



Q2 – 2019
Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended
February 28, 2019 and 2018
(Unaudited)

theScore, Inc.

Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

(unaudited)

	As at	
	February 28, 2019	August 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents (note 8)	\$ 8,297	\$ 6,347
Accounts receivable	7,663	5,839
Prepaid expenses and deposits	1,243	1,078
	<u>17,203</u>	<u>13,264</u>
Non-current assets:		
Property and equipment (note 3)	1,354	1,453
Intangible and other assets (note 4)	8,236	6,074
Tax credits recoverable (note 6)	1,616	1,616
	<u>11,206</u>	<u>9,143</u>
Total assets	<u>\$ 28,409</u>	<u>\$ 22,407</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,757	\$ 3,710
Non-current liabilities:		
Deferred lease obligation	367	415
Shareholders' equity	24,285	18,282
Commitments (note 9)		
Total liabilities and shareholders' equity	<u>\$ 28,409</u>	<u>\$ 22,407</u>

See accompanying notes to condensed consolidated interim financial statements.

theScore, Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss

Three and six months ended February 28, 2019 and 2018

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

(unaudited)

	Three months ended,		Six months ended,	
	February 28, 2019	February 28, 2018	February 28, 2019	February 28, 2018
Revenue from contracts with customers (note 11)	\$ 6,776	\$ 7,099	\$ 16,251	\$ 15,450
Operating expenses:				
Personnel	4,600	4,187	9,273	8,605
Content	509	463	1,009	925
Technology	759	775	1,469	1,442
Facilities, administrative and other	2,423	1,498	4,394	2,850
Marketing	548	561	1,083	1,367
Depreciation of property and equipment (note 3)	97	103	190	206
Amortization of intangible assets (note 4)	692	922	1,427	1,788
Stock based compensation (note 10)	126	134	245	247
	<u>9,754</u>	<u>8,643</u>	<u>19,090</u>	<u>17,430</u>
Operating loss	(2,978)	(1,544)	(2,839)	(1,980)
Finance income (expense), net	(26)	(79)	1	96
Net and comprehensive loss	<u>\$ (3,004)</u>	<u>\$ (1,623)</u>	<u>\$ (2,838)</u>	<u>\$ (1,884)</u>
Loss per share - basic and diluted (note 12)	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>

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, 2019 and 2018
(in thousands of Canadian dollars, except share amounts)
(unaudited)

	Special Voting Shares		Class A Subordinate Voting Shares		Contributed Surplus	Warrants	Deficit	Total Shareholders' Equity
	Amount	Number of Shares	Amount	Number of Shares				
Balance August 31, 2017	\$ 15	5,566	\$ 68,431	295,725,284	\$ 3,880	\$ 529	\$ (49,519)	\$ 23,336
Net and comprehensive loss	-	-	-	-	-	-	\$ (1,884)	\$ (1,884)
Stock based compensation expense (note 10)	-	-	-	-	\$ 247	-	-	\$ 247
Shares issued on exercise of stock options	-	-	24	125,000	\$ (8)	-	-	\$ 16
Balance February 28, 2018	\$ 15	5,566	\$ 68,455	295,850,284	\$ 4,119	\$ 529	\$ (51,403)	\$ 21,715
Balance August 31, 2018	\$ 15	5,566	\$ 68,923	297,055,284	\$ 4,777	\$ -	\$ (55,433)	\$ 18,282
Net and comprehensive loss	-	-	-	-	-	-	\$ (2,838)	\$ (2,838)
Stock based compensation expense (note 10)	-	-	-	-	\$ 245	-	-	\$ 245
Shares issued on exercise of stock options (note 10)	-	-	\$ 144	511,672	\$ (48)	-	-	\$ 96
Shares issued on completion of private placement (note 13)	-	-	\$ 8,500	36,956,522	-	-	-	\$ 8,500
Balance February 28, 2019	\$ 15	5,566	\$ 77,567	334,523,478	\$ 4,974	\$ -	\$ (58,271)	\$ 24,285

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,	
	2019	2018
Cash flows used in operating activities		
Net and comprehensive loss	\$ (2,838)	\$ (1,884)
Adjustments for:		
Depreciation and amortization	1,617	1,994
Stock based compensation (note 10)	245	247
	<u>(976)</u>	<u>357</u>
Change in non-cash operating assets and liabilities:		
Accounts receivable	(1,824)	(1,900)
Prepaid expenses and deposits	(165)	53
Accounts payable and accrued liabilities	47	754
Deferred lease obligation	(48)	(32)
	<u>(1,990)</u>	<u>(1,125)</u>
Net cash used in operating activities	<u>(2,966)</u>	<u>(768)</u>
Cash flows from financing activities		
Exercise of stock options	96	16
Issuance of shares, net of transaction costs (note 13)	8,500	
Net cash from financing activities	<u>8,596</u>	<u>16</u>
Cash flows used in investing activities		
Additions to property and equipment (note 3)	(91)	(22)
Additions to intangible and other assets (note 4)	(3,589)	(1,481)
Net cash used in investing activities	<u>(3,680)</u>	<u>(1,503)</u>
Increase (decrease) in cash and cash equivalents	1,950	(2,255)
Cash and cash equivalents, beginning of period	6,347	10,114
Cash and cash equivalents, end of period	<u>\$ 8,297</u>	<u>\$ 7,859</u>

See accompanying notes to consolidated interim financial statements

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

1. Nature of operations:

Business:

theScore's Inc.'s ("theScore" or the "Company") mission is to create highly-engaging digital products and content that empower the sports fan's experience. Its flagship mobile app 'theScore' is one of the most popular multi-sport news and data apps in North America, serving millions of fans a month. The Company also creates innovative digital sports experiences through its web, social and esports platforms, and in December 2018 announced plans to launch a mobile sportsbook in the United States. theScore's head office is in Toronto, Canada. Class A subordinate voting 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.

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, 2018. These accounting policies are disclosed in note 2 of theScore's annual consolidated financial statements for the year ended August 31, 2018 as well as in note 2 (a) and (b) below.

The notes presented in these interim financial statements include only significant changes and transactions occurring since August 31, 2018, 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, 2018.

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 17, 2019.

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

2. Significant accounting policies (continued):

Recent standards and amendments effective September 1, 2018:

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

In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company adopted IFRS 9 on September 1, 2018, which replaces IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39").

(i) Classification of financial assets and liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard replaces the previous classification categories of held to maturity, loans and receivables, and available for sale under IAS 39. The two principal classification categories for financial liabilities under IFRS 9 are amortized cost, and FVTPL.

For the Company's classification and measurement of financial assets and liabilities refer to note 8.

The adoption of the IFRS 9 has not had a significant impact on the Company's accounting policies for financial assets and financial liabilities.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. The new impairment model applies to financial assets carried at amortized cost and contract assets. The adoption of the new ECL impairment model has not had a significant impact on the Company's measurement of impairment losses on its financial assets carried at amortized cost and contract assets.

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

2. Significant accounting policies (continued):

(iii) Transition

As a result of the adoption of IFRS 9, there was no impact on deficit as at the date of adoption of September 1, 2018. In making this determination, we note that changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively.

(iv) Classification of financial assets and liabilities on the date of initial application of IFRS 9.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at September 1, 2018.

			Carrying amount at adoption date	
	Original classification under IAS 39	New classification under IFRS 9	Under IAS 39	Under IFRS 9
Financial assets:				
Cash and cash equivalents	Designated as FVTPL	Amortized cost	6,347	6,347
Trade and other receivables	Loans and receivables	Amortized cost	5,839	5,839
Financial liabilities:				
Accounts Payable and accrued liabilities	Amortized cost	Amortized cost	3,710	3,710

The application of IFRS 9 resulted in the classifications as set out in the table above and explained below.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified as measured at amortized cost. There was no change in the carrying amount of trade and other receivables on the date of adoption of IFRS 9 as a result of the change in classification. (See Note 8)

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

2. Significant accounting policies (continued):

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

IFRS 15 supersedes previous accounting standards for revenue, including IAS 18, Revenue (IAS 18) and IFRIC 13, Customer loyalty programme (IFRIC 13). IFRS 15 introduced a single model for recognizing revenue from contracts with customers.

This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs.

The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received 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. recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs. The Company has adopted IFRS 15 in its consolidated financial statements for the annual period beginning on September 1, 2018. The application of this new standard has no significant impact on the Company's reported results with regards to the timing of recognition and classification of revenue, and the treatment of costs incurred in acquiring customer contracts. Further, the application of IFRS 15 does not affect the Company's cash flows from operations or the methods and underlying economics through which it transacts with its customers.

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

2. Significant accounting policies (continued):

Recent standards and amendments not yet effective:

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

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

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

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

3. Property and equipment:

	Computer equipment	Office equipment	Leasehold improvements	Total
Cost				
Balance, August 31, 2018	\$ 1,840	\$ 935	\$ 1,982	\$ 4,757
Additions	54	31	6	91
Balance, February 28, 2019	\$ 1,894	\$ 966	\$ 1,988	\$ 4,848
Accumulated depreciation				
Balance, August 31, 2018	\$ 1,431	\$ 595	\$ 1,278	\$ 3,304
Depreciation	66	36	88	190
Balance, February 28, 2019	\$ 1,497	\$ 631	\$ 1,366	\$ 3,494
Carrying amounts				
Balance, August 31, 2018	\$ 409	\$ 340	\$ 704	\$ 1,453
Balance, February 28, 2019	\$ 397	\$ 335	\$ 622	\$ 1,354

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

4. Intangible and other assets:

	Product development	Trademarks & domain	Computer software	Other Assets	Total
Cost					
Balance, August 31, 2018	\$ 22,232	\$ 358	\$ 1,256	\$ -	\$ 23,846
Additions	\$ 1,596	\$ -	\$ -	\$ 1,993	\$ 3,589
Disposals	\$ (35)	\$ -	\$ -	\$ -	\$ (35)
Balance, February 28, 2019	\$ 23,793	\$ 358	\$ 1,256	\$ 1,993	\$ 27,400
Accumulated amortization					
Balance, August 31, 2018	\$ 16,348	\$ 188	\$ 1,236	\$ -	\$ 17,772
Amortization	\$ 1,399	\$ 18	\$ 10	\$ -	\$ 1,427
Disposals	\$ (35)	\$ -	\$ -	\$ -	\$ (35)
Balance, February 28, 2019	\$ 17,712	\$ 206	\$ 1,246	\$ -	\$ 19,164
Carrying amounts					
Balance, August 31, 2018	\$ 5,884	\$ 170	\$ 20	\$ -	\$ 6,074
Balance, February 28, 2019	\$ 6,081	\$ 152	\$ 10	\$ 1,993	\$ 8,236

During the three and six months ended February 28, 2019, the Company capitalized internal product development costs of approximately \$789 and \$1,596 (2018 - \$752 and \$1,452). The significant development projects for the six month period ended February 28, 2019 consisted of new social features in theScore's flagship app including public and private chat, Follow Together, as well as new features including a betting data section and a new website widget. The Company has also started developing significant new enhancements to its core technology infrastructure as well as development of its sports betting app, website and related systems and services. Other assets include payments in respect of rights and licenses under development and certain capitalized expenses in connection with the Company's sports betting business.

5. Related party transactions:

In fiscal 2013, theScore entered into a lease for a property partially owned by the Chairman and Chief Executive Officer of the Company. The aggregate rent paid during the three and six months ended February 28, 2019 amounted to \$10 and \$20 (2018 - \$10 and \$20). The payable balances as at February 28, 2019 and August 31, 2018 were nil. These transactions are recorded at the exchange amount, being the amount agreed upon between the parties.

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

6. Tax credits:

As at February 28, 2019, tax credits recoverable of \$1,616 are included in tax credits recoverable, non-current, in the consolidated statements of financial position (August 31, 2018 –\$1,616). Tax credits recoverable reflect management's best estimate of credits for which realization is reasonably assured based on consideration of both certificates of eligibility received from the Ontario Media Development Corporation ("OMDC") for specific claims and the OMDC's historical acceptance of expenditures of a similar nature for refundable credit. No tax credits were accrued during the three and six month periods ended February 28, 2019 and 2018.

7. Capital risk management:

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

theScore manages and adjusts its capital structure in consideration of changes in economic conditions and the risk characteristics of the underlying assets.

8. Financial risk management:

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

(a) Credit risk:

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

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

8. Financial risk management (continued):

Under IFRS 9, the loss allowance for trade receivables must be calculated using the expected lifetime credit loss and recorded at the time of initial recognition. The application of this new standard has no significant impact on the Company's reported results with regards to the loss allowance for trade receivables as at February 28, 2019. There is no significant effect on the carrying value of our other financial instruments under IFRS 9 related to this new requirement. As at February 28, 2019 and August 31, 2018, theScore had a loss allowance for trade receivables of \$54 and \$54, respectively.

At February 28, 2019 and August 31, 2018, \$599 and \$379, respectively, of accounts receivable were considered past due, which is defined as amounts outstanding beyond normal credit terms and conditions for respective customers that can extend up to 150 days from the date of initial invoicing. theScore believes that its allowance for doubtful accounts sufficiently reflects the related credit risk based on the nature of theScore's customers and consideration of past performance.

theScore has customer concentration risk as two customers, both programmatic networks, represented 11% and 12% of revenue, respectively, for the three months ended February 28, 2019 (February 28, 2018 – three customers, two programmatic networks and one media agency, represented 11%, 14% and 10% of revenue respectively). During the six months ended February 28, 2019 two programmatic networks, represented 13% and 13% of revenue, respectively (February 28, 2018 – two programmatic networks, represented 11% and 14% of revenue respectively).

As at February 28, 2019 one customer (a programmatic network) represented 19% of the accounts receivable balance (August 31, 2018 – two customers - 18% and 12%, one agency and one programmatic network, respectively).

(b) Liquidity risk:

Liquidity risk is the risk that theScore will not be able to meet its financial obligations as they fall due. As at February 28, 2019, theScore had cash and cash equivalents of \$8,296 (August 31, 2018 - \$6,347), accounts receivable of \$7,663 (August 31, 2018 - \$5,839, non-current tax credits recoverable of \$1,616 (August 31, 2018 - \$1,616) and accounts payable and accrued liabilities to third parties of \$3,887 (August 31, 2018 - \$3,710). Accounts payable and accrued liabilities have contracted maturities of less than three months.

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

8. Financial risk management (continued):

Management prepares budgets and cash flow forecasts to assist in managing liquidity risk. theScore has a history of operating losses, and can be expected to generate continued operating losses and negative cash flows in the future while it carries out its current business plan to further develop and expand its digital media business.

During the period the Company entered into a \$5,000 demand credit facility with a Canadian chartered bank. The credit facility is available for working capital purposes and the amount available is based on a percentage of the Company's accounts receivable and those of certain of its subsidiaries. The facility is secured by substantially all of the assets of the Company and certain of its subsidiaries.

The credit facility bears an interest rate at the lenders Prime rate plus 1.00% per annum. The credit facility is repayable on demand and is subject to certain financial covenants.

While theScore can utilize its cash, cash equivalents and demand credit facility to fund its operating and development expenditures, it does not have access to other committed sources of funding, and depending upon the level of expenditures and whether profitable operations can be achieved, may be required to seek additional funding in the future.

(c) Market risk:

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

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

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

8. 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. Total U.S. dollar denominated receivables as at February 28, 2019 and August 31, 2018 were \$3,542 and \$2,363, respectively. The Score's foreign exchange gain is included in finance income (expense) in the condensed consolidated interim statement of comprehensive income (loss), and for the three and six months ended February 28, 2019 was \$(46) and \$25 (2018 - \$(83) and \$87).

(d) Fair values:

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

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

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

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

8. Financial risk management (continued):

(e) Cash and cash equivalents:

	February 28, 2019	August 31, 2018
Cash	\$ 5,069	\$ 4,815
Cash equivalents:		
Government treasury bills and Guaranteed Investment Certificates	\$ 3,228	1,532
Total cash and cash equivalents	<u>\$ 8,297</u>	<u>\$ 6,347</u>

9. Commitments:

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

theScore has the following firm commitments under agreements:

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
Leases	\$ 952	\$ 2,513	\$ -	\$ 3,465
Other Contractual Agreements	4,926	9,829	1,300	16,055
Total	<u>\$ 5,878</u>	<u>\$ 12,342</u>	<u>\$ 1,300</u>	<u>\$ 19,520</u>

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.

The Company has entered into several new agreements relating to its sports betting business which has increased future contractual commitments.

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

10. Stock based compensation:

(a) Stock Option Plan:

theScore has a stock option plan (the "Plan") under which the Board of Directors, or a committee appointed for such purpose, may, from time to time, grant to directors, officers and full-time employees of, or consultants to, theScore options to acquire Class A Subordinate Voting shares. Under the Plan, the exercise price of an option is based on the closing trading price on the day prior to the grant. An option's maximum term is 10 years and options generally vest in six month tranches over a period of three to five 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, 2018	25,916,250	\$ 0.13 - 0.385	\$ 0.21
Granted	5,530,000	0.30	0.30
Cancelled	(2,727,082)	0.145 - 0.31	0.22
Exercised	(511,672)	0.145 - 0.31	0.24
Outstanding options, February 28, 2019	28,207,496	\$ 0.13 - 0.385	\$ 0.22

Options exercisable, February 28, 2019	16,682,003	\$ 0.13 - 0.385	\$ 0.23
--	------------	-----------------	---------

The following table summarizes the range of exercise prices and the weighted average prices of outstanding and exercisable options as at February 28, 2019.

Exercise price	Options outstanding	Options exercisable	Weighted average exercise
\$ 0.13	2,628,334	2,628,334	\$ 0.13
0.145	6,725,000	1,638,692	0.145
0.18	2,686,665	2,686,665	0.18
0.21	2,840,830	1,881,645	0.21
0.29	3,133,333	3,133,333	0.29
0.30	5,480,000	-	0.30
0.31	4,513,334	4,513,334	0.31
0.385	200,000	200,000	0.385
	28,207,496	16,682,003	\$ 0.23

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

10. Stock based compensation (continued):

As at February 28, 2019, the weighted average remaining contractual life of the options exercisable and outstanding is estimated to be 2.43 and 2.84 years, respectively. The estimated fair value of options granted during the six months ended February 28, 2019 and February 28, 2018 was determined on the date of grant using the Black-Scholes option pricing model with the following assumptions

	Six Months Ended,	
	February 28, 2019	February 28, 2018
Fair value of options	\$0.14-0.25	\$0.06-0.11
Exercise price	\$0.30	\$0.145
Risk-free interest rate	1% - 2%	3% - 4%
Dividend yield	—	—
Volatility factor of the future expected market price of shares	81%	68%
Weighted average expected life of the options	3 - 10 years	3 - 10 years

During the three and six months ended February 28, 2019, share-based compensation recorded in connection with stock options issued by theScore was \$126 and \$245, respectively (2018 - \$134 and \$247).

(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, 2019, theScore recorded an expense of \$131 and \$232, as part of personnel expenses, relating to its participating employees in the SPP (2018 - \$114 and \$229).

theScore, Inc.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

Three and six months ended February 28, 2019 and February 28, 2018 (unaudited)

11. Revenue:

Revenue from Canadian sources for the three and six months ended February 28, 2019 was \$2,543 and \$6,098, respectively (2018 - \$2,452 and \$5,064), while revenue from non-Canadian sources (predominantly USA) for the same period was \$4,233 and \$10,153, respectively (2018 - \$4,647 and \$10,386).

12. Basic and diluted loss per share:

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

	Three months ended,		Six months ended,	
	February 28, 2019	February 28, 2018	February 28, 2019	February 28, 2018
Net loss attributable to shareholders - basic and diluted	\$ (3,004)	\$ (1,623)	\$ (2,838)	\$ (1,884)
Weighted average shares outstanding – basic and diluted	307,039,855	295,833,800	306,999,198	295,821,693
Loss per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

During the three months ended February 28, 2019 and 2018 there were no outstanding stock options or warrants included in the computation of diluted loss per share as the impact would have been anti-dilutive.

13. Capital:

Private placement offering:

On November 6, 2018 theScore announced that it closed non-brokered private placement offering whereby it issued 36,956,522 million Class A Subordinate Voting shares at a price per share of \$0.23 for net proceeds of \$8,500. Entities controlled and directed by theScore's Chairman and Chief Executive Officer and a director of theScore participated in the private placement, purchasing 13,043,481 and 13,043,478 shares respectively.