theScore, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the Year Ended August 31, 2016

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 year ended August 31, 2016. This MD&A should be read in conjunction with theScore's consolidated financial statements as at and for the years ended August 31, 2016 and 2015 ("financial statements") and notes thereto. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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, October 19, 2016. 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: operating in a new and developing industry that is reliant on mobile advertising, historical losses and negative operating cash flows, liquidity risk, 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, user data, reliance on collaborative partners, new business areas and geographic markets and daily fantasy sports, 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, free and open source software utilization, potential major shareholder with 100% of the special voting shares, market price and trading volume of Class A Subordinate Voting shares ("Class A shares") and Class A Share Purchase Warrants ("Warrants"), dividend policy, future sale of class A shares by existing shareholders which are all discussed in the Company's Annual Information Form dated October 19, 2016.

Overview

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 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. At August 31, 2016 theScore had 5,566 special voting shares, 295,362,783 Class A shares, 19,780,000 Warrants, and 19,270,002 options outstanding.

Selected Annual Financial Data

The following is selected financial data of theScore as it relates to each of the years in the three year period ended August 31, 2016. theScore utilizes the non-IFRS measure of earnings before interest, taxes, depreciation, amortization and acquisition costs ("Adjusted EBITDA") to measure operating performance (see "Adjusted EBITDA loss" below).

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

	Year ended August 31,		
	2016	2015	2014
Statements of comprehensive loss data			
Revenue	$23,916	$12,359	$7,820
Adjusted EBITDA loss	(12,394)	(10,668)	(8,354)
Net and comprehensive loss	(16,863)	(13,469)	(10,686)
Loss per share - basic and diluted	$(0.06)	$(0.05)	$(0.05)
Statements of financial position data			
Total assets	$37,403	$52,479	$37,813
Dividends paid	nil	nil	nil

Year over year revenue increases were a result of growth in overall users and user engagement levels and higher per unit advertising rates.

Year over year increases in Adjusted EBITDA loss and Net and comprehensive losses were primarily due to increases in personnel costs, particularly in the area of product development and content, increased marketing efforts, other infrastructure costs required to support expansion of product lines and rapid user growth, and increases in professional fees, partially offset by continued revenue growth.

Revenue
(in thousands of Canadian dollars)

	Three months ended August 31,		Year ended August 31,	
	2016	2015	2016	2015
Advertising	$ 4,986	$ 2,933	$ 23,916	$ 11,682
Licensing	-	-	-	677
Total	$ 4,986	$ 2,933	$ 23,916	$ 12,359

Revenues for the three months ended August 31, 2016 and 2015 were $5.0 million and $2.9 million, respectively, an increase of $2.1 million, or 70%. Revenues for the year ended August 31, 2016 and 2015 were $23.9 million and $12.4 million, respectively, an increase of $11.5 million, or 94%.

Advertising revenues for the three months ended August 31, 2016 and 2015 were $5.0 million and $2.9 million, an increase of $2.1 million, or 70%. Advertising revenues for the year ended August 31, 2016 and 2015 were $23.9 million and $11.7 million respectively, an increase of $12.2 million or 105%.

Increases in advertising revenues were driven by growth in users and user engagement, combined with increased advertising inventory utilization and per unit advertising rates. During the three months ended August 31, 2016 theScore's mobile applications reached 4.0 million[1] average monthly active users, an increase of 9% over the three months ended August 31, 2015. Average monthly user sessions of theScore's mobile applications reached 278 million, up by 32% compared to the three months ended August 31, 2015.

Licensing revenues for the three months ended August 31, 2016 and 2015 were nil. Licensing revenues for the years ended August 31, 2016 and 2015 were nil and $0.68 million, respectively. The contract related to the licensing revenues for the development of mobile applications ended on May 4, 2015. The Company does not anticipate any further licensing revenues.

theScore recognizes advertising revenue based on the sale and delivery of advertising impressions on its digital media platforms.

theScore is currently expanding its sales, marketing and social media teams to drive further revenue growth associated with growth in users and user engagement. For the

[1] User and user engagement metrics in the current and comparative periods excludes the following platforms no longer supported by theScore: (i) theScore app on BlackBerry 7, BlackBerry Playbook, Kindle Fire and Windows Phone 7; and (ii) theScore's legacy soccer application, ScoreMobile FC.

three months ended August 31, 2016 revenue from Canadian sources was $1.7 million (2015 - $0.9 million), while revenue from non-Canadian sources (predominately USA) for the same period was $3.3 million (2015 - $2.0 million). For the year ended August 31, 2016 revenue from Canadian sources was $6.8 million (2015 - $4.3 million), while revenue from non-Canadian sources (predominately USA) for the same period was $17.1 million (2015 - $8.1 million).

Operating Expenses
(in thousands of Canadian dollars)

	Three months ended August 31,		Year ended August 31	
	2016	2015	2016	2015
Personnel	$ 4,714	$ 3,505	$ 18,285	$ 11,237
Content	669	417	2,559	1,401
Technology	534	589	2,124	2,058
Facilities, administrative, and other	1,312	1,319	6,431	4,706
Marketing	1,362	960	5,792	2,787
Depreciation of equipment	173	143	646	553
Amortization of intangible assets	1,145	524	3,794	2,180
Stock based compensation	224	163	1,119	838
Acquisition costs	-	-	-	397
	$ 10,133	$ 7,620	$ 40,750	$ 26,157

Operating expenses for the three months ended August 31, 2016 were $10.1 million compared to $7.6 million, an increase of $2.5 million over the same period in the prior year. Operating expenses for the year ended August 31, 2016 were $40.8 million compared to $26.1 million in the prior year, an increase of $14.7 million.

Personnel expenses for the three months ended August 31, 2016 were $4.7 million compared to $3.5 million, an increase of $1.2 million over the same period in the prior year. Personnel expenses for the year ended August 31, 2016 were $18.3 million compared to $11.2 million in the prior year, an increase of $7.1 million. The increases in personnel costs were mainly due to the hiring of additional staff in the product development and content teams with the addition of theScore esports and Squad Up, combined with lower Ontario Interactive Digital Media Tax Credits ("OIDMTC") accruals and a reduction in capitalized salaries compared to the prior year period.

Full time personnel for the year ended August 31, 2016 were 195 compared to 176 in the same period in the prior year.

Content expenses for the three months ended August 31, 2016 were $0.7 million compared to $0.4 million, an increase of $0.3 million over the same period in the prior year. Content expenses for the year ended August 31, 2016 were $2.6 million compared to $1.4 million in the prior year, an increase of $1.2 million. Increases were primarily due to additional content costs related to theScore esports initiatives.

Technology expenses for the three months ended August 31, 2016 were $0.5 million compared to $0.6 million, a decrease of $0.1 million over the same period in the prior

year. Technology expenses for the year ended August 31, 2016 were $2.1 million in both the current and prior year.

Facilities, administrative and other expenses for the three months ended August 31, 2016 and 2015 were $1.3 million. Facilities, administrative and other expenses for the year ended August 31, 2016 were $6.4 million compared to $4.7 million in the prior year, an increase of $1.7 million. The increases during the year ended August 31, 2016 were due to higher facilities costs with the expansion of the Company's premises in Toronto.

Marketing expenses for the three months ended August 31, 2016 were $1.4 million compared to $1.0 million, an increase of $0.4 million over the same period in the prior year. Marketing expenses for the year ended August 31, 2016 were $5.8 million compared to $2.8 million in the prior year, an increase of $3.0 million. The increase was due to higher marketing spend for theScore and theScore esports.

Acquisition costs incurred during the year ended August 31, 2016 were nil compared to $0.4 million in the prior year. These costs were comprised of legal and other professional fees related to the acquisition of Swoopt.

Depreciation of property and equipment for the three months ended August 31, 2016 and 2015 were $0.2 million and $0.1 million, an increase of $0.1 million. Depreciation of property and equipment for the year ended August 31, 2016 was $0.6 million in both the current and prior year.

Amortization expense for the three months ended August 31, 2016 was $1.1 million compared to $0.5 million in the same period of the prior year, an increase of $0.6 million. Amortization expense for the year ended August 31, 2016 was $3.8 million compared to $2.2 million in the prior year, an increase of $1.6 million. The increase in amortization expense was primarily due to accelerated amortization of intangible assets acquired in the prior year.

Stock based compensation for the three months ended August 31, 2016 was $0.2 million compared to $0.2 million in the same period of the prior year. Stock based compensation for the year ended August 31, 2016 was $1.1 million compared to $0.8 million in the same period of the prior year, and increase of $0.3 million. The increase in stock based compensation is due to additional stock options granted in the current year.

Impact of OIDMTCs

On April 23, 2015, the Government of Ontario tabled the 2015 Ontario budget. As part of the budget, the Government of Ontario proposed certain amendments to the eligibility rules for the OIDMTC. As a result of these proposed amendments, projects that theScore had previously been accruing credits for may no longer be eligible. Therefore, theScore stopped accruing for credits in respect of these projects for related expenditures incurred after April 23, 2015. theScore believes the tax credits recoverable of $6.8 million accrued for expenditures incurred up until April 23, 2015 will continue to be collectible.

During the year ended August 31, 2015, theScore accrued $1.4 million of tax credits recoverable for eligible expenditures incurred up until April 23, 2015. An amount of $0.8 million of the accrual was recorded as a reduction of related personnel expenses in the consolidated statements of comprehensive loss for the year ended August 31, 2015 while $0.6 million of the accrual was recorded as a reduction of related internal development costs capitalized as intangible assets. In the same period, the Company also trued up its existing accrual by $0.3 million, for additional tax credits related to prior period expenditures that were deemed eligible during the year, resulting in a reduction to personnel costs of $0.1 million, and intangible assets of $0.2 million.

During the year ended August 31, 2016, no tax credits were accrued related to current period expenditures. This year the Company received a certificate of eligibility from the Ontario Media Development Corporation ("OMDC"), related to tax credits claimed for expenditures incurred in fiscal 2012, 2013 and 2014. As a result, an additional $0.6 million was accrued to revise the existing accrual to the amount deemed eligible per the certificate of eligibility. $0.3 million of the accrual was recorded as a reduction of personnel expenses while $0.3 million was recorded as a reduction of related internal development costs capitalized as intangible assets.

Adjusted EBITDA and Net and Comprehensive losses

theScore utilizes earnings before interest, taxes, depreciation, amortization and acquisition costs ("Adjusted EBITDA") to measure operating performance. theScore's definition of Adjusted EBITDA excludes depreciation and amortization, finance income or expense, income taxes, and acquisition costs which in theScore's view do not adequately reflect its core operating results. Adjusted EBITDA is used in the determination of short-term incentive compensation for all senior management personnel. The Company revised the non-GAAP measure in 2015 from EBITDA to adjusted EBITDA, as a result of the acquisition costs incurred related to Swoopt.

Adjusted 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. Adjusted 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 Adjusted EBITDA:
(in thousands of Canadian dollars)

	Three months ended August 31, 2016	Three months ended August 31, 2015	Year ended August 31, 2016	Year ended August 31, 2015
Net and comprehensive loss for the period	$ (5,165)	$ (4,622)	$ (16,863)	$ (13,469)
Adjustments:				
Depreciation and amortization	1,318	667	4,440	2,733
Finance expense (income)	26	(66)	29	(329)
Acquisition expenses	-	-	-	397
Adjusted EBITDA loss	$ (3,821)	$ (4,022)	$ (12,394)	$ (10,668)

Adjusted EBITDA loss for the year ended August 31, 2016 was $12.4 million compared to $10.7 million for the year ended August 31, 2015. Net and comprehensive loss for the year ended August 31, 2016 was $16.9 million compared to $13.5 million for the year ended August 31, 2015.

The increases in Adjusted EBITDA loss and net and comprehensive losses were primarily due to higher personnel, facilities, marketing and other costs as previously discussed, partially offset by continued revenue growth. Net and comprehensive loss was also impacted by increased amortization expense as discussed above.

Loss per share for the year ended August 31, 2016 was $(0.06) compared to $(0.05) for the year ended August 31, 2015. The increase was due to a higher net loss in the current year.

Additions to Intangible Assets

During the year ended August 31, 2016, the Company capitalized internal product development costs of $2.5 million (2015 - $3.4 million), which was offset by tax credits recoverable of $0.3 million (2015 - $0.8 million). The significant development projects in fiscal 2016 included the development of Squad Up, the development of significant new features for theScore esports – personalization and localization, the development of messenger bots, and additional sports sections for theScore application.

The Company capitalized internal product development costs during the years ended August 31, 2016 and 2015 for both new development projects and projects that, in management's judgement, represent substantial improvements to existing products. In assessing whether costs can be capitalized for improvements, management exercises significant judgement when considering the extent of the improvement and whether it is substantial, whether it is sufficiently separable and whether expected future economic benefits are derived from the improvement itself. Factors considered in assessing the extent of the improvement include, but are not limited to, the degree of change in functionality and the impact of the project on the ability of the Company to attract users to its products and increase user engagement with its products. Costs, which do not meet these criteria, such as enhancements and routine maintenance, are expensed when incurred. Future economic benefits from these capitalized projects include net cash flows

from future advertising sales, which are dependent upon the ability of the Company to attract users to its products and increase user engagement with its products, and may also include anticipated cost savings, depending upon the nature of the development project.

Consolidated Quarterly Results

The following selected consolidated quarterly financial data of the Company relates to the preceding eight quarters.

Quarterly Results	Revenue	Adjusted EBITDA loss	Net and comprehensive loss	Loss per share – basic and diluted
	($000's)	($000's)	($000's)	($)
August 31, 2016	4,986	(3,821)	(5,165)	(0.02)
May 31, 2016	6,125	(2,981)	(4,446)	(0.02)
February 29, 2016	5,802	(3,248)	(4,193)	(0.01)
November 30, 2015	7,003	(2,344)	(3,059)	(0.01)
August 31, 2015	2,933	(4,020)	(4,622)	(0.02)
May 31, 2015	3,161	(3,228)	(3,987)	(0.01)
February 28, 2015	3,219	(1,924)	(2,845)	(0.01)
November 30, 2014	3,046	(1,496)	(2,015)	(0.02)

Use of the Company's applications has historically reflected the general trends for sports schedules of the major North American sports leagues. As a result, the Company's first fiscal quarter is typically the strongest from a revenue perspective. Quarterly revenue fluctuations are a combination of the seasonality trend of usage described above and year over year revenue growth.

Adjusted EBITDA loss and net and comprehensive loss fluctuations were a result of increases in personnel and infrastructure costs required to sustain periods of rapid growth and expansion, partially offset by seasonal revenue fluctuations and OIDMTC accruals.

Liquidity Risk and Capital Resources

Cash and cash equivalents as of August 31, 2016 was $15.6 million compared to $31.8 million as of August 31, 2015.

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.

theScore does not have any financial instruments, other than its accounts receivable, accounts payable and an available-for-sale investment. Refer to note 9 of theScore's financial statements for additional details.

Operations

Cash flows used in operating activities for the year ended August 31, 2016 were $13.1 million compared to $10.0 million in the prior year, an increase of $3.1 million. This increase was due to increases in net and comprehensive losses as well as by changes in non-cash operating working capital.

Financing

Cash flows provided by financing activities for the year ended August 31, 2016 were nil million compared to $24.9 million in the same period of the prior year. This decrease was due to share and warrant issuance proceeds in the prior year compared to nil in the current year.

Investing

Cash flows used in investing activities for the year ended August 31, 2016 were $3.2 million compared to $4.4 million for the prior year; representing a decrease of $1.2 million. This decrease was primarily due to the acquisition of Swoopt in the prior year, and lower capitalized internal development costs in the current year.

Use of Proceeds – 2015 Offering

The following is a tabular comparison of the use of proceeds disclosed in the Company's short form prospectus dated February 26, 2015 (the "2015 Offering Prospectus") qualifying the distribution of 34.4 million Units (the "2015 Offering") and the estimated use of the net proceeds by the Company subsequent to the 2015 Offering. The $24.9 million of actual net proceeds shown below includes the net proceeds from the full exercise of the over-allotment option by the underwriters of the 2015 Offering.

Use of Proceeds	**Disclosed in the 2015 Offering Prospectus**	**Net Proceeds and estimated use of 2015 Offering**	**Variance**
Sources:	**(Cdn$)**		
Net proceeds of the Offering	$21,549,000	$24,866,000	$3,317,000
Total:	$21,549,000	$24,866,000	$3,317,000
Uses:			
Use of cash for product development and content	$7,700,000	$7,700,000	-
Use of cash for sales and marketing	$7,100,000	$7,100,000	–
Balance for working capital and general corporate purposes	$6,749,000	$10,066,000	$3,317,000
Total:	$21,549,000	$24,866,000	$3,317,000

Consistent with the disclosures made in the 2015 Offering Prospectus, the increase in net proceeds resulting from the exercise of the over-allotment option was allocated to working capital and general corporate purposes.

Other than the increased funds for working capital and general corporate purposes disclosed above, to date, there have been no material variances in the estimated use of proceeds from the disclosures made in the 2015 Offering Prospectus.

Commitments

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

theScore has the following firm commitments under agreements:

(in thousands of Canadian dollars)

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
Content and other	$ 272	265	-	$ 537
Office lease	859	3,778	1,054	5,691
Total	$ 1,131	$ 4,043	$ 1,054	$ 6,228

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.

Related Party Transactions

In Fiscal 2013, theScore entered into a lease for a property partially owned by John Levy, the Chairman and Chief Executive Officer of the Company. The aggregate rent paid during the years ended August 31, 2016 and 2015 amounted to $42,000 and $30,000, respectively.

The corresponding payable balances as at August 31, 2016 and 2015 were nil.

These transactions are recorded at the exchange amount, being the amount agreed upon between the parties. Management believes that the terms of the agreement are at fair market value.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those estimates. Key areas of estimation and judgment are as follows:

(i) Intangible assets:

Management's judgement is applied, and estimates are used, in determining whether costs qualify for recognition as internally developed intangible assets.

To be able to recognize an intangible asset, management must demonstrate the item meets the definition of an intangible asset in IAS 38, Intangible Assets ("IAS 38"). Management exercises significant judgement in determining whether an item meets the identifiability criteria in the definition of an intangible asset which, in part, requires that the item is capable of being separated or divided from the Company and sold, transferred or licensed either individually or together with a related contract or asset, whether or not the Company intends to do so. Judgement is required to distinguish those expenditures that develop the business as a whole, which cannot be capitalized as intangible assets and are expensed in the period incurred.

Also, to recognize an intangible asset, management, in its judgement, must demonstrate that it is probable that expected future economic benefits will flow to the Company and that the cost of the asset can be measured reliably. Estimates are used to determine the probability of expected future economic benefits that will flow to the Company. Future economic benefits include net cash flows from future advertising sales, which are dependent upon the ability of the Company to attract users to its products and increase user engagement with its products, and may also include anticipated cost savings, depending upon the nature of the development project.

The Company capitalized internal product development costs during the years ended August 31, 2016 and 2015 for both new development projects and projects that, in management's judgement, represent substantial improvements to existing products. In assessing whether costs can be capitalized for improvements, management exercises significant judgement when considering the extent of the improvement and whether it is substantial, whether it is sufficiently separable and whether expected future economic benefits are derived from the improvement itself. Factors considered in assessing the extent of the improvement include, but are not limited to, the degree of change in functionality and the impact of the project on the ability of the Company to attract users to its products and increase user engagement with its products. Costs which do not meet these criteria, such as enhancements and routine maintenance, are expensed when incurred.

In addition, the Company uses estimation in determining the measurement of internal labour costs capitalized to intangible assets. The capitalization estimates are based upon the nature of the activities the developer performs.

Management's judgement is also used in determining appropriate amortization methods for intangible assets, and estimates are used in determining the expected useful lives of amortizable intangible assets.

(ii) Tax credits:

Refundable tax credits related to expenditures to develop digital media products are recognized when there is reasonable assurance that they will be received and theScore has and will comply with the conditions associated with the relevant government program. Management's judgment is required in determining which expenditures and

projects are reasonably assured of compliance with the relevant conditions and criteria and have, accordingly, met the recognition criteria.

(iii) Impairment of non-financial assets:

An impairment test is carried out whenever events or changes in circumstances indicate that carrying amounts may not be recoverable and is performed by comparing the carrying amount of an asset or cash generating unit “CGU” and their recoverable amount. Management's judgment is required in determining whether an impairment indicator exists. The recoverable amount is the higher of fair value, less costs to sell and its value in use over its remaining useful life.

This valuation process involves the use of methods which uses assumptions to estimate future cash flows. The recoverable amount depends significantly on the discount rate used, as well as the expected future cash flows and the terminal growth rate used for extrapolation.

(iv) Allowance for doubtful accounts:

The valuation of accounts receivable requires valuation estimates to be made by management. These accounts receivable comprise a large and diverse base of advertisers dispersed across varying industries and locations that purchase advertising on theScore's digital media platforms.

theScore determines an allowance for doubtful accounts based on knowledge of the financial conditions of its customers, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. A change in any of the factors impacting the estimate of the allowance for doubtful accounts will directly impact the amount of bad debt expense recorded in facilities, administrative and other expenses.

(v) Fair value allocations recorded as a result of business acquisitions:

The determination of fair values to the net identifiable assets acquired in business acquisitions often requires management to make assumptions and estimates about future events.

The Company uses estimates and judgments to determine the fair values of assets acquired using the best available information, including information from financial markets. The estimates and judgments include key assumptions such as discount rates, growth and attrition rates, and terminal growth rates for performing discounted cash flow analyses. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amount assigned to assets and liabilities in the purchase price allocation.

New standards and amendments not yet effective:

The following new standards and amendments, which are not yet mandatorily effective and have not been adopted early in these consolidated financial statements, will or may have an effect on the Company's future financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1"):

In December 2014, the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports. The amendments relate to materiality, order of the notes, subtotals, accounting policies, and disaggregation. The amendments are to be applied prospectively and are effective for periods beginning on or after January 1, 2016. The Company does not expect the amendments to have a material impact on its financial statements.

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

In July 2014, the IASB issued the final publication of the IFRS 9 standard, which 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 (2014) in its 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.

Annual Improvements to IFRS:

On September 25, 2014, the International Accounting Standards Board ("IASB") issued narrow-scope amendments to a total of four standards as part of its annual improvement process. The amendments will apply for annual periods beginning on or after January 1, 2016. Earlier application is permitted, in which case, the related consequential amendments to other IFRSs would also apply. The Company does not expect the amendments to have a material impact on its financial statements.

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

In May 2014, the IASB issued IFRS 15, which supersedes existing standards and interpretations including IAS 18, Revenue, and IFRIC 13, Customer Loyalty Programmes. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs. The standard requires revenue to be recognised in a manner that depicts the transfer of promised goods

or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfilment costs.

The standard is effective for annual periods beginning on or after January 1, 2018. The Company is assessing the impact of this standard on the consolidated financial statements.

IFRS 16, Leases ("IFRS 16"):

In January 2016, the IASB issued the final publication of the IFRS 16 standard, which 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.

Financial Instruments and other instruments:

The Company's financial instruments were comprised of the following as at August 31, 2016: cash and cash equivalents of $15.5 million; accounts receivable of $5.3 million; and accounts payable and accrued liabilities $5.3 million. The Company invested its cash equivalents in government treasury bills and guaranteed investment certificates. Accounts receivable are being carried at amortized cost. Accounts payable and accrued liabilities are carried at amortized cost, and are comprised of short-term obligations owing to suppliers relative to the Company's operations.

Fair Value

Fair value is the estimated amount that the Company would pay or receive to dispose of financial instruments in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques that are recognized by market participants. Such techniques may include using recent arm’s length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

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 $760,000 at August 31, 2016 (2015 - $760,000), 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.

Concentration of Accounts Receivable

As at August 31, 2016, two customers had accounts receivable balances exceeding 10% of total accounts receivable (August 31, 2015 – two customers). Concentration of these customers comprised 21% of total accounts receivable as at August 31, 2016 (August 31, 2015 – 24%).

For the year ended August 31, 2016, there were sales to one customer that exceeded 10% of total revenue (year ended August 31, 2015 – two customers). For the year ended August 31, 2016, concentration of the one customer comprised 22% of total revenue (year ended August 31, 2015 – 24%).