

theScore, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the Three and Six Months Ended February 28, 2014

The following is Management's Discussion and Analysis ("MD&A") of the financial condition of theScore, Inc. ("theScore" or the "Company") and our financial performance for the three and six months ended February 28, 2014. The MD&A should be read in conjunction with theScore's unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended February 28, 2014 ("Interim Financial Statements") and Notes thereto. The financial information presented herein has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") 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, 2013. These accounting policies are disclosed in note 2 of theScore's annual consolidated financial statements for the year ended August 31, 2013. The interim MD&A should be read in conjunction with theScore's MD&A for the year ended August 31, 2013. All amounts are in Canadian dollars unless otherwise stated. As a result of the rounding of dollar differences, certain total dollar amounts in this MD&A may not add exactly to their constituent amounts. Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear.

Except for the historical information contained herein, this MD&A may contain forward-looking information based on the best estimates of theScore of the current operating environment. These forward-looking statements are related to, but not limited to, theScore's operations, anticipated financial performance, business prospects and strategies. Forward looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "estimate", "intend", "will", "may", "should" or similar words suggesting future outcomes. These statements reflect current assumptions and expectations regarding future events and operating performance as of the date of this MD&A, April 4, 2014. There is significant risk that theScore's predictions and other forward-looking statements will not prove to be accurate. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such factors include, but are not limited to, economic, competitive and media industry conditions. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by theScore. By its nature, theScore's forward-looking information involves numerous assumptions, inherent risks and uncertainties including, but not limited to, the following factors: a new and developing industry, historical losses associated with theScore, competition, dependence on key suppliers, mobile device users choosing not to allow advertising, limited long-term agreements with advertisers, substantial capital requirements, protection of intellectual property, infringement on intellectual property, brand development, dependence on key personnel and employees, rapid technology

developments, defects in products and services, user data, reliance on collaborative partners, new business areas and geographic markets, operational and financial infrastructure, information technology defects, indemnified liability risk, reliance on third-party owned communication networks, uncertain economic health of the wider economy, governmental regulation of the Internet, currency fluctuations, changes in taxation, exposure to taxable presences, risk of litigation, internal controls, credit risk, liquidity risk, and free and open source software utilization all of which are discussed in the Company's Annual Information Form dated November 29, 2013.

Fiscal 2014 Q2 Operational Highlights

- Average monthly active users of theScore's mobile platforms reached 5.0 million in Q2 F2014, an increase of 43% compared to the same period in F2013.*
- Average monthly user sessions of theScore's mobile platforms reached more than 155 million in Q2 F2014, an increase of 84% compared to the same period in F2013.*
- theScore launched 'Feed' on its iOS app – allowing users to create their own continuously updated stream of sports content, combining all the information on the leagues, teams and players the user is following in one place.
- theScore for Android was named as one of the “Best Apps of 2013” by Google Play and was updated with full “Player Alerts” for NFL, MLB, NBA, and NHL, as well as deeper soccer coverage.
- theScore for iOS and Android delivered mobile-first coverage of the Winter Olympic Games.

Overview

theScore creates mobile-first sports experiences, connecting fans to what they love through a combination of real time news, scores, fantasy information and alerts while creating and curating content that is mobile optimized, comprehensive, customizable and seamlessly shareable. theScore is headquartered at 500 King Street West, 4th floor, Toronto, Ontario, M5V 1L9. Common shares began trading on the TSX-V on October 25, 2012 under the symbol SCR.TO. At February 28, 2014 theScore had 5,566 special voting shares and 195,070,607 Class A Subordinate Voting Shares outstanding.

Prior to October 19, 2012, the business of theScore was the digital media business (“Score Digital”) of Score Media Inc. (the “Former Parent”). Score Digital represented a

* User metrics from Q2 F2014 and Q2 F2013 exclude theScore's secondary mobile sports application, SportsTap, which was retired September 30, 2013.

portion of the Former Parent's business and did not constitute a separate consolidated group.

On August 25, 2012, the Former Parent entered into a definitive arrangement agreement (the "Arrangement Agreement") with Rogers Media Inc. ("Rogers") pursuant to which, by way of a court-approved plan of arrangement (the "Arrangement"): (i) Rogers would acquire the television business of the Former Parent via an acquisition of all of the outstanding shares of the Former Parent for \$1.62 per share; and (ii) Score Digital would be spun out to the Former Parent's shareholders as a new corporation, theScore, formed to acquire Score Digital and certain assets of the Former Parent and its subsidiaries.

The Arrangement was approved by the Board of Directors of the Former Parent, and by the Former Parent's shareholders, on October 17, 2012 and the Arrangement closed on October 19, 2012. Under the terms of the Arrangement Agreement, Rogers acquired all of the outstanding shares of the Former Parent and an interest in theScore.

Pursuant to the Business Separation Agreement, the Former Parent capitalized theScore for \$11.6 million, inclusive of \$1.8 million held in escrow until the first anniversary of the closing of the Arrangement being October 19, 2013. The amount held in escrow has been released to the Company in full.

For more information on the Arrangement Agreement, refer to the annual consolidated financial statements for the year ended August 31, 2013 as filed on SEDAR.

theScore elected to present comparative condensed consolidated interim financial information before October 19, 2012 as if the acquisition of Score Digital had occurred before September 1, 2012 using the continuity of interest basis of accounting where book value accounting has been applied resulting in the acquired assets and liabilities of Score Digital being recorded at the carrying value of the Former Parent in its consolidated financial statements. Amounts included in the comparative period in the Interim Financial Statements before October 19, 2012 have been prepared on a combined consolidated "carve-out" basis from the books and records of the Former Parent and its subsidiaries and purport to represent the historical results of operations, financial position and cash flows of Score Digital as if it had existed as a separate stand-alone group of entities under the Former Parent's management, and applying International Accounting Standard IAS 27, Consolidated and Separate Financial Statements, to account for intergroup investments and transactions. Entities included in the comparative period in the Financial Statements before October 19, 2012 are the subsidiaries that, upon completion of the Arrangement, ceased to be wholly owned subsidiaries of the Former Parent and became wholly owned subsidiaries of theScore pursuant to the Arrangement.

Three and six months ended February 28, 2014 compared to three and six months ended February 28, 2013

Revenue

	Three months ended February 28,		Six months ended February 28,	
	2014	2013	2014	2013
Advertising	\$ 1,664	\$ 860	\$ 3,544	\$ 2,255
Licensing	250	250	500	361
Total	<u>\$ 1,914</u>	<u>\$ 1,110</u>	<u>\$ 4,044</u>	<u>\$ 2,616</u>

Revenues for the three and six months ended February 28, 2014 were \$1.9 million and \$4.0 million, respectively, an increase of \$0.8 million and \$1.4 million compared to \$1.1 million and \$2.6 million, respectively, for the same periods in the prior year.

Mobile advertising revenues for the three and six months ended February 28, 2014 increased by \$0.9 million and \$1.7 million, or 143% and 112%, respectively, as compared to the same periods in the prior year due to an increased user base in the USA, greater customer engagement in the mobile application, and improved monetization of user engagement through higher per unit advertising rates and the increased utilization of its advertising inventory. This increase was slightly offset by lower web advertising revenues for the three and six months ended February 28, 2014, which declined by \$0.1 million and \$0.4 million, respectively. theScore recognizes advertising revenue based on the sale and delivery of advertising impressions on its digital media platforms. theScore is currently expanding its sales execution strategy across North America to drive further revenue growth associated with increased user base and traffic.

Licensing revenues were \$0.3 million and \$0.5 million for the three and six month periods ended February 28, 2014 compared to \$0.3 million and \$0.4 million in the prior year, an increase of nil and \$0.1 million. This increase was a result of the Company's licensing agreement commencing midway through the first quarter of the prior year.

Operating Expenses

	Three months ended February 28,		Six months ended February 28,	
	2014	2013	2014	2013
Personnel	\$ 653	\$ 1,943	\$ 2,865	\$ 3,658
Content	276	530	600	946
Technology	309	559	550	1,231
Facilities, administrative, and other	912	499	1,867	1,188
Marketing	453	57	1,133	132
Management fees	-	-	-	48
Depreciation of equipment	130	33	258	56
Amortization of intangible assets	157	627	827	1,228
Share of loss of equity accounted for investee	-	31	-	33
Investment loss	-	111	-	111
	<u>\$ 2,890</u>	<u>\$ 4,390</u>	<u>\$ 8,100</u>	<u>\$ 8,631</u>

Operating expenses for the three and six months ended February 28, 2014 were \$2.9 million and \$8.1 million, a decrease of \$1.5 million and \$0.5 million compared to \$4.4 million and \$8.6 million in the same periods of the prior year. This decrease was primarily due to Ontario Interactive Digital Media Tax Credits (“OIDMTC”) of \$2.3 million and \$2.4 million, respectively, recognized during the three and six months ended February 28, 2014 attributable to both eligible expenditures incurred in the current period and adjustments to estimates of refundable tax credits related to prior year claims (three and six months ended February 28, 2013 - nil). There were also lower technology costs as a result of efficiencies related to hosting costs and content management systems. Decreases were partially offset by higher personnel costs with increases in headcount for fiscal 2014, related to hiring of additional content staff and higher marketing costs related to new user acquisition undertakings. Facilities, administrative, and other costs also increased due to costs that had previously been shared with and funded by the Former Parent and Remaining Group in the same period in the first quarter of the prior year prior to the Arrangement Agreement.

Average full time and part time personnel for the six months ended February 28, 2014 were 108 compared to 81 in the same period in the prior year.

EBITDA and Net and Comprehensive losses

theScore utilizes earnings before interest, taxes, depreciation and amortization (“EBITDA”) to measure operating performance. theScore’s definition of EBITDA excludes depreciation and amortization, finance costs, and income taxes, which in theScore's view do not adequately reflect its core operating results. EBITDA is used in the determination of short-term incentive compensation for all senior management personnel.

EBITDA is not a measure of performance under IFRS and should not be considered in isolation or as a substitute for net and comprehensive income or loss prepared in accordance with IFRS or as a measure of operating performance or profitability. EBITDA does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies.

The following table reconciles net and comprehensive loss to EBITDA:

	Three months ended February 28,		Six months ended February 28,	
	2014	2013	2014	2013
Net and comprehensive loss for the period	\$ (950)	\$ (3,280)	\$ (3,997)	\$ (6,114)
Adjustments:				
Depreciation and amortization	287	660	1,085	1,284
Finance costs (income)	(26)	-	(59)	99
EBITDA loss	\$ (689)	\$ (2,620)	\$ (2,971)	\$ (4,731)

EBITDA loss for the three and six months ended February 28, 2014 was \$0.7 million and \$3.0 million compared to \$2.6 million and \$4.7 million in the same periods in the prior year, a decrease of \$1.9 million and \$1.7 million. This was a result of increased revenues of \$0.8 million and \$1.4 million, respectively, and reduced operating expenses, excluding depreciation and amortization, of \$1.1 million and \$0.3 million, respectively, during the three and six months ended February 28, 2014, associated with the Company's OIDMTC claims attributable to both eligible expenditures incurred in the current period and adjustments to estimates of refundable tax credits related to prior year claims.

Net and comprehensive loss for the three and six months ended February 28, 2014 was \$1.0 million and \$4.0 million, respectively, compared to \$3.3 million and \$6.1 million in the same periods in the prior year. Decreases in net loss were a result of higher revenue and lower operating expenses, as discussed above.

Loss per share for the three and six months ended February 28, 2014 was \$(0.00) and \$(0.02), respectively, compared to \$(0.03) and \$(0.06) in the same periods in the prior year. Decreases in loss per share were a result of a lower net loss for the three and six months ended February 28, 2014 as compared with the same periods of the prior year, as discussed above, and the impact of a higher weighted average number of shares outstanding in the three and six months ended February 28, 2014 as compared with the same periods of the prior year. As discussed in the MD&A for the year ended August 31, 2013, during the quarter ended May 31, 2013, theScore issued 100,000,000 Class A Subordinate Voting Shares in connection with a private placement financing.

Additions to Intangible Assets

Additions to intangible assets totaled \$0.4 million and \$0.9 million, for the three and six months ended February 28, 2014 compared to \$0.4 million and \$1.5 million, in the same period in the prior year, a decrease of nil and \$0.6 million, respectively. Additions to intangible assets relate to employee compensation and external contractor costs incurred to develop products and features targeted to grow the audience, and thus targeted to directly increase revenues of theScore's digital properties.

The net carrying value of intangible assets was reduced by \$0.9 million with respect to OIDMTC amounts described above during the six months ended February 28, 2014.

Consolidated Quarterly Results

The Company's revenues have historically reflected a seasonality trend, with the third quarter (ending May 31st) being the strongest, followed by the first quarter (ending November 30th), the fourth quarter (ending August 31st), and finally the second quarter (ending February 28th). This seasonality reflects general trends for sports media advertising, which in turn reflects the schedules (particularly the playoffs) of the major sports leagues.

The following selected consolidated quarterly financial data of the Company relates to the preceding eight quarters, inclusive of the quarter ended February 28, 2014.

Quarterly Results	Revenue	EBITDA loss	Net and comprehensive loss	Loss per share – basic and diluted
	(\$000's)	(\$000's)	(\$000's)	(\$)
February 28, 2014	1,914	(689)	(950)	(0.00)
November 30, 2013	2,130	(2,284)	(3,048)	(0.02)
August 31, 2013	1,285	(1,192)	(2,156)	(0.02)
May 31, 2013	1,368	(2,350)	(3,126)	(0.03)
February 28, 2013	1,110	(2,620)	(3,280)	(0.03)
November 30, 2012	1,506	(2,111)	(2,833)	(0.03)
August 31, 2012	1,334	(1,853)	(2,837)	(0.03)
May 31, 2012	1,145	(2,067)	(2,873)	(0.03)

Decreases in EBITDA and Net and comprehensive losses for the quarter ended February 28, 2014 were primarily a result of refundable tax credits associated with the Company's OIDMTC as discussed above.

Liquidity Risk and Capital Resources

Cash and cash equivalents as of February 28, 2014 was \$10.5 million compared to \$14.5 million as of fiscal year ended August 31, 2013.

Liquidity

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.

Operations

Cash flows used in operating activities for the six months ended February 28, 2014 were \$4.6 million compared to \$4.7 million in the same period of the prior year, a decrease of \$0.1 million. This decrease was due to changes in non-cash operating working capital, partially offset by a decrease in net and comprehensive loss as a result of the OIDMTC amounts accrued in the current period.

Financing

Cash flows provided by financing activities for the six months ended February 28, 2014 were \$1.8 million compared to \$11.9 million in the same period of the prior year, representing a decrease of \$10.1 million. This decrease in cash flows provided by financing activities related to the initial capitalization of the Company during the six months ended February 28, 2013 in connection with the Arrangement, and certain prior period operating costs borne by the Former Parent and Remaining Group pre-Arrangement, partially offset by the \$1.8 million in escrow related to the initial capitalization that was released during the six month period ended February 28, 2014.

Investing

Cash flows used in investing activities for the six months ended February 28, 2014 were \$1.2 million compared to \$2.2 million in the same period of the prior year; representing a decrease of \$1.0 million. This decrease was a result of lower capitalized external contractor costs upon termination of theScore's development services agreement with its former equity accounted investee and increased equipment and leasehold improvement additions in the prior year associated with the new facility.

Contractual Obligations

The Company has no debt guarantees, significant capital leases, off-balance sheet arrangements or long term obligations other than the lease agreement noted below.

In the three months ended November 30, 2012, theScore signed a lease agreement committing to lease new office space in Toronto for 6 years, with a 5 year renewal term available at the Company's option. The firm commitment under this agreement is \$2.5 million. theScore moved into the new facility in the third quarter of fiscal 2013.

Related Party Transactions

During the comparative six month period ended February 28, 2013, theScore incurred development fees under a development services agreement and incurred recruitment charges associated with hiring certain personnel previously employed by theScore's former equity investee, which were recorded at the exchange amounts agreed to by the parties. Total costs incurred during the comparative period amounted to \$0.7 million, of which \$0.5 million were capitalized as part of product development intangible assets. As at February 28, 2013, theScore's accounts payable balance due to its equity accounted investee for such development costs was nil. On September 30, 2012 theScore's development services agreement with its former equity accounted investee expired. The related party transactions were in the normal course of operations.

During the three month period ended November 30, 2012, the Company entered into a lease for a property partially owned by a director and officer of the Company. The

aggregate rent paid during the three and six months ended February 28, 2014 and 2013 both amounted to \$8 and \$15, respectively.

Transactions with the Former Parent and Remaining Group

During the period from September 1, 2012 to October 19, 2012, the Former Parent and Remaining Group paid for certain costs of theScore including personnel costs, management fees and other operating costs. Management fees represent an allocation of costs incurred by the Former Parent consisting of professional fees and other public company related costs including corporate costs and management compensation associated with operating the Former Parent's consolidated business. Refer to notes 7 and 8 in theScore's Interim Financial Statements for further details regarding theScore's transactions with the Former Parent and the Remaining Group. Up until October 19, 2012 theScore and the Remaining Group were related by virtue of common ownership by the Former Parent.

Recently adopted Accounting Pronouncements

IAS 1, Presentation of Financial Statements

In June 2011, the IASB published amendments to IAS 1, Presentation of Financial Statements ("IAS 1"). The amendments require that an entity present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. theScore has adopted the amendments in its consolidated financial statements for the period beginning on September 1, 2013. The amendments to IAS 1 did not have an impact on the Company's consolidated financial statements.

IAS 28, Investments in Associates and Joint Ventures:

In May 2011, the IASB published amendments to IAS 28, Investments in Associates and Joint Ventures ("IAS 28"), which previously specified that the cessation of significant influence or joint control triggered re-measurement of any retained stake in all cases with gain recognition in profit or loss, even if significant influence was succeeded by joint control. IAS 28 now requires that in such scenarios the retained interest in the investment is not re-measured. The Company adopted this new standard in its consolidated financial statements for the period beginning on September 1, 2013. The amendments to IAS 28 did not have an impact on the Company's consolidated financial statements.

IFRS 10, Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements ("IFRS 10"). IFRS 10, which replaces the consolidation requirements of SIC-12 Consolidation-Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The Company adopted this new standard in

its consolidated financial statements for the period beginning on September 1, 2013. IFRS 10 did not have an impact on the Company's consolidated financial statements.

IFRS 11, Joint Arrangements

In May 2011, the International Accounting Standards Board ("IASB") issued IFRS 11, Joint Arrangements ("IFRS 11"). IFRS 11, which replaces the guidance in IAS 31, Interests in Joint Ventures, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The Company adopted this new standard in its consolidated financial statements for the period beginning on September 1, 2013. IFRS 11 did not have an impact on the Company's consolidated financial statements.

IFRS 13, Fair Value Measurement

In May 2011, the IASB issued IFRS 13, Fair Value Measurement ("IFRS 13"). IFRS 13 replaces the fair value guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other. The Company adopted IFRS 13 prospectively in its condensed consolidated interim financial statements beginning on September 1, 2013. IFRS 13 is not expected to have a material impact on the Company's annual consolidated financial statements.