

theScore, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the Year Ended August 31, 2018

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, 2018. The MD&A should be read in conjunction with theScore's consolidated financial statements as at and for the years ended August 31, 2018 and 2017 notes thereto. The financial information presented herein has been prepared in accordance 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 17, 2018. 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, industry 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, major shareholder with 100% of the special voting shares, market price and trading volume of Class A Subordinate Voting shares (“Class A shares”), dividend policy, future sale of Class A shares by existing shareholders which are all discussed in the Company’s Annual Information Form dated October 17, 2018, which is filed on SEDAR and available at www.sedar.com.

The Company

theScore’s 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’s head office is in Toronto, Canada. Class A shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol SCR.TO. The Company is organized and operates as one operating segment for the purpose of making operating decisions and assessing performance. At August 31, 2018 theScore had 5,566 special voting shares, 297,055,284 Class A shares and 25,916,250 options outstanding.

Selected Annual Financial Data

The following is selected financial data of theScore for each of the years in the three year period ended August 31, 2018. theScore utilizes the non-IFRS measure of earnings before interest, taxes, depreciation and amortization (“EBITDA”) to measure operating performance (see “EBITDA loss” below).

(in thousands of Canadian dollars, except share amounts)

	Year ended August 31,		
	2018	2017	2016
Statements of comprehensive loss data			
Revenue	\$27,743	\$26,348	\$23,916
EBITDA loss	(2,382)	(5,915)	(12,394)
Net and comprehensive loss	(5,914)	(9,236)	(16,863)
Loss per share - basic and diluted	\$(0.02)	\$(0.03)	\$(0.06)
Statements of financial position data			
Total assets	\$22,407	\$26,267	\$37,404
Dividends paid	nil	nil	nil

Revenue

Revenues for the three months ended August 31, 2018 and August 31, 2017 were \$5.1 million and \$4.8 million, respectively, an increase of \$0.3 million. Revenues for the year ended August 31, 2018 and August 31, 2017 were \$27.7 million and \$26.3 million, respectively, an increase of \$1.4 million. theScore recognizes advertising revenue based on the sale and delivery of advertising impressions on its digital media platforms.

For the year ended August 31, 2018 increases in advertising revenue were driven by strong sales execution in the Canadian direct and programmatic sales groups. The introduction of new innovative ad units, and growth in ad impressions.

For the three months ended August 31, 2018 and August 31, 2017 revenue from Canadian sources was \$2.0 million and \$2.1 million, respectively, while revenue from non-Canadian sources (predominately the U.S.) for the same period was \$3.1 million and \$2.7 million, respectively. For the year ended August 31, 2018 and August 31, 2017 revenue from Canadian sources was \$10.2 million and \$9.3 million, respectively, while revenue from non-Canadian sources (predominately the U.S.) for the same period was \$17.5 million and \$17.0 million.

During the three months ended August 31, 2018, theScore's flagship mobile application reached 3.7 million average monthly active users*, compared to 3.5 million average monthly active users during the three months ended August 31, 2017. Average monthly app sessions per user* were 70 during the three months ended August 31, 2018 compared to 73 for the three months ended August 31, 2017.

* User metrics for theScore app do not include audience or engagement numbers from theScore esports platforms, Squad Up, or products from its Emerging Platforms team, including theScore Bot for Facebook Messenger.

Operating Expenses

(in thousands of Canadian dollars)

	Three months ended		Year ended	
	August 31, 2018	August 31, 2017	August 31, 2018	August 31, 2017
Personnel	\$ 3,563	\$ 3,633	\$ 16,212	\$ 16,855
Content	478	352	1,771	1,746
Technology	668	590	2,906	2,478
Facilities, administrative, and other	2,042	1,310	6,200	6,050
Marketing	563	631	2,490	3,585
Depreciation of equipment	107	122	418	481
Amortization of intangible assets	748	813	3,391	2,600
Stock based compensation	134	133	546	789
	<u>\$ 8,303</u>	<u>\$ 7,584</u>	<u>\$ 33,934</u>	<u>\$ 34,584</u>

Operating expenses for the three month period ended August 31, 2018 were \$8.3 million compared to \$7.6 million in the same period of the prior year, an increase of \$0.7 million. Operating expenses for the year ended August 31, 2018 were \$33.9 million compared to \$34.6 million in the prior year, a decrease of \$0.7 million.

Personnel expenses for the three month period ended August 31, 2018 were \$3.6 million compared to \$3.6 million in the same period of the prior year. Personnel expenses for the year ended August 31, 2018 were \$16.2 million compared to \$16.9 million in the prior year, a decrease of \$0.7 million. The decrease for the year ended August 31, 2018 was due to lower bonus and commission expenses.

Full time personnel as at August 31, 2018 were 192 compared to 186 as at August 31, 2017.

Content expenses for the three month period ended August 31, 2018 were \$0.5 million compared to \$0.4 million in the same period of the prior year. Content expenses for the year ended August 31, 2018 were \$1.8 million compared to \$1.8 million the prior year.

Technology expenses for the three month period ended August 31, 2018 were \$0.7 million compared to \$0.6 million in the prior year, an increase of \$0.1 million. Technology expenses for the year ended August 31, 2018 were \$2.9 million compared to \$2.5 million in the same period of the prior year, an increase of \$0.4 million. The increases were due to higher hosting costs related to the redesign of theScore's flagship mobile app.

Facilities, administrative and other expenses for the three month period ended August 31, 2018 were \$2.0 million compared to \$1.3 million in the same period of the prior year. Facilities, administrative and other expenses for the year ended August 31, 2018 were \$6.2 million compared to \$6.1 million in the prior year, an increase of \$0.1 million. The increase was a result of higher professional fees compared to the prior year,

predominately attributable to theScore's sports betting related business development activities.

Marketing expenses for the three month period ended August 31, 2018 were \$0.6 million compared to \$0.6 million in the prior year. Marketing expenses for the year ended August 31, 2018 were \$2.5 million compared to \$3.6 million in the prior year, a decrease of \$1.1 million. The decrease for the year ended August 31, 2018 was a result of reduced discretionary marketing spending.

Depreciation of property and equipment for the three month period ended August 31, 2018 was \$0.1 million compared to \$0.1 million in the prior year. Depreciation of property and equipment for the year ended August 31, 2018 was \$0.4 million compared to \$0.5 million in the prior year.

Amortization expense for the three month period ended August 31, 2018 was \$0.7 million compared to \$0.8 million in the prior year, a decrease of \$0.1 million. Amortization expense for the year ended August 31, 2018 was \$3.4 million compared to \$2.6 million in the prior year, a increase of \$0.8 million. The increase was mainly due to accelerated amortization of certain non-core intangible assets in the current year.

Stock based compensation expense for the three month period ended August 31, 2018 was \$0.1 million compared to \$0.1 million in the prior year. Stock based compensation expense for the year ended August 31, 2018 was \$0.5 million compared to \$0.8 million in the prior year. Decreases were due to the timing of the stock option grant during the year ended August 31, 2018.

Impact of Ontario Interactive Digital Media Tax Credits ("OIDMTC")

As at August 31, 2018, tax credits recoverable of \$1.6 million are included in tax credits recoverable non-current, in the consolidated statements of financial position (August 31, 2017 - \$1.6 million, non-current). Tax credits recoverable reflect management's best estimate of credits that are reasonably assured of realization considering 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 additional tax credits were accrued during the year ended August 31, 2018.

During the year ended August 31, 2017, the Company received a \$5.2 million payment from the OMDC, related to tax credits claimed for expenditures in fiscal 2012, 2013 and 2014.

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 income/expense 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. The Company revised this non-GAAP measure from Adjusted EBITDA to EBITDA at the start of its fiscal 2018 year to reflect the fact that the Company believes EBITDA to represent a more clearly understood basis for measurement of its core operating performance.

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:
(in thousands of Canadian dollars)

	Three months ended		Year ended	
	August 31, 2018	August 31, 2017	August 31, 2018	August 31, 2017
Net and comprehensive loss for the period	\$ (3,137)	\$ (3,418)	\$ (5,914)	\$ (9,236)
Adjustments:				
Depreciation and amortization	857	935	3,809	3,081
Finance expense (income), net	(71)	587	(277)	240
EBITDA (loss)	\$ (2,351)	\$ (1,896)	\$ (2,382)	\$ (5,915)

EBITDA loss for the three month period ended August 31, 2018 was \$2.4 million compared to \$1.9 million in the same period in the prior year, an increase of \$0.5 million. EBITDA loss for the year ended August 31, 2018 was \$2.4 million compared to \$5.9 million in the same period in the prior year, a decrease of \$3.5 million. EBITDA loss for the year ended August 31, 2017 included an impairment loss of \$0.8 million on the disposal of a non-core asset.

Net and comprehensive loss for the three month period ended August 31, 2018 was \$3.1 million compared to \$3.4 million in the prior year, a decrease of \$0.3 million. Net and comprehensive loss for the year ended August 31, 2018 was \$5.9 million compared to \$9.2 million in the same period in the prior year, a decrease of \$3.3 million. Net and comprehensive loss for the year ended August 31, 2017 included an impairment loss of \$0.8 million on the disposal of a non-core asset, as noted above.

Loss per share for the year ended August 31, 2018 was \$(0.02) compared to \$(0.03) in the prior year. This decrease is primarily the result of the decrease in net and comprehensive losses for the period.

Additions to Intangible Assets

During the year ended August 31, 2018, the Company capitalized internal product development costs of \$3.1 million (August 31, 2017 - \$3.1 million). The significant development projects for the year ended August 31, 2018 consisted of substantially redesigned sections for international soccer, golf and the Winter Olympics, new features including rich media editorial stories, social messaging and custom user dialogs, and related backend system and tools.

The Company capitalized internal product development costs during the years ended August 31, 2018 and August 31, 2017 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, inclusive of the quarter ended August 31, 2018.

Quarterly Results	Revenue	EBITDA	Net and comprehensive loss	Loss per share – basic and diluted
	(\$000's)	(\$000's)	(\$000's)	(\$)
August 31, 2018	5,099	(2,351)	(3,137)	(0.01)
May 31, 2018	7,194	(44)	(894)	(0.00)
February 28, 2018	7,099	(518)	(1,623)	(0.01)
November 30, 2017	8,351	531	(260)	(0.00)
August 31, 2017	4,752	(1,896)	(3,418)	(0.01)
May 31, 2017	6,357	(2,246)	(2,927)	(0.01)
February 28, 2017	6,691	(1,418)	(2,138)	(0.01)
November 30, 2016	8,548	(355)	(753)	(0.00)

Use of the Company's applications has historically reflected the general trends for sports schedules of the major North American sports leagues as well as significant sporting

events. 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.

EBITDA loss and net and comprehensive loss fluctuations were due to changes in discretionary marketing spend, personnel and infrastructure costs, and seasonal revenue fluctuations. In addition, the quarter ended May 31, 2017 included an impairment loss of \$0.8 million on the disposal of a non-core investment, as noted above.

Liquidity Risk and Capital Resources

Cash and cash equivalents as of August 31, 2018 were \$6.3 million compared to \$10.1 million as of fiscal year ended August 31, 2017.

Liquidity

Liquidity risk is the risk that theScore will not be able to meet its financial obligations as they fall due. As at August 31, 2018, theScore had cash and cash equivalents of \$6.3 million (August 31, 2017 - \$10.1 million), accounts receivable of \$5.8 million (August 31, 2017 - \$5.6 million), current tax credits recoverable of nil (August 31, 2017 - nil), accounts payable and accrued liabilities to third parties of \$3.9 million (August 31, 2017 - \$2.9 million). Accounts payable and accrued liabilities have contracted maturities of less than one year.

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 year ended August 31, 2018 were \$0.8 million compared to \$4.4 million in the prior year. The decrease in cash flows used in operations was a result of decreases in net and comprehensive losses due to revenue growth and decreases in operating expenses as well as increases in cash flows from non-cash operating assets and liabilities. Cash flows used in operating activities for the prior year ended August 31, 2017 include the impact of tax credits received of \$3.1 million.

Financing

Cash flows provided by financing activities for each of the year ended August 31, 2018 and August 31, 2017 were \$0.3 million compared to less than \$0.1 million in the prior year. All financing activities resulted from the exercise of stock options.

Investing

Cash flows used in investing activities for the year ended August 31, 2018 and August 31, 2017 were \$3.2 million and \$1.1 million, respectively, which was primarily related to investments in intangible assets in each of the periods. Cash flows used in investing activities for the prior year ended August 31, 2017 include the impact of tax credits received of \$2.1 million.

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:

(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	\$ 1,991	\$ 1,195	\$ -	\$ 3,186
Office lease	921	2,999	-	3,920
Total	\$ 2,912	\$ 4,194	\$ -	\$ 7,106

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 year ended August 31, 2018 amounted to \$40,000 (2017 - \$43,000).

The corresponding payable balances as at August 31, 2018 and August 31, 2017 were nil.

These transactions are recorded at the exchange amount, being the amount agreed upon between the parties.

Financial Instruments and other instruments:

theScore does not have any financial instruments, other than its cash and cash-equivalents, accounts receivable and accounts payable.

The Company's financial instruments were comprised of the following as at August 31, 2018; cash and cash equivalents of \$6.3 million; accounts receivable of \$5.8 million; and accounts payable and accrued liabilities \$3.9 million. The Company invested its cash equivalents in government treasury bills and guaranteed investment certificates. Accounts receivable are carried at amortized cost. Accounts payable and accrued liabilities are carried at amortized cost, and are primarily comprised of short-term obligations owing to suppliers related 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 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.

Customer Concentration

As at August 31, 2018, two customers had an accounts receivable balance exceeding 10% of total accounts receivable (August 31, 2017 – two customers). Concentration of these customers comprised 30% of total accounts receivable as at August 31, 2018 (August 31, 2017 – 22%).

For the year ended August 31, 2018, sales to two customers, both programmatic networks, exceeded 10% of total revenue (year ended August 31, 2017 – two customers, both programmatic networks). For the year ended August 31, 2018, concentration of the two customers comprised 12% and 12%, respectively, of total revenue (year ended August 31, 2017 – 12% and 13% respectively).

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, 2018 and 2017 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.

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.

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

IFRS 9 (2014) 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 consolidated financial statements for the annual period beginning on September 1, 2018. The extent of the impact of adoption of the standard has been determined and the company expects the application of this new standard will not have a significant impact on the reported results.

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 been determined and the Company expects the application of this new standard will not have a significant impact on its consolidated financial statements.

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.