Q2 – 2015
Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended
February 28, 2015 and 2014
(Unaudited)

theScore, Inc.

Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

(unaudited)

	February 28, 2015	August 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents (note 9)	$ 14,723	$ 21,363
Accounts receivable	3,532	1,472
Tax credits recoverable (note 7)	-	2,060
Prepaid expenses and deposits	610	559
	18,865	25,454
Non-current assets:		
Property and equipment (note 3)	2,225	2,155
Intangible assets (note 4)	6,832	4,959
Investment	760	760
Tax credits recoverable (note 7)	5,585	4,485
	15,402	12,359
Total assets	$ 34,267	$ 37,813
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,039	$ 3,052
Non-current liabilities:		
Deferred lease obligation	521	513
Shareholders' equity	30,707	34,248
Commitments and contingencies (note 9)		
Subsequent event (note 13)		
Total liabilities and shareholders' equity	$ 34,267	$ 37,813

See accompanying notes to condensed consolidated interim financial statements

theScore, Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss

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

(unaudited)

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	2015	2014
Revenue (note 11)	$ 3,219	$ 1,914	$ 6,265	$ 4,044
Operating expenses:				
Personnel (note 7)	2,811	653	5,286	2,865
Content	373	276	607	600
Technology	530	309	938	550
Facilities, administrative and other	1,095	912	2,002	1,867
Marketing	334	453	852	1,133
Depreciation of property and equipment (note 3)	138	130	264	258
Amortization of intangible assets(note 4)	593	157	1,051	827
Acquisition expenses (note 5)	397	-	397	-
	6,271	2,890	11,397	8,100
Operating loss	(3,052)	(976)	(5,132)	(4,056)
Finance income, net	(207)	(26)	(272)	(59)
Net and comprehensive loss	$ (2,845)	$ (950)	$ (4,860)	$ (3,997)
Loss per share - basic and diluted (note 12)	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.02)

See accompanying notes to condensed consolidated interim financial statements

theScore, Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
Six months ended February 28, 2015 and 2014
(in thousands of Canadian dollars, except share amounts)
(unaudited)

	Special Voting Shares		Class A Subordinate Voting Shares				
	Amount	Number of Shares	Amount	Number of Shares	Contributed Surplus	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance August 31, 2013	$ 15	5,566	$ 27,455	195,035,274	$ 153	$ 736	$ 28,359
Net and comprehensive loss	-	-	-	-	-	(3,997)	(3,997)
Share-based compensation expense	-	-	-	-	209	-	209
Shares issued on exercise of stock options	-	-	5	35,333	-	-	5
Balance February 28, 2014	$ 15	5,566	$ 27,460	195,070,607	$ 362	$ (3,261)	$ 24,576
Balance August 31, 2014	$ 15	5,566	$ 43,644	252,663,102	$ 540	$ (9,951)	$ 34,248
Net and comprehensive loss	-	-	-	-	-	(4,860)	(4,860)
Share-based compensation expense	-	-	-	-	450	-	450
Shares issued on exercise of stock options	-	-	43	178,000	(13)	-	30
Shares issued on business acquisition (note 5)	-	-	839	2,208,333	-	-	839
Balance February 28, 2015	$ 15	5,566	$ 44,526	255,049,435	$ 977	$ (14,811)	$ 30,707

See accompanying notes to condensed consolidated interim financial statements

theScore, Inc.

Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)

(unaudited)

	Six months ended February 28, 2015	2014
Cash flows used in operating activities		
Net and comprehensive loss	$ (4,860)	$ (3,997)
Adjustments for:		
Depreciation and amortization	1,315	1,085
Share-based compensation (note 10)	450	209
Acquisition costs	397	-
	(2,698)	(2,703)
Change in non-cash operating assets and liabilities:		
Accounts receivable	(1,988)	(11)
Other receivables	-	230
Tax credits recoverable	1,380	(1,986)
Prepaid expenses and deposits	(51)	(142)
Accounts payable and accrued liabilities	(366)	(40)
Deferred lease obligation	8	9
	(1,017)	(1,940)
Net cash used in operating activities	(3,715)	(4,643)
Cash flows from financing activities		
Exercise of stock options	30	5
Funding provided from Arrangement	-	1,800
Net cash from financing activities	30	1,805
Cash flows used in investing activities		
Additions of property and equipment	(316)	(248)
Acquisition costs	(397)	-
Business Acquisitions (note 5)	(659)	-
Additions of intangible assets	(1,583)	(921)
Net cash used in investing activities	(2,955)	(1,169)
Decrease in cash and cash equivalents	(6,640)	(4,007)
Cash and cash equivalents, beginning of period	21,363	14,524
Cash and cash equivalents, end of period	$ 14,723	$ 10,517

See accompanying notes to condensed consolidated interim financial statements

1. Nature of operations:

Business:

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

2. Significant accounting policies:

Basis of presentation and statement of compliance:

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) using International Accounting Standard 34, Interim Financial Reporting and using the same accounting policies and methods of computation theScore applied in its consolidated financial statements as at and for the year ended August 31, 2014 except as described below. These accounting policies are disclosed in note 2 of theScore’s annual consolidated financial statements for the year ended August 31, 2014.

The notes presented in these interim financial statements include only significant changes and transactions occurring since August 31, 2014, and do not include all disclosures required by IFRS for annual financial statements. These interim financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended August 31, 2014.

Business Combinations:

The Company accounts for business combinations using the acquisition method when control is transferred to theScore. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. The Company expenses the transaction costs associated with the acquisition as incurred.

2. Significant accounting policies (continued):

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

The Company uses estimates and judgements to determine the fair values of assets acquired using the best available information, including information from financial markets. The estimates and judgements include key assumptions such as discount rates, growth and attrition rates, and terminal growth rates for performing discounted cash flow analyses.

These interim financial statements are presented in Canadian dollars, which is theScore's functional currency, and have been prepared primarily using the historical cost basis.

These interim financial statements were approved by the Board of Directors of theScore on April 13, 2015.

Recently adopted accounting pronouncements:

(i) IAS 32, Offsetting Financial Assets and Financial Liabilities ("IAS 32"):

In December 2011, the IASB published IAS 32. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. These amendments are to be applied retrospectively. The amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The Company adopted the amendments to IAS 32 beginning on September 1, 2014. IAS 32 did not have an impact on the Company's interim financial statements.

2. Significant accounting policies (continued):

(ii) IFRIC 21, Levies ("IFRIC 21"):

In May 2013, the IASB issued IFRIC 21. This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The IFRIC 21 provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executory contracts or other contractual arrangements. The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Company adopted IFRIC 21 beginning on September 1, 2014. IFRIC 21 did not have a material impact on the Company's interim financial statements.

(In thousands of Canadian dollars, unless otherwise stated)

3. Property and equipment:

	Computer equipment	Leasehold improvements	Office equipment	Total
Cost				
Balance, August 31, 2014	$ 990	$ 1,609	$ 669	$ 3,268
Additions	234	88	12	334
Balance, February 28, 2015	$ 1,224	$ 1,697	$ 681	$ 3,602
Accumulated depreciation				
Balance, August 31, 2014	$ 572	$ 357	$ 184	$ 1,113
Depreciation	81	135	48	264
Balance, February 28, 2015	$ 653	$ 492	$ 232	$ 1,377
Carrying amounts				
Balance, August 31, 2014	$ 418	$ 1,252	$ 485	$ 2,155
Balance, February 28, 2015	$ 571	$ 1,205	$ 449	$ 2,225

(In thousands of Canadian dollars, unless otherwise stated)

4. Intangible assets:

	Product development	Trademarks & domain names	Computer software	Acquired technology	Acquired customer relationships	Total
Cost						
Balance, August 31, 2014	$ 12,243	$ 260	$ 1,159	$ 239	$ 485	$ 14,386
Additions	1,030	133	-	1,761	-	2,924
Balance, February 28, 2015	$ 13,273	$ 393	$ 1,159	$ 2,000	$ 485	$ 17,310
Accumulated amortization						
Balance, August 31, 2014	$ 7,575	$ 138	$ 1,140	$ 239	$ 335	$ 9,427
Amortization	865	15	8	88	75	1,051
Balance, February 28, 2015	$ 8,440	$ 153	$ 1,148	$ 327	$ 410	$ 10,478
Carrying amounts						
Balance, August 31, 2014	4,668	122	19	-	150	4,959
Balance, February 28, 2015	4,833	240	11	1,673	75	6,832

(In thousands of Canadian dollars, unless otherwise stated)

5. Business Combinations:

On December 18, 2014, theScore entered into an asset purchase agreement with AppTheGame, Inc. (“AppTheGame”) pursuant to which a subsidiary of theScore purchased substantially all of the assets of AppTheGame. AppTheGame owns and operates “Swoopt”, a daily fantasy sports mobile game. Swoopt offers a range of daily fantasy sports contests for professional baseball, hockey, football, basketball and college football. The acquisition provides theScore with a strategic entry point into the daily fantasy sports space.

Aggregate acquisition consideration recorded at fair value totaled $1,789 and was made up of $659 ($567 USD) of cash paid on closing, 2,208,333 Class A Subordinate Voting shares of theScore issued on closing, with a value of $0.38 per share, and up to $291 ($250 USD) contingently payable by March 18, 2016, recorded at the acquisition date at an estimated fair value of $291.

The table below summarizes the final fair values of the assets acquired and liabilities assumed

	Swoopt
Fair value of consideration transferred or to be transferred	$ 1,789
Accounts receivable	72
Property and equipment	18
Intangible assets	1,761
Other current liabilites	(62)
Fair value of identifiable assets acquired and liabilities assumed	$ 1,789
Acquisition transaction costs	$ 397

The intangible asset is comprised of the acquired technology and is being amortized over the estimated useful life of three years.

Revenue and net loss would not have been materially different had the acquisition occurred at the beginning of the 2015 fiscal year. In addition, the revenue and loss for the acquired business was not material to the results for the three and six months ended February 28, 2015.

6. Related party transactions:

The Company entered into a lease in fiscal 2013 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, 2015 amounted to $8 and $16 respectively (2014 - $8 and $15). The corresponding payable balance as at February 28, 2015 and 2014 was nil.

7. Tax credits:

theScore has access to refundable credits for qualifying digital media expenditures incurred that are available as part of the Ontario Interactive Digital Media Tax Credit legislation created by the Government of Ontario and managed by the Ontario Media Development Corporation ("OMDC").

As at February 28, 2015, tax credits recoverable of nil and $5,585 are included in tax credits recoverable - current and tax credits recoverable - non-current, respectively, in the condensed consolidated interim statement of financial position (August 31, 2014 - $2,060 and $4,485, respectively). Tax credits recoverable reflect management's best estimate of credits that are reasonably assured of realization considering both certificates of eligibility received from the OMDC for specific claims and the OMDC's historical acceptance of expenditures of a similar nature for refundable credit. On December 19, 2014 theScore received $2,060 of the current tax credit recoverable from the ODMC in connection with the 2010 and 2011 claim.

During the three and six months ended February 28, 2015, theScore accrued $550 and $1,100, respectively (2014 ï $350 and $600) of tax credits receivable for eligible expenditures incurred during the period. An amount of $340 and $680 (2014 ï $180 and $330) of the accrual was recorded as a reduction of related personnel expenses in the consolidated statement of comprehensive loss for the three and six months ended February 28, 2015, respectively, while $210 and $420 (2014 ï $170 and $270) of the accrual was recorded as a reduction of related internal development costs capitalized as intangible assets. During the three and six months ended February 28, 2014, theScore recognized an additional $2,702 accrual, the impact of this accrual was to reduce personnel costs by $1,656, amortization expense by $459 and intangible assets by $587, respectively.

8. Capital risk management:

theScore's objectives in managing capital are to maintain its liquidity to fund future development and growth of the business. The capital structure consists of shareholdersôequity and cash.

theScore manages and adjusts the capital structure in consideration of changes in economic conditions and the risk characteristics of the underlying assets. theScore is not subject to any externally imposed capital requirements.

9. Financial risk management:

theScore has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about theScore's exposure to each of these risks and theScore's objectives, policies and processes for measuring and managing these risks.

(a) Credit risk:

Credit risk is the risk of financial loss to theScore if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from theScore's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure. theScore's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

theScore establishes an allowance for doubtful accounts that represents its estimate of potential credit losses in respect of accounts receivable but historically has not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographical area. This allowance consists of a specific provision that relates to individually significant exposures. As at February 28, 2015 and August 31, 2014, theScore had an allowance for doubtful accounts of $10 and $10, respectively.

theScore has customer concentration risk as two customers represented 13% and 20% of revenues, respectively, for the three months ended February 28, 2015 (2014 ï no customers). Customer concentration risk of the same two customers represented 14% and 20% of revenues respectively, for the six months ended February 28, 2015 (2014 ï no customers). At February 28, 2015 two customers represented 11% and 23% (August 31, 2014 ï 11% and 15%), respectively, of the accounts receivable balance.

theScore does not believe that it is exposed to significant credit risk in respect of tax credits recoverable as the counterparty is the Government of Ontario.

(In thousands of Canadian dollars, unless otherwise stated)

9. Financial risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that theScore will not be able to meet its financial obligations as they fall due. theScore has the following firm commitments under agreements:

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
Content	312	156	-	$ 468
Office lease	410	1,468	-	$ 1,878
Total	722	1,624	-	$ 2,346

As at February 28, 2015, theScore had cash and cash equivalents of $14,723 (August 31, 2014 - $21,363), accounts receivable from customers of $3,532 (August 31, 2014 - $1,472), current tax credits recoverable of nil (August 31, 2014 ï $2,060) and accounts payable and accrued liabilities to third parties of $3,039 (August 31, 2014 - $3,052). Accounts payable and accrued liabilities have contracted maturities of less than three months. On March 5, 2015 theScore announced that it closed an offering whereby it sold 39.56 million Units, each unit consisting of one Class A share and one-half of one Class A share purchase warrant, for gross proceeds of $26.5 million. See Subsequent Event note 13.

Management prepares budgets and cash flow forecasts to assist in managing liquidity risk. theScore has a history of operating losses, and can be expected to generate continued operating losses and negative cash flows in the future while it carries out its current business plan to further develop and expand its digital media business. While theScore can utilize its cash and cash equivalents to fund its operating and development expenditures, it does not have access to committed credit facilities or other committed sources of funding, and depending upon the level of expenditures and whether profitable operations can be achieved, may be required to seek additional funding in the future.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices and interest rates, will affect theScore's income or the value of its holdings of financial instruments.

The Company does not engage in risk management practices such as hedging or use of derivative instruments.

9. Financial risk management (continued):

theScore's head office is located in Canada. Some of theScore's customers and suppliers are based in Canada and, therefore, transact in Canadian dollars. Certain customers and suppliers are based outside of Canada and the associated financial assets and liabilities originate in U.S. dollars, Euros or Pounds Sterling, thereby exposing theScore to foreign exchange risk. theScore's exposure to foreign exchange risk is deemed to be low, as the net impact of foreign denominated receivables and payables has not been significant. theScore's foreign exchange gain for the three and six months ended February 28, 2015 was $120 and $152, respectively (2014 - $6 and $7). (d) Fair values:

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

The Company provides disclosure of the three level hierarchy that reflects the significance of the inputs used in making the fair value measurement. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs are based on observable market data, either directly or indirectly other than quoted prices; and
- Level 3 - inputs are not based on observable market data.

The Company has one financial asset measured on a fair value basis using Level 3 inputs being an available-for-sale financial asset, 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.

(In thousands of Canadian dollars, unless otherwise stated)

9. Financial risk management (continued):

Cash and cash equivalents:

	February 28, 2015	August 31, 2014
Cash	$ 2,712	$ 12,369
Cash equivalents:		
Government treasury bills	12,011	8,994
Total cash and cash equivalents	$ 14,723	$ 21,363

10. Share-based compensation:

(a) Stock Option Plan:

theScore has a stock option plan (the "Plan") under which the Board of Directors, or a committee appointed for such purpose, may, from time to time, grant to directors, officers and full-time employees of, or consultants to, theScore options to acquire Class A Subordinate Voting shares. Under the Plan, the exercise price of an option is based on the closing trading price on the day prior to the grant. An option's maximum term is 10 years and options generally vest in six month tranches over a period of three years. Certain of theScore's employees and consultants participate in the Plan in exchange for services provided to theScore.

The following table summarizes the status of options granted to employees of theScore under the Plan:

	Number	Exercise price	Weighted average exercise price
Outstanding options, August 31, 2014	8,810,510	0.13 - 0.18	$ 0.16
Granted October 14, 2014	5,665,000	0.29	0.29
Granted December 19, 2014	550,000	0.38	0.38
Cancelled	(300,010)	0.13 - 0.38	0.29
Exercised	(178,000)	0.13 - 0.18	0.14
Outstanding options, February 28, 2015	14,547,500		$ 0.22

Options exercisable, February 28, 2015 3,934,500

(In thousands of Canadian dollars, unless otherwise stated)

10. Share-based compensation (continued):

As at February 28, 2015, the weighted average remaining contractual life of the options exercisable and outstanding was 3.49 years. The estimated fair value of options granted during the six months ended February 28, 2015 was determined on the date of grant using the Black-Scholes option pricing model with the following assumptions

Risk-free interest rate	1%-2%
Dividend yield	-
Volatility factor of the future expected market price of common shares	86.3%
Weighted average expected life of the options	3-10 years
Fair value of each option October 14, 2014 grant	$0.18
Fair value of each option December 19, 2014 grant	$0.14

During the three and six months ended February 28, 2015 and 2014 share-based compensation recorded in connection with stock options issued by theScore included as part of personnel expenses was $274 and $450, respectively (2014 - $129 and $209).

(b) Share Purchase Plan:

The Company has a share purchase plan (the "SPP") in order to facilitate the acquisition and the retention of Class A Subordinate Voting shares by eligible participants. The SPP allows eligible participants to voluntarily join in a share purchase program. Under the terms of the SPP, eligible participants can have up to 5% of their compensation deducted from their pay to contribute towards the purchase of Class A Subordinate Voting shares of the Company. The Company makes a contribution equal to the amount of the compensation contributed by each participant. The Class A Subordinate Voting shares are purchased by an independent broker through the facilities of the TSX Venture Exchange and are held by a custodian on behalf of the SPP participants. During the three and six months ended February 28, 2015, theScore recorded an expense of $66 and $141 (2014 - $58 and $109) as part of personnel expenses within net loss, respectively, relating to its participating employees in the SPP.

(In thousands of Canadian dollars, unless otherwise stated)

11. Revenue:

theScore has two distinct sources of revenue ï advertising on its digital media products and licensing of its mobile applications. The revenue earned in the period from each of these revenue sources is as follows:

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	2015	2014
Advertising	$ 2,969	$ 1,664	$ 5,765	$ 3,544
Licensing	250	250	500	500
Total	$ 3,219	$ 1,914	$ 6,265	$ 4,044

Revenue from Canadian sources for the three and six months ended February 28, 2015 was $1,119 and $2,044, respectively (2014 - $904 and $1,868), while revenue from non-Canadian sources (predominantly USA) for the same period was $2,100 and $4,221, respectively (2014 - $1,010 and $2,176).

12. Basic and diluted loss per share:

The following table sets forth the computation of basic and diluted loss per share:

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	2015	2014
Net loss available to shareholders - basic and diluted	$ (2,845)	$ (950)	$ (4,860)	$ (3,997)
Weighted average shares outstanding ï basic and diluted	254,538,678	195,049,949	253,609,032	195,043,381
Loss per share - basic and diluted	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.02)

During the three and six months ended February 28, 2015 and 2014 there were no outstanding stock options to purchase Class A Subordinate Voting shares included in the computation of diluted loss per share as the impact would have been anti-dilutive.

13. Subsequent event

On March 5, 2015 theScore announced that it had closed a public offering of 39.56 million units at a price of 67 cents per unit for gross proceeds of $26.5 million which included the full exercise of the over-allotment option of 5.16 million units. Each unit consists of one Class A share and one-half of one Class A share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one Class A share at an exercise price of $1 at any time up to 36 months following the closing.

The proceeds, net of underwriters commissions, legal and other professional costs and listing fees is estimated to be approximately $24.8 million.

The Company has received approval from the TSX Venture Exchange to list the Class A shares and warrants on the TSX-V. The warrants are trading under the symbol SCR.WT.