$ 5,824	$ 234	$ 19	$ 6,077

4. Intangible assets (continued):

During the three months ended November 30, 2016, the Company capitalized internal product development costs of approximately $724 (2015 - $628). The significant development projects for the three month period ended November 30, 2016 consisted of the expansion of league coverage for Squad Up and theScore's chatbot platform, the addition of data visualizations for CS:GO and League of Legends in theScore esports, and a new iOS 10 widget in theScore application.

5. Related party transactions:

In fiscal 2013, theScore entered into a lease for a property partially owned by the Chairman and Chief Executive Officer of the Company. The aggregate rent paid during the three months ended November 30, 2016 and 2015 amounted to $10 and $8, respectively. The payable balances as at November 30, 2016 and August 31, 2016 were nil. These transactions are recorded at the exchange amount, being the amount agreed upon between the parties.

6. Tax credits:

As at November 30, 2016, tax credits recoverable of $5,192 and $1,616 are included in tax credits recoverable - current and non-current, respectively, in the consolidated statements of financial position (August 31, 2016 - $5,192 and $1,616, respectively). Tax credits recoverable reflect management's best estimate of credits for which realization can be reasonably assured based on consideration of 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.

No tax credits were accrued during the three months ended November 30, 2016 and 2015.

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, 2016 and August 31, 2016, theScore had an allowance for doubtful accounts of $10 and $10, respectively.

At November 30, 2016 and August 31, 2016, $361 and $246, respectively, of accounts receivable were considered past due, which is defined as amounts outstanding beyond normal credit terms and conditions for respective customers that can extend up to 150 days from the date of initial date of invoicing. theScore believes that its allowance for doubtful accounts sufficiently reflected the related credit risk based on the nature of theScore's customers and consideration of past performance.

theScore has customer concentration risk as two customers, both programmatic networks, represented 26% of revenue (November 30, 2015 – one customer, a programmatic network, represented 26% of revenue), and two customers, both programmatic networks, represented 24% of the accounts receivable balance as at November 30, 2016, (August 31, 2016 – two customers - 11% and 10%, both programmatic networks, respectively).

(b) Liquidity risk:

Liquidity risk is the risk that theScore will not be able to meet its financial obligations as they fall due. As at November 30, 2016, theScore had cash and cash equivalents of $11,693 (August 31, 2016 - $15,554), accounts receivable of $7,685 (August 31, 2016 - $5,326), current tax credits recoverable of $5,192 (August 31, 2016 - $5,192), non-current

8. Financial risk management (continued):

tax credits recoverable of $1,616 (August 31, 2015 - $1,616) and accounts payable and accrued liabilities to third parties of $4,309 (August 31, 2016 - $5,180). 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 interest rates, foreign exchange rates and equity prices, 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'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, Total US denominated receivables as at November 30, 2016 and August 31, 2016 were $4,729 and $2,296, respectively. The Score's foreign exchange gain is included in finance income in the condensed consolidated interim statement of comprehensive loss, and for the three months ended November 30, 2016 and 2015 was $178 and $29, respectively.

(d) Fair values:

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:

(In thousands of Canadian dollars, unless otherwise stated)

8. Financial risk management (continued):

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

The Company has one financial asset measured on a fair value basis using Level 3 inputs being an available-for-sale financial asset with a fair value of $760 at November 30, 2016 (August 31, 2016 - $760), 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.

(e) Cash and cash equivalents:

	November 30, 2016	August 31, 2016
Cash	$ 5,624	$ 5,604
Cash equivalents:		
Government treasury bills and Guaranteed Investment Certificates	6,069	9,950
Total cash and cash equivalents	$ 11,693	$ 15,554

9. Commitments:

The Company has no debt guarantees, off-balance sheet arrangements or long-term obligations other than the content and office lease agreements noted below.

The Score has the following firm commitments under agreements:

(In thousands of Canadian dollars, unless otherwise stated)

9. Commitments (continued):

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
Content and other	$ 265	$ 425	-	$ 690
Office lease	874	3,793	811	5,478
Total	$ 1,139	$ 4,218	$ 811	$ 6,168

Office lease:

theScore's current lease agreement is for a 30,881 square foot space at its head office in Toronto, Ontario, and runs until September 30, 2022.

10. Stock 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:

(In thousands of Canadian dollars, unless otherwise stated)

10. Stock based compensation (continued):

	Number	Exercise price	Weighted average exercise price
Outstanding options, August 31, 2016	19,270,002	-	$ 0.25
Granted	4,095,000	0.21	0.21
Cancelled	(254,168)	0.18 - 0.31	0.29
Exercised	(162,500)	0.13 - 0.18	0.13
Outstanding options, November 30, 2016	22,948,334		$ 0.24
Options exercisable, November 30, 2016	12,790,099	$ 0.13 - 0.31	$ 0.22

The following table summarizes the range of exercise prices and the weighted average prices of exercisable options as at November 30, 2016.

Exercise price	Options outstanding	Options exercisable	Weighted average exercise
$ 0.13	3,173,332	3,173,332	$ 0.13
0.18	4,134,165	4,134,165	0.18
0.21	4,070,000	-	0.21
0.29	4,790,837	3,205,935	0.29
0.31	6,780,000	2,276,667	0.31
	22,948,334	12,790,099	$ 0.22

As at November 30, 2016, the weighted average remaining contractual life of the options exercisable and outstanding is estimated to be 2.29 and 2.83 years, respectively. The estimated fair value of options granted during the three months ended November 30, 2016 and 2015 was determined on the date of grant using the Black-Scholes option pricing model with the following assumptions

	Three months ended November 30, 2016	2015
Fair value of options	$0.09-0.16	$0.15-0.27
Exercise price	$0.21	$0.31
Risk-free interest rate	1% - 2%	1% - 2%
Dividend yield	–	–
Volatility factor of the future expected market price of shares	72%	89%
Weighted average expected life of the options	3 - 10 years	3 - 10 years

(In thousands of Canadian dollars, unless otherwise stated)

10. Stock based compensation (continued):

During the three months ended November 30, 2016 and 2015, share-based compensation recorded in connection with stock options issued by theScore was $240 and $182, 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, 2016 and 2015, theScore recorded an expense of $127 and $104, respectively, as part of personnel expenses, relating to its participating employees in the SPP.

11 Revenue:

Revenue from Canadian sources for the three months ended November 30, 2016 was $2,513 (November 30, 2015 - $1,693), while revenue from non-Canadian sources (predominantly USA) for the same period was $6,035 (November 30, 2015 - $5,310).

12. 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, 2016	2015
Net loss available to shareholders - basic and diluted	$ (753)	$ (3,059)
Weighted average shares outstanding – basic and diluted	295,372,948	294,951,233
Loss per share - basic and diluted	$ (0.00)	$ (0.01)

12. Basic and diluted loss per share (continued):

During the three months ended November 30, 2016 and 2015 there were no outstanding stock options or warrants included in the computation of diluted loss per share as the impact would have been anti-dilutive.

As at November 30, 2016, there were 19.78 million Class A share purchase warrants and 700,000 broker warrants outstanding.