Q1 – 2018
Condensed Consolidated Interim Financial Statements
For the Three Months Ended
November 30, 2017 and November 30, 2016
(Unaudited)

theScore, Inc.

Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

(unaudited)

	As at	
	November 30, 2017	August 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents (note 8)	$ 7,414	$ 10,114
Accounts receivable	8,570	5,578
Prepaid expenses and deposits	1,254	1,238
	17,238	16,930
Non-current assets:		
Property and equipment (note 3)	1,693	1,789
Intangible assets (note 4)	6,149	6,292
Tax credits recoverable (note 6)	1,616	1,616
	9,458	9,697
Total assets	$ 26,696	$ 26,627
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,015	$ 2,801
Non-current liabilities:		
Deferred lease obligation	475	490
Shareholders' equity	23,206	23,336
Commitments (note 9)		
Total liabilities and shareholders' equity	$ 26,696	$ 26,627

See accompanying notes to condensed consolidated interim financial statements

theScore, Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss
Three months ended November 30, 2017 and 2016
(in thousands of Canadian dollars, except per share amounts)
(unaudited)

	Three months ended November 30, 2017	2016
Revenue (note 11)	$ 8,351	$ 8,548
Operating expenses:		
Personnel	4,418	4,562
Content	462	607
Technology	668	650
Facilities, administrative and other	1,353	1,518
Marketing	806	1,326
Depreciation of property and equipment (note 3)	103	117
Amortization of intangible assets (note 4)	864	469
Stock based compensation (note 10)	113	240
	8,787	9,489
Operating loss	(436)	(941)
Finance income, net	176	188
Net and comprehensive loss	$ (260)	$ (753)
Loss per share - basic and diluted (note 12)	$ 0.00	$ 0.00

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, 2017 and 2016
(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	Warrants	Retained Deficit	Total Shareholders' Equity
Balance August 31, 2016	$ 15	5,566	$ 68,349	295,362,784	$ 2,419	$ 1,229	$ (40,283)	$ 31,729
Net and comprehensive loss	-	-	-	-	-	-	(753)	(753)
Stock based compensation expense	-	-	-	-	240	-	-	240
Shares issued on exercise of stock options	-	-	32	162,500	(11)	-	-	21
Balance November 30, 2016	15	$ 5,566	$ 68,381	$ 295,525,284	$ 2,648	$ 1,229	$ (41,036)	$ 31,237
Balance August 31, 2017	$ 15	5,566	$ 68,431	295,725,284	$ 3,880	$ 529	$ (49,519)	$ 23,336
Net and compreshensive loss	-	-	-	-	-	-	(260)	(260)
Stock based compensation expense (note 10)	-	-	-	-	113	-	-	113
Shares issued on exercise of stock options	-	-	25	125,000	(8)	-	-	17
Balance November 30, 2017	$ 15	5,566	$ 68,456	295,850,284	$ 3,985	$ 529	$ (49,779)	$ 23,206

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, 2017	2016
Cash flows used in operating activities		
Net and comprehensive loss	$ (260)	$ (753)
Adjustments for:		
Depreciation and amortization	967	586
Stock based compensation (note 10)	113	240
	820	73
Change in non-cash operating assets and liabilities:		
Accounts receivable	(2,992)	(2,359)
Prepaid expenses and deposits	(16)	86
Accounts payable and accrued liabilities	214	(871)
Deferred lease obligation	(15)	1
	(2,809)	(3,143)
Net cash used in operating activities	(1,989)	(3,070)
Cash flows from financing activities		
Exercise of stock options	17	21
Net cash from financing activities	17	21
Cash flows used in investing activities		
Additions to property and equipment (note 3)	(7)	(73)
Additions to intangible assets (note 4)	(721)	(739)
Net cash used in investing activities	(728)	(812)
Decrease in cash and cash equivalents	(2,700)	(3,861)
Cash and cash equivalents, beginning of year	10,114	15,554
Cash and cash equivalents, end of year	$ 7,414	$ 11,693

See accompanying notes to condensed consolidated interim financial statements

1. Nature of operations:

Business:

theScore's ("theScore" or the "Company") mission is to create highly-engaging digital products and content that empower the sports fan's experience. Its flagship mobile app 'theScore' is one of the most popular multi-sport news and data apps in North America, serving millions of fans a month. The Company also creates innovative digital sports experiences through its web, social and esports platforms. 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, 2017. These accounting policies are disclosed in note 2 of theScore's annual consolidated financial statements for the year ended August 31, 2017.

The notes presented in these interim financial statements include only significant changes and transactions occurring since August 31, 2017, 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, 2017.

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 10, 2018.

2. Significant accounting policies (continued):

Recent standards and amendments not yet effective:

(a) IFRS 9, Financial Instruments ("IFRS 9"):

IFRS 9 will supersede IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new hedge accounting guidance. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning on September 1, 2018. The impact of adoption of the standard has not yet been determined but the Company expects the application of this new standard will not have a material impact on the consolidated financial statements.

(b) IFRS 15, Revenue from Contracts with Customers ("IFRS 15"):

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11, Construction Contracts, IAS 18, Revenue, and IFRIC 13, Customer Loyalty Programmes.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on September 1, 2018. The extent of the impact of adoption of the standard has not yet been determined but the Company expects the application of this new standard will not have a significant impact on its consolidated financial statements.

(In thousands of Canadian dollars, unless otherwise stated)

2. Significant accounting policies (continued):

(c) IFRS 16, Leases ("IFRS 16"):

IFRS 16 will supersede the current IAS 17, Leases ("IAS 17") standard. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The accounting treatment for lessors will remain largely the same as under IAS 17.

The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted, but only if the entity is also applying IFRS 15. The Company has the option to either apply IFRS 16 with full retrospective effect or recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

The Company is assessing the impact of this standard on the consolidated financial statements.

3. Property and equipment:

	Computer equipment	Office equipment	Leasehold improvements	Total
Cost				
Balance, August 31, 2017	$ 1,783	$ 917	$ 1,975	$ 4,675
Additions	5	-	2	7
Balance, November 30, 2017	$ 1,788	$ 917	$ 1,977	$ 4,682
Accumulated depreciation				
Balance, August 31, 2017	$ 1,271	$ 514	$ 1,101	$ 2,886
Depreciation	39	20	44	103
Balance, November 30, 2017	$ 1,310	$ 534	$ 1,145	$ 2,989
Carrying amounts				
Balance, August 31, 2017	$ 512	$ 403	$ 874	$ 1,789
Balance, November 30, 2017	$ 478	$ 383	$ 832	$ 1,693

(In thousands of Canadian dollars, unless otherwise stated)

4. Intangible assets:

	Product development	Trademarks & domain	Computer software	Total
Cost				
Balance, August 31, 2017	$ 19,102	$ 358	$ 1,213	$ 20,673
Additions	700	-	21	721
Balance, November 30, 2017	$ 19,802	$ 358	$ 1,234	$ 21,394
Accumulated amortization				
Balance, August 31, 2017	$ 13,034	$ 152	$ 1,195	$ 14,381
Amortization	$ 850	$ 9	$ 5	864
Balance, November 30, 2017	$ 13,884	$ 161	$ 1,200	$ 15,245
Carrying amounts				
Balance, August 31, 2017	$ 6,068	$ 206	$ 18	$ 6,292
Balance, November 30, 2017	$ 5,918	$ 197	$ 34	$ 6,149

During the three months ended November 30, 2017, the Company capitalized internal product development costs of approximately $700 (2016 - $724). The significant development projects for the three month period ended November 30, 2017 consisted of an update to the flagship app “theScore” which included a redesigned user inter-face, enhanced multimedia content offering and new data features, an updated content management system and the development of theScore’s fantasy game on Facebook Messenger.

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, 2017 and 2016 amounted to $10 and $10, respectively. The payable balances as at November 30, 2017 and August 31, 2017 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, 2017, tax credits recoverable of $1,616 are included in tax credits recoverable, in the consolidated statements of financial position (August 31, 2017 –$1,616). Tax credits recoverable reflect management's best estimate of credits for which realization is reasonably assured based on consideration of both certificates of eligibility received from the Ontario Media Development Corporation ("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, 2017.

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 its 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.

8. Financial risk management (continued):

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, 2017 and August 31, 2017, theScore had an allowance for doubtful accounts of $10 and $10, respectively.

At November 30, 2017 and August 31, 2017, $661 and $660, 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 invoicing. theScore believes that its allowance for doubtful accounts sufficiently reflects 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 11% and 14% of revenue, respectively, for the three months ended November 30, 2017 (November 30, 2016 – two customers, both programmatic networks, represented 13% and 13% of revenue respectively). As at November 30, 2017 one customer (a programmatic network) represented 14% of the accounts receivable balance (August 31, 2017 – two customers - 10% and 14%, one agency and one programmatic network, 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, 2017, theScore had cash and cash equivalents of $7,414 (August 31, 2017 - $10,114), accounts receivable of $8,570 (August 31, 2017 - $5,578, non-current tax credits recoverable of $1,616 (August 31, 2017 - $1,616) and accounts payable and accrued liabilities to third parties of $3,015 (August 31, 2017 - $2,801). Accounts payable and accrued liabilities have contracted maturities of less than three months.

8. Financial risk management (continued):

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 U.S. dollar denominated receivables as at November 30, 2017 and August 31, 2017 were $4,534 and $2,229, 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 ended November 30, 2017 was $170, (2016 - $178).

(In thousands of Canadian dollars, unless otherwise stated)

8. Financial risk management (continued):

(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:

- 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.

(e) Cash and cash equivalents:

	November 30, 2017	August 31, 2017
Cash	$ 4,607	$ 5,377
Cash equivalents:		
Government treasury bills and Guaranteed Investment Certificates	2,807	4,737
Total cash and cash equivalents	$ 7,414	$ 10,114

(In thousands of Canadian dollars, unless otherwise stated)

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.

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 and other	$ 1,945	$ 1,964	$ -	$ 3,909
Office lease	910	3,693	-	4,603
Total	$ 2,855	$ 5,657	$ -	$ 8,512

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.

(In thousands of Canadian dollars, unless otherwise stated)

10. Stock based compensation (continued):

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, 2017	21,569,586	$ 0.13 - 0.31	$ 0.24
Granted	-	-	$ -
Cancelled	(810,838)	0.18 - 0.31	$ 0.26
Exercised	(125,000)	0.13	$ 0.13
Outstanding options, November 30, 2017	20,633,748	$ 0.13 - 0.31	$ 0.24
Options exercisable, November 30, 2017	16,278,743	$ 0.13 - 0.31	$ 0.23

The following table summarizes the range of exercise prices and the weighted average prices of exercisable options as at November 30, 2017.

Exercise price	Options outstanding	Options exercisable	Weighted average exercise
$ 0.13	2,928,334	2,928,334	$ 0.13
0.18	3,779,165	3,779,165	0.18
0.21	3,543,749	1,188,742	0.21
0.29	4,360,000	4,360,000	0.29
0.31	6,022,500	4,022,502	0.31
	20,633,748	16,278,743	$ 0.23

(In thousands of Canadian dollars, unless otherwise stated)

10. Stock based compensation (continued):

As at November 30, 2017, the weighted average remaining contractual life of the options exercisable and outstanding is estimated to be 1.50 and 1.84 years, respectively. There were no options granted during the three months ended November 30, 2017. The estimated fair value of options granted during the three months ended November 30, 2016 was determined on the date of grant using the Black-Scholes option pricing model with the following assumptions

Three Months Ended,	November 30, 2017	November 30, 2016
Fair value of options	–	$0.09-0.16
Exercise price	–	$0.21
Risk-free interest rate	–	1% - 2%
Dividend yield	–	–
Volatility factor of the future expected market price of shares	–	72%
Weighted average expected life of the options	–	3 - 10 years

During the three months ended November 30, 2017 and 2016, share-based compensation recorded in connection with stock options issued by theScore was $113 and $240, 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, 2017 and 2016, theScore recorded an expense of $115 and $127, respectively, as part of personnel expenses, relating to its participating employees in the SPP.

(In thousands of Canadian dollars, unless otherwise stated)

11. Revenue:

Revenue from Canadian sources for the three months ended November 30, 2017 was $2,612 (November 30, 2016 - $2,513), while revenue from non-Canadian sources (predominantly USA) for the same period was $5,739 (November 30, 2016 - $6,035).

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, 2017	November 30, 2016
Net loss attributable to shareholders - basic and diluted	$ (260)	$ (753)
Weighted average shares outstanding – basic and diluted	295,793,416	295,372,948
Loss per share - basic and diluted	$ (0.00)	$ (0.00)

During the three months ended November 30, 2017 and 2016 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, 2017, there were 19.78 million Class A share purchase warrants and 700,000 broker warrants outstanding and no warrants were exercised during the three months ended November 30, 2017.