

**BREAKING DATA CORP.**

**INTERIM UNAUDITED CONDENSED  
CONSOLIDATED  
FINANCIAL STATEMENTS**

Six month periods  
September 30, 2017 and 2016

## **Notice Pursuant to National Instrument 51-102 – Continuous Disclosure Obligations**

The accompanying interim unaudited condensed consolidated financial statements of Breaking Data Corp. have been prepared by and are the responsibility of management. The Company's independent auditors have not performed a review of these interim unaudited condensed consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for review of interim financial statements.

## Breaking Data Corp.

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

(Expressed in United States Dollars (Note 2))

	As at September 30, 2017	As at March 31, 2017
<b>ASSETS</b>	\$	\$
<b>Current assets</b>		
Cash	2,017,444	266,447
Trade and other receivables	1,246,141	940,308
Prepaid expenses, deposits and other assets	262,448	63,626
	<b>3,526,033</b>	1,270,380
Equipment, net of depreciation (Note 4)	32,465	21,540
Intangible assets (Note 5)	72,099	-
Goodwill and other intangibles (Note 3)	23,909,797	-
	<b>27,540,394</b>	1,291,920
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables and accrued liabilities (Note 14)	940,808	2,041,335
Deferred revenue	51,180	-
Debentures (Note 6)	278,032	1,519,438
	<b>1,270,020</b>	3,560,773
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Share capital (Note 7)	31,746,526	6,247,296
Warrants (Note 9)	5,340,975	-
Contributed surplus (Note 8 and 10)	2,349,678	515,178
Equity portion of convertible debentures (Note 6)	-	208,678
Deficit	(13,362,791)	(9,270,261)
Accumulated other comprehensive income (Note 2)	195,986	30,256
	<b>26,270,374</b>	(2,268,853)
	<b>27,540,394</b>	1,291,920

#### COMMITMENTS (Note 16)

#### SUBSEQUENT EVENTS (Note 17)

ON BEHALF OF THE BOARD:

"Marvin Igelman"

"Roger Mitchell"

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

## Breaking Data Corp.

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (unaudited) (Expressed in United States Dollars (Note 2))

	3 months ended September 30, 2017	3 months ended September 30, 2016	6 months ended September 30, 2017	6 months ended September 30, 2016
	\$	\$	\$	\$
<b>Revenue</b>	<b>1,741,518</b>	996,388	<b>3,264,123</b>	1,955,768
Cost of Goods Sold	<b>939,375</b>	384,368	<b>1,660,123</b>	898,378
<b>Gross Margin</b>	<b>802,143</b>	612,021	<b>1,604,000</b>	1,057,391
<b>Expenses</b>				
General and administrative	<b>401,045</b>	138,214	<b>676,869</b>	217,998
Salaries and subcontractors <i>(Note 14)</i>	<b>1,502,253</b>	506,621	<b>2,551,348</b>	1,080,409
Stock-based compensation	<b>993,217</b>	14,351	<b>1,028,832</b>	14,351
Professional fees	<b>138,226</b>	39,796	<b>263,781</b>	83,128
Sales and marketing	<b>120,713</b>	70,265	<b>253,269</b>	144,905
Accretion on debentures <i>(Note 6)</i>	-	5,170	<b>172,811</b>	10,675
Interest and financing fees <i>(Note 6)</i>	<b>4,791</b>	44,141	<b>8,886</b>	67,670
Foreign exchange gains (losses)	<b>35,647</b>	2,384	<b>28,668</b>	(7,589)
Amortization of intangibles <i>(Note 5)</i>	<b>4,806</b>	-	<b>9,262</b>	-
Depreciation of equipment <i>(Note 4)</i>	<b>2,416</b>	11,228	<b>6,469</b>	24,269
<b>Total Expenses</b>	<b>3,203,114</b>	832,170	<b>5,000,195</b>	1,635,816
<b>NET LOSS FOR THE PERIOD PRIOR TO TRANSACTION AND ACQUISITION COSTS</b>	<b>(2,400,971)</b>	(220,149)	<b>(3,396,195)</b>	(578,425)
Transaction and acquisition costs <i>(Note 12)</i>	-	-	<b>696,335</b>	-
<b>NET LOSS FOR THE PERIOD</b>	<b>(2,400,971)</b>	(220,149)	<b>(4,092,530)</b>	(578,425)
Cumulative translation adjustment	<b>149,512</b>	33,237	<b>165,730</b>	551,171
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(2,251,459)</b>	(186,912)	<b>(3,926,800)</b>	(27,254)
<b>Basic and diluted loss per share</b> <i>(Note 11)</i>	<b>(0.09)</b>	(0.02)	<b>(0.15)</b>	(0.04)
<b>Weighted average number of shares</b>	<b>27,653,958</b>	13,559,735	<b>26,751,112</b>	13,559,735

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Breaking Data Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) (unaudited)

For the periods ended September 30, 2017 and 2016

(Expressed in Unites States Dollars (Note 2))

	Common Shares Number	Common Shares \$	Warrants \$	Contributed Surplus \$	Equity component of convertible debt \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total Shareholders' Equity (Deficit) \$
<b>Balance, March 31, 2016</b>	<b>13,559,735</b>	<b>6,247,296</b>	-	<b>489,749</b>	<b>50,980</b>	<b>(581,281)</b>	<b>(7,481,790)</b>	<b>(1,275,046)</b>
Stock-based compensation <i>(Note 10)</i>	-	-	-	14,351	-	-	-	14,351
Issuance of convertible debentures <i>(Note 6)</i>	-	-	-	-	6,345	-	-	6,345
Cumulative translation adjustment	-	-	-	-	-	551,171	-	551,171
Net loss for the period	-	-	-	-	-	-	(578,425)	(578,425)
								-
<b>Balance, September 30, 2016</b>	<b>13,559,735</b>	<b>6,247,296</b>	-	<b>504,100</b>	<b>57,325</b>	<b>(30,110)</b>	<b>(8,060,215)</b>	<b>(1,281,604)</b>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

## Breaking Data Corp.

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) (unaudited) For the periods ended September 30, 2017 and 2016 (Expressed in Unites States Dollars (Note 2))

	Common Shares Number	Common Shares \$	Warrants \$	Contributed Surplus \$	Equity component of convertible debt \$	Accumulated other comprehensive income \$	Deficit \$	Total Shareholders' Equity (Deficit) \$
<b>Balance, March 31, 2017</b>	<b>13,559,735</b>	<b>6,247,296</b>	<b>-</b>	<b>515,178</b>	<b>208,678</b>	<b>30,256</b>	<b>(9,270,261)</b>	<b>(2,268,853)</b>
Exercise of stock options	315,670	217,519	-	(163,198)	-	-	-	54,321
Shares issued for conversion of SNM debt on April 11, 2017 (Note 3)	304,534	518,302	-	-	(157,697)	-	-	360,605
Shares issued related to Reverse take over transaction on April 11, 2017 (Note 3)	11,834,124	21,934,407	4,324,935	968,867	(50,981)	-	-	27,177,227
Shares issued related to financing on April 11, 2017, net of issue costs (Note 7)	1,250,000	3,112,892	-	-	-	-	-	3,112,892
625,000 warrants issued for shares related to financing on April 11, 2017 (Note 7)	-	(944,425)	944,425	-	-	-	-	-
200,000 shares issued for advisory services related to financing on April 11, 2017 (Note 7)	200,000	370,698	-	-	-	-	-	370,698
131,250 broker warrants 131,250 shares issued related to financing on April 11, 2017 (Note 7)	-	(124,826)	124,826	-	-	-	-	-
Exercise of warrants (Note 7)	91,248	217,089	(53,211)	-	-	-	-	163,878
Shares issued for payment of accounts payable	121,359	197,575	-	-	-	-	-	197,575
Stock-based compensation (Note 10)	-	-	-	1,028,832	-	-	-	1,028,832
Cumulative translation adjustment	-	-	-	-	-	165,730	-	165,730
Net loss for the period	-	-	-	-	-	-	(4,092,530)	(4,092,530)
<b>Balance, September 30, 2017</b>	<b>27,676,670</b>	<b>31,746,526</b>	<b>5,340,975</b>	<b>2,349,678</b>	<b>-</b>	<b>195,986</b>	<b>(13,362,791)</b>	<b>26,270,374</b>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

**Breaking Data Corp.**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**  
**(Expressed in Unites States Dollars (Note 2))**

	6 months ended September 30, 2017	6 months ended September 30, 2016
	\$	\$
<b>CASH FLOWS FROM:</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(4,092,530)	(578,425)
Items not affecting cash		
Amortization of intangible assets <i>(Note 5)</i>	9,262	-
Depreciation of equipment <i>(Note 4)</i>	6,469	24,269
Accretion of debentures <i>(Note 6)</i>	172,811	10,675
Stock-based compensation <i>(Note 8 and 10)</i>	1,028,832	14,351
Common shares issued for advisory services	370,698	-
Net change in non-cash working capital items related to operations <i>(Note 13)</i>	(1,418,262)	343,286
Cash used in operating activities	(3,922,720)	(185,845)
<b>FINANCING ACTIVITIES</b>		
Proceeds from debentures <i>(Note 6)</i>	-	46,407
Repayment of debentures <i>(Note 6)</i>	-	(14,355)
Proceeds from exercised options <i>(Notes 7)</i>	54,321	-
Proceeds from exercised warrants <i>(Notes 7)</i>	163,878	-
Proceeds from the issuance of common shares and share purchase warrants, net of issuance costs <i>(Note 7)</i>	3,112,892	-
Cash provided by financing activities	3,331,090	32,052
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(16,097)	(3,410)
Cash acquired from business combination <i>(Note 3)</i>	2,077,727	-
Cash provided by (used) in investing activities	2,061,630	(3,410)
<b>EFFECT OF CURRENCY TRANSLATION</b>	<b>280,997</b>	<b>(13,650)</b>
<b>INCREASE IN CASH FOR THE PERIOD</b>	<b>1,750,997</b>	<b>(170,853)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>266,447</b>	<b>240,875</b>
<b>CASH, END OF PERIOD</b>	<b>2,017,444</b>	<b>70,022</b>

The accompanying notes are an integral part of these interim unaudited consolidated financial statements

**BREAKING DATA CORP.**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the period ended September 30, 2017 and 2016**  
**(Expressed in United States Dollars (NOTE 2))**

**1. BASIS OF PRESENTATION**

**Nature of operations**

Breaking Data Corp. ("BDC" or the "Company") is a technology provider of a range of Artificial Intelligence ("AI") services including; semantic search, machine learning and natural language processing ("NLP"). The Company's technology platform has many practical applications, in multiple business and consumer verticals that are immersed in massive media and data rich settings. The Company's showcase app, BreakingSports, utilizes AI, semantic machine learning and NLP to track social media in a fully automated, real-time manner for significant sports information and events and distributes summarized information through real-time push notifications to consumers.

On April 11, 2017, the Company completed the acquisition of Sports New Media Holdings Limited ("SNM"). The transaction was effected by way of securities exchange between the Company and SNM. Concurrent with the closing of this transaction the Company also completed a financing for \$3,751,500 (\$5,000,000 CAD) with issuance of 1,250,000 units at a price of \$3.00 (\$4.00 CAD). In addition, each option to purchase SNM shares outstanding on the date of the transaction was exchanged for options of the Company. Upon completion of this transaction, the Company owns 100% of the issued and outstanding shares of SNM. SNM is a technology company with a focus on content business that owns and operates the website [www.givemesport.com](http://www.givemesport.com), a leading content provider of sports news. SNM conducts its operations through two wholly owned subsidiaries, Sports New Media Ltd. And Sports New Media Inc. Pursuant to the share exchange, the Company was identified as the acquiree for accounting purposes and the transaction constituted a reverse take-over of Breaking Data Corp. and was accounted for as a business combination. (Note 3). As such, the comparative period and balances in these interim unaudited condensed consolidated financial statements are that of SNM.

The consolidated condensed financial statements of the Company comprise the accounts of Breaking Data Inc., Devesys Technologies Inc. ("DTI"), Poynt Inc., Sports New Media Holdings Limited ("SNM") and DSMIC Inc. ("DSMIC"), the Company's wholly-owned subsidiaries, as well as Unomobi Inc., Innovation Funds III Inc., Sports New Media Limited and Sports New Media Inc., additionally 100% owned subsidiaries and holding companies of the main subsidiaries noted above.

The registered and head office of the Company is located at 64 Jardin Drive, Suite 2A, Concord, Ontario, L4K 3P3.

**BREAKING DATA CORP.**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the period ended September 30, 2017 and 2016**  
**(Expressed in United States Dollars (NOTE 2))**

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These unaudited interim condensed consolidated financial statements of the Company have been prepared in Accordance with International Financial Reporting Standards 34 “Interim Financial Reporting {IAS 34}. The notes presented in these unaudited interim consolidated financial statements include only significant events and transactions occurring since the last fiscal year end and are not fully inclusive of all matters required to be disclosed in our annual audited consolidated financial statements.

The policies applied in these unaudited interim condensed consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accompanying interim unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on November 29, 2017.

**Principles of Consolidation**

These interim unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Breaking Data Inc., Poynt Inc., Unomobi Inc., Innovation Fund III LLC, Devesys Technologies Inc., Sports New Media Holdings Limited, Sports New Media Limited, Sports New Media Inc., and DISMIC, Inc., from their respective dates of acquisition. All intercompany balances and transactions have been eliminated upon consolidation.

**Basis of Presentation**

The accompanying interim unaudited condensed consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified at fair value through profit or loss (“FVTPL”) which are stated at fair value. The accounting policies have been applied consistently to the accounting policies outlined in the annual consolidated financial statements of Sports New Media Holdings Ltd. for the year ended March 31, 2017, with the exception of the change in presentation currency (see note 2 – Presentation Currency and Functional Currency and Accounting for Business Combination).

**Presentation Currency and Functional Currency**

For the six months ended September 30, 2017, the presentation currency of the Company changed from Canadian Dollar (“CAD”) to U.S Dollar (“USD”), SNM previously reported using British Pounds. The change in presentation currency is to better reflect the Company’s business activities in conjunction with the acquisition of Sports New Media Holdings Limited (“SNM”), and management believes that the change in presentation currency will improve investors’ ability to compare the Company’s financial results with other publicly traded businesses in the industry. The comparative financial statements are represented in USD which has been applied retroactively.

## BREAKING DATA CORP.

### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the period ended September 30, 2017 and 2016 (Expressed in United States Dollars (NOTE 2))

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's presentation currency is the USD. The functional currency of the Company and its subsidiary Poynt is the CAD. The functional currency of the subsidiaries DTI is the US dollar. The functional currency of the acquired companies Sports New Media Holdings Ltd, Sports New Media Ltd, and Sports New Media Inc, is the British Pound. Where the functional currency of a subsidiary is different than the presentation currency, assets and liabilities have been translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (the average for the period). All resulting exchange rate differences are recorded in the accumulated and other comprehensive surplus.

#### **Accounting for Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition-date fair values of the assets transferred and liabilities assumed by the Company, liabilities incurred by the Company to former owners of the acquiree in exchange for control of the acquiree. Acquisition-related costs are recognized in the statement of loss and comprehensive loss as incurred. At the acquisition date, the identifiable assets acquired, liabilities and contingent liabilities assumed are recognized at their fair values, except for deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 Income tax.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the statement of loss and comprehensive loss as a bargain purchase gain.

#### **Recent accounting pronouncements**

IFRS 9 was initially issued in November 2009 and issued in its final form in July 2014, and will replace IAS 39 Financial instruments: Recognition and measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The effective date of IFRS 9 is January 1, 2018. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the year beginning January 1, 2018 and has not yet considered the potential impact of the adoption of IFRS 16.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 is effective for periods beginning on or after January 1, 2018 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. Management is in the process of determining the extent of the impact of adoption of IFRS 15 and the possibility of early adoption.

**BREAKING DATA CORP.**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the period ended September 30, 2017 and 2016**  
**(Expressed in United States Dollars (NOTE 2))**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

IFRS 16, "Leases", will be effective for annual periods beginning on or after January 1, 2019. The most significant change introduced by IFRS 16 is a single lessee accounting model, bringing leases on balance sheet for lessees. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the year beginning January 1, 2019 and has not yet considered the potential impact of the adoption of IFRS 16.

**3. REVERSE TAKEOVER TRANSACTION ("RTO")**

On April 11, 2017, the Company completed a transaction where it acquired Sports New Media Holdings Limited ("SNM"). The transaction was effected by way of securities exchange between the Company and SNM. Pursuant to the securities exchange, on closing of the transaction, an aggregate of 18,779,601 common shares of the Company were issued in exchange for all of the issued and outstanding shares of SNM, conversion of SNM convertible debt, exercise of SNM stock options and the acquisition of DSMIC, Inc. ("DSMIC"). In addition, each option to purchase SNM shares outstanding on the date of the transaction was exchanged for options of the Company. Upon completion of this transaction, the Company owns 100% of the issued and outstanding shares of SNM.

In connection with the transaction the following occurred:

(a) Immediately prior to the closing of the transaction;

- 304,534 common shares were issued upon conversion of SNM convertible debt with a face value of \$360,605.
- 4,599,662 common shares were issued for the acquisition of DSMIC by Breaking Data. DSMIC holds a CAD\$1,750,000 debenture which was convertible into common shares of SNM (Note 6). Upon closing of the transaction, the debenture is eliminated upon consolidation. As a result of Breaking Data acquiring DSMIC, these common shares were included in the 11,834,124 issued in the reverse takeover.
- 315,670 common shares were issued for the exercise of stock options.

(b) On April 11, 2017, the Company completed the acquisition of Sports New Media Holdings Limited ("SNM"). The transaction was effected by way of a securities exchange between the Company and SNM and constituted a reverse take-over transaction. Pursuant to the securities exchange, on closing of the reverse takeover transaction, the issuance of the following securities occurred:

- An aggregate of 11,834,124 common shares of the Company were issued at a notional value of \$1.85 (\$2.47 CAD) per common share. The notional price paid for the common shares was determined based on the estimated fair value of common shares issued in the concurrent financing.
- An aggregate of 2,945,950 warrants ("RTO replacement warrants") consisting of 2,751,506 warrants and 194,444 finders warrants with exercise prices ranging from \$1.80 - \$2.85 (\$2.40 - \$3.80 CAD) per share expiring between November 30, 2017 and October 31, 2018 (Note 9).
- An aggregate of 662,500 options ("RTO replacement options") with exercise prices ranging from \$1.88 - \$4.65 (\$2.50 - \$6.20 CAD) per share expiring between October 15, 2018 and September 30, 2021 (Note 8).

## BREAKING DATA CORP.

### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the period ended September 30, 2017 and 2016 (Expressed in United States Dollars (NOTE 2))

#### 3. REVERSE TAKEOVER TRANSACTION ("RTO") (continued)

- Pursuant to a consulting agreement, the Company issued 200,000 shares at a fair value of \$1.85 (\$2.47 CAD) which was recorded as share capital. In addition, the Company and paid a fee of \$150,060 (\$200,000 CAD) to an advisory of the Company which was recorded in the unaudited interim condensed consolidated statement of loss and comprehensive loss and as part of Transaction and Acquisition costs.
- On April 13, 2017, the Company completed the consolidation of its shares approved at the annual general and special meeting of the shareholders of the Company held on March 31, 2017. Pursuant to the Consolidation, the Shares were consolidated on the basis of one post-consolidation share for every ten pre-consolidation shares. These interim unaudited condensed consolidated financial statements reflect the share consolidation.

#### **Concurrent Financing**

On March 17, 2017, and April 6, 2017 the Company closed two tranches of private placement financing. The Company issued 1,000,000 and 250,000 subscription receipts of the Company at a price of \$3.00 (\$4.00 CAD) per Subscription Receipt. Collectively under the first and second tranche of the private placement financing the Company issued 1,250,000 subscription receipts of the Company for aggregate gross proceeds of \$3,751,500 (\$5,000,000 CAD).

The Offering was completed in connection with the Company's acquisition of SNM. Each Subscription Receipt converted to one unit (a "Unit") of Breaking Data Corp, immediately following the completion of the Transaction on April 11, 2017. Each Unit is comprised of one common share of and one-half of one warrant, with each whole warrant exercisable into a common share for 24 months at an exercise price of \$5.25 (\$7.00 CAD) per share.

The Agents were paid a cash commission equal to 7% of the gross proceeds raised under the Offering. In addition, the Agents were issued compensation options equal in number to 7% of the total number of Subscription Receipts sold pursuant to the Offering, each compensation option entitling the holder to acquire one Unit at an exercise price of \$3.00 (\$4.00 CAD) per Unit for a period of two years from the date of issuance.

An aggregate of 1,250,000 Shares and 625,000 warrants and 131,250 finders warrants to purchase common shares were issued on conversion of the 1,250,000 outstanding subscription receipts.

#### **Accounting**

Pursuant to the share exchange, the Company was identified as the acquiree for accounting purposes and transaction constituted a reverse take-over of Breaking Data Corp. and was accounted for as a reverse takeover transaction in accordance with IFRS 3 Business Combinations. Breaking Data Corp. qualifies as a business according to the definition of IFRS 3. In accordance with IFRS 3 Business Combinations, the acquisition was accounted for using the purchase method. The preliminary allocation of the purchase price to the estimated fair value of net assets acquired as follows:

**BREAKING DATA CORP.**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the period ended September 30, 2017 and 2016**  
**(Expressed in United States Dollars (NOTE 2))**

**3. REVERSE TAKEOVER TRANSACTION (“RTO”) (continued)**

**Purchase price:**

Common shares	\$	21,934,407
Warrants		4,324,935
Common share purchase options		917,886

<b>Total purchase price</b>	<b>\$</b>	<b>27,177,228</b>
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**Fair Value of assets acquired and liabilities assumed:**

Cash	\$	2,077,727
Accounts Receivable		133,959
Debenture and accrued interest (Note 6)		1,363,607
Prepaid expenses and deposits		126,668
Deferred patent costs		74,498
Accounts payable and accrued liabilities		(164,716)
Deferred revenue		(85,458)
Debentures (Note 6)		(258,854)

<b>Net assets acquired and liabilities assumed</b>		<b>3,267,431</b>
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<b>Fair value of goodwill and other intangibles</b>	<b>\$</b>	<b>23,909,797</b>
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At September 30, 2017 the allocation of the purchase consideration has not been finalized and is still based on preliminary estimates in regards to the fair value of the assets acquired. The acquired goodwill is primarily related to proprietary technology, personnel and the value attributed to the synergies of acquiring a company.

The actual fair value of the goodwill and other intangibles may differ from the amount disclosed in the preliminary purchase price allocation and is subject to change. Management intends to complete a formal valuation assessment of the purchase price allocation prior to the Company's fiscal year ended March 31, 2018.

BREAKING DATA CORP.

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
 For the period ended September 30, 2017 and 2016  
 (Expressed in United States Dollars (NOTE 2))

	<b>Total Equipment \$</b>
<b>4. EQUIPMENT</b>	
<b>Cost</b>	
<b>As at March 31, 2016</b>	<b>209,525</b>
Additions	9,508
Write down of fully depreciated assets	(3,338)
Foreign translation adjustment	(27,145)
<b>As at March 31, 2017</b>	<b>188,550</b>
Additions	16,097
Write down of fully depreciated assets	(126,976)
Foreign translation adjustment	7,998
<b>As at September 30, 2017</b>	<b>85,669</b>
<b>Accumulated Depreciation</b>	
<b>As at March 31, 2016</b>	<b>146,379</b>
Depreciation	41,165
Foreign translation adjustment	(20,533)
<b>As at March 31, 2017</b>	<b>167,011</b>
Depreciation	6,469
Write down of fully depreciated assets	(125,735)
Foreign translation adjustment	5,459
<b>As at September 30, 2017</b>	<b>53,204</b>
<b>Net Book Value</b>	
<b>As at March 31, 2017</b>	<b>21,540</b>
<b>As at September 30, 2017</b>	<b>32,465</b>

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	<b>Total Deferred Patent Costs \$</b>
<b>5. INTANGIBLE ASSETS</b>	
<b>Cost</b>	
<b>As at March 31, 2016</b>	-
<b>As at March 31, 2017</b>	-
Acquired through reverse take-over transaction	74,498
Additions	1,656
Foreign translation adjustment	5,607
<b>As at September 30, 2017</b>	<b>81,761</b>
<b>Accumulated Amortization</b>	
<b>As at March 31, 2016</b>	-
<b>As at March 31, 2017</b>	-
Amortization	9,262
Foreign translation adjustment	400
<b>As at September 30, 2017</b>	<b>9,662</b>
<b>Net Book Value</b>	
<b>As at March 31, 2017</b>	-
<b>As at September 30, 2017</b>	<b>72,099</b>

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**6. DEBENTURES**

<b>Debenture date</b>	<b>January 27 to February 29, 2016 (a)</b>	<b>October 18, 2016 (b)</b>	<b>December 15, 2016 (b)</b>	<b>April 11, 2017 (c)</b>	<b>Total</b>
<b>Balance, March 31, 2016</b>	<b>288,918</b>	-	-	-	<b>288,918</b>
Face value of debenture upon issuance	47,455	568,578	825,789	-	1,441,821
Less: Discount	(19,947)	(60,827)	(81,371)	-	(162,145)
Book value of debenture upon initial recognition	316,426	507,751	744,418	-	1,568,594
Accretion expense during year	15,863	14,521	13,924	-	44,308
Foreign currency translation	(38,916)	(22,246)	(32,302)	-	(93,464)
<b>Balance, March 31, 2017</b>	<b>293,372</b>	<b>500,026</b>	<b>726,040</b>	-	<b>1,519,438</b>
Accretion expense during the period	61,777	45,199	65,834	-	172,811
Foreign currency translation	(2,594)	(3,036)	(4,412)	-	(10,043)
	352,555	542,189	787,462	-	1,682,206
Conversion of debt on business combination and elimination (Note 3)	(352,555)	(542,189)	(787,462)	-	(1,682,206)
Retained through business combination (Note 3)				258,854	258,854
Foreign currency translation				19,178	19,178
<b>Balance, September 30, 2017</b>	-	-	-	<b>278,032</b>	<b>278,032</b>

- (a) During the year ended March 31, 2017, the Company issued \$47,455 of convertible debentures. The debentures bear interest at 10% per annum, payable quarterly maturing on December 31, 2018. The Company used the residual method to allocate the liability and equity portion of the convertible debentures. The fair value of the liability was measured using a discounted cash flow method using an estimated cost of borrowing of 18%.

In connection with the reverse takeover transaction, the debenture was converted into common 304,534 common shares of the Company (Note 3). A residual amount of \$157,697 was transferred from equity component of convertible debt to share capital. The company recorded accretion expense totaling \$61,777 during the period representing the amount to fully accrete all of the debentures to face value prior to conversion.

- (b) During the year ended March 31, 2017, the Company issued a \$1,394,367 (\$1,750,000 CAD) bridge convertible note to DSMIC Inc. ("DSMIC") based in Canada with 10% interest per annum, payable quarterly. The Company received the first tranche of \$568,578 (\$700,000 CAD) on October 18, 2016 and the second tranche of \$825,789 (\$1,050,000 CAD) on December 15, 2016.

The Company used the residual method to allocate the liability and equity portion of the convertible debentures. The fair value of the liability was measured using a discounted cash flow method using an estimated cost of borrowing of 18%.

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**6. DEBENTURES (continued)**

A residual amount of \$50,981 was transferred from equity component of convertible debt to share capital. The company recorded accretion expense totaling \$111,033 during the period representing the amount to fully accrete all of the debentures to face value prior to conversion.

(c) As part of the reverse takeover transaction, the Company retained a convertible debenture in the net amount of \$278,032 (\$345,000 CAD). The debenture has a term of one year, interest at 8% per annum, convertible into units of the Company at \$2.63 (\$3.50 CAD) per unit, with each unit comprised of one common share and one-half warrant, with each full warrant exercisable into a common share at an exercise price of \$3.75 (\$5.00 CAD) per share for a period of 12 months from conversion of the debenture. The debenture was due on January 18, 2017 and is now in default. The lender has agreed to extend the debenture on a month to month basis with interest.

**7. SHARE CAPITAL**

Authorized - Unlimited common shares

**Issued and outstanding**

	Number of shares #	Amount \$
<b>Balance, March 31, 2016 and 2017</b>	<b>13,559,735</b>	<b>6,247,296</b>
Exercise of stock options	315,670	217,519
Shares issued for conversion of SNM debt (b)	304,534	518,302
Reverse takeover transaction <sup>(a)</sup>	11,834,124	21,934,407
Private placement financing, net of issue costs <sup>(b)</sup>	1,250,000	3,112,892
Warrants issued related to financing <sup>(b)</sup>	-	(944,425)
Broker warrants issued related to financing (b)	-	(124,826)
Shares issued for advisory services (c)	200,000	370,698
Shares issued for payment of accounts payable (e)	121,359	197,575
Warrants exercised (f)	91,248	217,089
<b>Balance, September 30, 2017</b>	<b>27,676,670</b>	<b>31,746,526</b>

(a) On April 11, 2017, the Company completed the acquisition of Sports New Media Holdings Limited ("SNM"). The transaction was effected by way of a securities exchange between the Company and SNM and constituted a reverse take-over transaction. Pursuant to the securities exchange, on closing of the reverse takeover transaction, the following occurred:

- an aggregate of 11,834,124 common shares of the Company were issued at a notional value of \$1.85 (\$2.47 CAD) per share

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- 304,534 common shares of the Company were issued upon conversion of SNM convertible debt with a face value of \$360,605. A residual value of \$157,697 was transferred from equity component of convertible debt to share capital on conversion of this debt.

- (b) On March 17, 2017, the Company closed the first tranche of private placement financing. The Company issued 1,000,000 subscription receipts of the Company at a price of \$3.00 (\$4.00 CAD) per Subscription Receipt to raise aggregate gross proceeds of \$3,000,000 (\$4,000,000 CAD).

The financing was completed in connection with the Company's acquisition of SNM. Each Subscription Receipt automatically converted into one unit (a "Unit") of Breaking Data Corp, immediately following the completion of the transaction on April 11, 2017. Each Unit is comprised of one common share of and one-half of one warrant, with each whole warrant exercisable into a common share for 24 months at an exercise price of \$5.25 (\$7.00 CAD) per share.

The Agents were paid a cash commission equal to 7% of the gross proceeds raised. In addition, the Agents were issued compensation options equal in number to 7% of the total number of Subscription Receipts sold, each compensation option entitling the holder to acquire one Unit at an exercise price of \$3.00 (\$4.00 CAD) per Unit for a period of two years from the date of issuance.

On April 6, 2017, the Company closed the second tranche of private placement financing. The Company issued 250,000 subscription receipts of the Company at a price of \$3.00 (\$4.00 CAD) per subscription receipt to raise aggregate gross proceeds of \$750,000 (\$1,000,000 CAD). Collectively under the first and second tranche of the private placement financing the Company issued 1,250,000 subscription receipts of the Company for aggregate gross proceeds of \$4,000,000 (\$5,000,000 CAD).

The financing was completed in connection with the Company's acquisition of SNM. Each Subscription Receipt automatically converted into one unit of the Company immediately following the completion of the transaction on April 11, 2017. Each Unit is comprised of one common share and one-half of one warrant, with each whole warrant exercisable into a common share of BKD until April 6, 2019 at an exercise price of \$5.25 (\$7.00 CAD) per share.

The Agents were paid a cash commission equal to 7% of the gross proceeds raised. In addition, Agents were issued compensation options equal in number to 7% of the total number of Subscription Receipts sold pursuant to the Offering, each compensation option entitling the holder to acquire one Unit at an exercise price of \$3.00 (\$4.00 CAD) per Unit until April 6, 2019.

- (c) In connection with the Transaction, and pursuant to a consulting agreement, the Company issued 200,000 shares and were issued at a deemed price of \$1.86 (\$2.47 CAD). In addition, the Company paid a fee of \$150,060 (\$200,000 CAD) to an advisory of the Company which was recorded in Transaction and Acquisition costs in the interim unaudited condensed consolidated statement of loss and comprehensive loss
- (d) On April 13, 2017, the Company completed the consolidation of its shares approved at the annual general and special meeting of the shareholders of the Company held on March 31, 2017. Pursuant to the Consolidation, the Shares were consolidated on the basis of one post-consolidation share for every ten pre-consolidation shares. These interim unaudited condensed consolidated financial statements reflect the consolidation.

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- (e) On July 14, 2017, the Company issued 121,359 common shares at a deemed price of \$1.63 (\$2.06 CAD) per common share in payment of an aggregate amount of \$197,575 (\$250,000 CAD) owing by the Company to a supplier.
  
- (f) On May 3, and July 25, 2017, 65,694 and 25,554 share purchase warrants for a total of 91,248 were exercised for \$1.80 (\$2.40 CAD) for total proceeds of \$163,878 (\$218,755 CAD). A total amount of \$53,211 representing the fair value of the warrants exercised was transferred from warrants to share capital.

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**8. COMMON SHARE PURCHASE OPTIONS**

On March 31, 2017, the Company's shareholders approved and adopted a Fixed Stock Option Plan (the "2017 Plan") for directors, officers, employees and consultants to replace its previous Fixed Stock Option Plan, pursuant to which 5,492,813 Common Shares (being twenty percent (20%) of the issued and outstanding Common Shares as of the date of approval) are available for purchase upon the exercise of options awarded by the Company, including options previously awarded and outstanding under the former Stock Option Plans.

The Plan provides that other terms and conditions may be attached to particular stock options, such terms and conditions to be referred to in a schedule attached to the option certificate. The Plan provides that it is solely within the discretion of the Board to determine who should receive stock options and in what amounts. The Board may issue a majority of the options to insiders of the Company. However, in no case will the issuance of common shares upon the exercise of stock options granted under the Plan result in:

- (i) the number of options awarded in a one-year period to any one consultant exceeding two percent (2%) of the issued shares of the Company (calculated at the time of award);
- (ii) the aggregate number of options awarded in a one-year period to eligible persons undertaking investor relations activities exceeding two percent (2%) of the issued shares of the Company (calculated at the time of award);
- (iii) the aggregate number of Common Shares reserved for issuance to any one individual upon the exercise of options awarded under the Plan or any previously established and outstanding stock option plans or grants, exceeding five percent (5%) of the issued shares of the Company (calculated at the time of award) in a one-year period.

The following table summarizes outstanding options as at September 30, 2017 and March 31, 2017:

	Period ended September 30, 2017			Year ended March 31, 2017		
	Number of Options Outstanding	Exercise Price	Weighted-Average Remaining Life	Number of Options Outstanding	Exercise Price	Weighted-Average Remaining Life
Directors and Officers	2,641,570	\$1.90 - \$2.55	9.02 years	46,570	\$0.375 - \$2.50	7.15 years
Consultants and Employees	1,637,967	\$0.375 - \$4.65	9.02 years	418,415	\$0.375 - \$2.50	7.15 years
<b>Total</b>	<b>4,279,537</b>	<b>\$0.375 - \$4.73</b>	<b>9.02 years</b>	<b>464,985</b>	<b>\$0.375 - \$2.50</b>	<b>7.15 years</b>

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**8. COMMON SHARE PURCHASE OPTIONS (continued)**

The following table summarizes the Company's stock options activity for the period ended September 30, 2017 and year ended March 31, 2017:

	Period ended September 30, 2017			Year ended March 31, 2017		
	Number of Options	Exercise Price	Weighted-Average Exercise Price	Number of Options	Exercise Price	Weighted-Average Exercise Price
Outstanding, beginning of the period	464,985	\$0.375 - \$2.50	\$0.73	464,985	\$0.375 - \$2.50	\$0.73
Exercised on business acquisition (a)	(97,948)	\$0.375	\$0.73	-	-	-
Granted (b)	4,352,500	\$1.35 - \$4.73	\$1.72	-	-	-
Cancelled (c)	(440,000)	\$1.35 - \$4.73	(\$3.30)			
<b>Outstanding, end of the period</b>	<b>4,279,537</b>	<b>\$0.375 - \$4.73</b>	<b>\$1.45</b>	464,985	\$0.375 - \$2.50	\$0.73

(a) Prior to the business acquisition, during the period April 1, 2017 to April 11, 2017, 97,948 common share options were exercised into shares of SNM, at price of \$0.375 (\$0.50 CAD) and then those shares were converted to shares of the Company upon completion of the RTO transaction.

(b) On April 11, 2017, in connection with the acquisition of SNM, an aggregate of 662,500 options ("RTO replacement options") with exercise prices ranging from \$1.88 - \$4.73 (\$2.50 - \$6.30 CAD) per share were issued. These options expire between October 18, 2017 and September 30, 2021. Using the Black-Scholes model a total value of \$917,886 was credited to contributed surplus with a corresponding increase to goodwill (Note 3).

On July 4, 2017 3,690,000 options were granted to officers, directors and consultants of the Company with an exercise price of \$1.47 (\$1.90 CAD). These options expire on July 3, 2027.

Using the Black-Scholes model the Company recorded \$1,028,832 of stock compensation expense during the six months ended September 30, 2017 (\$14,351 - 2016).

(c) During the six months ended September 30, 2017, 440,000 options were cancelled with exercise prices ranging from \$1.35 to \$4.73.

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**9. WARRANTS**

The following table summarizes activity of the Company's warrants, exercisable for common shares:

	Number of Warrants	Exercise Price	Weighted-Average Remaining Life	Black-Scholes Valuation Inputs				
				Expected Dividend Yield	Risk-Free Interest Rate	Expected Life	Expected Volatility	Forfeiture Rate
<b>March 31, 2016 and 2017</b>	-	-	-					
Granted on business acquisition (a)	2,751,506	\$1.80-\$2.85	0.88 years	0%	1.0%	9-18 months	240%	0%
Granted on financing (b)	625,000	\$5.25	0.29 years	0%	1.8%	24 months	245%	0%
Exercised (c)	(91,248)	(\$1.80)						
<b>September 30, 2017</b>	<b>3,285,258</b>	<b>\$1.80 - \$5.25</b>	<b>1.17 years</b>					

The following table summarizes activity of the Company's finder's warrants, exercisable for Units:

	Number of Finders Warrants	Exercise Price	Weighted-Average Remaining Life	Black-Scholes Valuation Inputs				
				Expected Dividend Yield	Risk-Free Interest Rate	Expected Life	Expected Volatility	Forfeiture Rate
<b>March 31, 2016 and 2017</b>	-	-	-					
Granted on business acquisition (a)	194,444	\$2.85	0.65 years	0%	1.0%	18 months	240%	0%
Granted on financing (b)	131,250	\$3.00	0.61 years	0%	1.8%	24 months	245%	0%
<b>September 30, 2017</b>	<b>325,694</b>	<b>\$2.85-\$3.00</b>	<b>1.26 years</b>					

(a) On April 11, 2017, in connection with the acquisition of SNM, an aggregate of 2,751,506 warrants and 194,444 finders warrants ("RTO replacement warrants") with exercise prices ranging from \$1.80 - \$2.85 (\$2.40 - \$3.80 CAD) per share were issued. These warrants expire between November 30, 2017 and October 31, 2018.

Using the Black-Scholes model a total of \$4,324,935 was credited to warrants with a corresponding increase to goodwill. (Note 3).

(b) On March 17, 2017, and April 6, 2017 the Company closed two tranches of private placement financing. The financing was completed in connection with the Company's acquisition of SNM. One Subscription Receipt converted to one unit (a "Unit") of the Company, immediately following the completion of the Transaction on April 11, 2017. Each Unit is comprised of one common share of and one-half of one warrant, with each whole warrant exercisable into a common share for 24 months at an exercise price of \$5.25 (\$7.00 CAD) per share. 625,000 warrants to purchase common shares of the Company were issued under these terms.

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In addition, 131,250 finders warrants to purchase units were issued related to the financing. Each Unit is comprised of one common share of and one-half of one warrant, with each whole warrant exercisable into a common share for 24 months at an exercise price of \$3.00 (\$4.00 CAD) per share.

- (c) During the six months ended September 30, 2017, 91,248 warrants were exercised for total proceeds of \$163,878. The Company included the proceeds in share capital and in addition, credited share capital for the original warrant value of \$53,211 with a corresponding reduction to warrants.

**10. CONTRIBUTED SURPLUS**

As a result of the vesting of stock options during the six months ended September 30, 2017, \$1,028,832 (September 30, 2016 - \$14,351) was recorded as stock based compensation expense with the same amount credited to contributed surplus.

**11. NET LOSS PER SHARE**

There is no difference between the basic and diluted loss per share as the effect of the stock options, warrants and debt conversion options would be anti-dilutive.

**12. TRANSACTION AND ACQUISITION COSTS**

All costs related to the acquisition of "SNM" have been expensed as incurred and charged to transaction and acquisition costs in the interim unaudited condensed consolidated statement of loss and comprehensive loss. These costs are not in the ordinary course of operation and the Company does not expect these costs to recur on a regular basis.

**13. SUPPLEMENTARY CASH FLOW INFORMATION**

The changes in non – cash working capital items comprise the following:

	<b>Six months ended September 30, 2017</b>	Six months ended September 30, 2016
Increase in trade and other receivable	\$ (215,485)	\$ (5,665)
Increase in prepaid expenses, deposits and other assets	(142,537)	(32,296)
Increase (decrease) in trade payables and accrued liabilities	(1,061,419)	381,247
Increase in deferred revenue	1,179	-
	<b>\$ (1,418,262)</b>	<b>\$ 343,286</b>

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**14. RELATED PARTY BALANCES AND TRANSACTIONS**

The following balances and transactions with related parties and key management personnel are included in the accompanying interim unaudited condensed consolidated financial statements:

- a. As of September 30, 2017, the Company had \$80,374 (March 31, 2017 - \$nil) of accounts payable due to four officers of the Company and one director of the Company.
- b. Salaries and subcontractors' expenses of \$428,860 were incurred with four officers of the Company (two of which are also directors) as well two directors of the Company (one of which is a former officer) during the period ended September 30, 2017 (September 30, 2016 - \$193,185 for two officer/directors). The officers were compensated for their roles as Chief Executive Officer, Chief Marketing Officer, Chief Financial Officer and Chief Technology Officer.
- c. 2,641,570 options were granted to directors and officers of the Company during the six-month period ended September 30, 2017 (March 31, 2017 – nil). The options are exercisable at a price of \$1.47, vest over 3 years and expire in 10 years.

**15. SEGMENTED INFORMATION**

The Company's management and chief operating decision maker reviews performance of the Company on a geographical basis. The Company had three geographical segments as at and for the period ended September 30, 2017, comprising head office and general operations of Breaking Data International and Poynt Inc. in Canada, Sports New Media operating segment which provides sports new content in The United Kingdom, and its wholly-owned subsidiary, DTI, in the United States. The Company's revenues are earned in the following geographical areas for the six months ended September 30, 2017 and 2016:

**Revenue from external customers**

	<b>Sept 30 2017</b>	<b>Sept 30 2016</b>
	\$	\$
North America	<b>278,368</b>	453,466
Europe	<b>200,137</b>	312,952
United Kingdom	<b>2,785,618</b>	1,189,350
	<b>3,264,123</b>	1,955,768

The geographical segmentation of the Company's revenue generating customers is not correlated to the geographical location of the Company's worldwide user base.

For the six months ended September 30, 2017, sales from two significant customers amounted to \$1,594,444 and \$512,557 representing 49% and 16% of total revenues. (2016 - \$430,744 and \$179,822 representing 22% and 9%)

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**16. COMMITMENTS**

The Company has a contingent commitment to pay \$40,300 (\$50,000 CAD) upon realization and recognition of its first \$403,000 (\$500,000 CAD) in patent licensing revenue, on certain patents and an additional \$40,300 (\$50,000 CAD ) upon realization and recognition of an additional \$403,000 (\$500,000 CAD) in patent licensing revenue from of any of these patents. As of September 30, 2017, no patent licensing revenue has been realized or recognized.

**17. SUBSEQUENT EVENTS**

On October 19, 2017 the Company Signed a \$2,250,000 Letter of Intent for Breaking Data's event detection technology and publishing platform with an artificial intelligence start up company.

Under the terms of the deal, the Company will:

- i. enter into a 3-year software license agreement for \$1,750,000
- ii. enter into a separate software development and license agreement for \$500,000;
- iii. receive a 5% equity share in the new venture.

Pursuant to the software license agreement, the Company received a non-refundable payment of \$500,000 on October 19, 2017.