

GIVEMESPORT

Sports New Media Holdings Ltd.

**Consolidated Financial Statements
For the Years Ended March 31, 2017 and 2016**

MANAGEMENT'S REPORT

MANAGEMENT'S REPORT

These consolidated financial statements form the basis for all the financial information that appears in this report. The consolidated financial statements and all the information in this report are the responsibility of the management of Sports New Media Holdings Ltd. and have been reviewed and approved by the Board of Directors. The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities. MNP LLP, the Company's auditors, have audited these consolidated financial statements.

Management has prepared the consolidated financial statements according to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Under these standards, management has made certain estimates and assumptions that are reflected in the consolidated financial statements and notes. Management believes that these consolidated financial statements fairly present Sports New Media Holdings Ltd.'s consolidated statements of financial position, statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows. In order to ensure the accuracy and objectivity of information included in the consolidated financial statements, management has implemented a system of internal controls designed to provide reasonable assurance that the consolidated financial statements are accurate and complete in all material respects. Management is of the opinion that these internal controls provide reasonable assurance regarding complete and accurate maintenance of accounting records necessary for the preparation of the consolidated financial statements.

The Board of Directors exercises its responsibility over the consolidated financial statements through the Company's Audit Committee. The Audit Committee reviews the consolidated financial statements and recommends their approval to the Board of Directors.

Per	<i>"Nick Thain"</i>	<i>"David Berman"</i>
Title	Nick Thain Chief Executive Officer	David Berman Chief Financial Officer
Date:	July 31, 2017	

Independent Auditors' Report

To the Shareholders of Sports New Media Holdings Ltd.:

We have audited the accompanying consolidated financial statements of Sports New Media Holdings Ltd., which comprise the consolidated statements of financial position as at March 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audits opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Sports New Media Holdings Ltd. as at March 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Mississauga, Ontario
July 31, 2017

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Sports New Media Holdings Ltd.

Consolidated Statements of Financial Position

(Expressed in British Pounds)

	Note	March 31, 2017	March 31, 2016
		£	£
Assets			
Current Assets			
Cash		212,444	167,414
Trade Receivables and Unbilled Revenue	3, 6	749,727	444,635
Prepaid Expenses and Deposits		50,730	41,154
		1,012,901	653,203
Equipment	5	17,174	43,888
Total Assets		1,030,075	697,091
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	6	1,627,599	1,038,381
Convertible Debentures	8	1,211,480	200,805
Due to Related Parties	13	-	40,000
Total Liabilities		2,839,079	1,279,186
Shareholders' Deficit			
Share Capital	10	3,921,434	3,921,434
Contributed Surplus	9	246,578	227,132
Equity Portion of Convertible Debentures	8	156,646	35,320
Accumulated Deficit		(6,133,662)	(4,765,981)
Total Shareholders' Deficit		(1,809,004)	(582,095)
Total Liabilities and Shareholders' Deficit		1,030,075	697,091

Subsequent events Note 16

Approved on behalf of the Board:

"Nick Thain"

"Jae Chalfin"

Signed: Director

Signed: Director

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

Sports New Media Holdings Ltd.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in British Pounds)

	Note	March 31, 2017	March 31, 2016
		£	£
Revenue		3,245,465	2,830,245
Cost of Goods Sold	15	1,620,723	1,689,482
Gross Margin		1,624,742	1,140,763
Expenses	15		
General and Administrative		298,175	257,293
Salaries and Freelancers	13	1,685,203	1,247,405
Professional Fees		431,706	123,590
Travel and Recruiting Costs		106,453	72,745
Share-Based Compensation	9, 11	19,446	148,320
Website Costs		206,407	208,888
Interest, Financing Fees and Accretion	7	207,325	43,664
Foreign Exchange Losses		6,284	17,205
Depreciation		31,424	40,740
Total Expenses		2,992,423	2,159,850
Loss and Comprehensive Loss		(1,367,681)	(1,019,087)
Loss per share			
Basic and Diluted		£ (0.07)	£ (0.05)
Weighted Average Number of Shares - Basic and Diluted		18,779,601	18,549,092

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

Sports New Media Holdings Ltd.

Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in British Pounds)

	Share Capital		Amount (£)	Contributed Surplus	Equity Portion of Convertible Debentures	Accumulated Deficit	Total Shareholders' Deficit
	Class A	Class B					
Balance as at March 31, 2015	15,159,891	3,348,304	3,733,377	266,869	-	(3,746,894)	253,352
Issued for Exercise of Stock Options	-	271,406	104,488	(104,488)	-	-	-
Share-Based Compensation	-	-	83,569	64,751	-	-	148,320
Issuance of Convertible Debentures	-	-	-	-	35,320	-	35,320
Net Loss and Comprehensive Loss	-	-	-	-	-	(1,019,087)	(1,019,087)
Balance as at March 31, 2016	15,159,891	3,619,710	3,921,434	227,132	35,320	(4,765,981)	(582,095)
Share-Based Compensation	-	-	-	19,446	-	-	19,446
Issuance of Convertible Debentures	-	-	-	-	121,326	-	121,326
Net Loss and Comprehensive Loss	-	-	-	-	-	(1,367,681)	(1,367,681)
Balance as at March 31, 2017	15,159,891	3,619,710	3,921,434	246,578	156,646	(6,133,662)	(1,809,004)

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

Sports New Media Holdings Ltd.

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

	March 31, 2017	March 31, 2016
Cash flow from operating activities		
Net Loss and Comprehensive Loss	(1,367,681)	(1,019,087)
Items not affecting cash:		
Share-Based Compensation	19,446	148,320
Interest and Accretion	36,372	8,203
Depreciation	31,423	40,740
Changes in Non-Cash Working Capital:		
Trade Receivables and Unbilled Revenue	(305,092)	191,988
Prepaid Expenses and Deposits	(9,576)	145,270
Accounts Payable and Accrued Liabilities	589,219	235,786
	(1,005,889)	(248,780)
Cash flow from investing activity		
Purchase of Equipment	(7,258)	(20,919)
Cash flow from financing activities		
Issuance of Convertible Debentures	1,098,177	234,000
Related Party Payments	(40,000)	(10,000)
Repayment of Loans Payable	-	(55,555)
	1,058,177	168,445
Increase (decrease) in cash	45,030	(101,254)
Cash, beginning of year	167,414	268,668
Cash, end of year	212,444	167,414

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

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

Note 1. Nature of Operations

Sports New Media Holdings Ltd. (the “Company”, or “SNM”) is a technology company with a focus on the content business that owns and operates the website www.givemesport.com, a leading content provider of sports news. The Company was incorporated under the UK Corporations Act 2006 on July 2, 2012. The address of its registered office is 103 Kingsway, 4th Floor, London, United Kingdom, WC2B 6QX. SNM conducts its operations through two wholly owned subsidiaries, Sports New Media Ltd. and Sports New Media Inc.

These consolidated financial statements are prepared on the assumption that the Company is a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations.

Over the past two years the Company has incurred significant losses including operating losses during the years ended March 31, 2017 and 2016 of £1,367,681 and £1,019,087, respectively. The Company had an accumulated deficit of £6,133,662 and working capital deficit of £1,826,178 at March 31, 2017.

The Company has been able to meet its required operating expenses through invoice discounting, see Note 6, and the issuance of convertible debentures, see Note 8. In order to continue operations, the Company will be required to seek further non-operational sources of financing, and succeed in making its operations profitable. Subsequent to March 31, 2017, the Company has completed a reverse take-over transaction with Breaking Data Corp. and a concurrent brokered private placement for gross proceeds of £3,004,353 (CAD\$5,000,000), see Note 16.

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2017 and 2016
(Expressed in British Pounds)

Note 2. Significant Accounting Policies

Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on July 28, 2017.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except as otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Subsidiaries' results are consolidated into the financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. All intercompany transactions and balances are eliminated on consolidation. These consolidated financial statements include the accounts of the following wholly-owned subsidiaries:

Sports New Media Ltd – incorporated under the UK Corporations Act 1985

Sports New Media, Inc. – incorporated in Delaware, U.S.A.

GMF Media Limited – incorporated under the UK Corporations Act 2006

Sports New Media LLC – incorporated under the laws of the Russian Federation, St. Petersburg

On September 29, 2016, Sports New Media LLC was formally dissolved; as it had no material operations during any of the years presented it has not been presented as a discontinued operation. On December 6, 2016, GMF Media Limited, the operations of which were immaterial for all years presented, was also formally dissolved.

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

Note 2. Significant Accounting Policies (continued)

Foreign currency transactions and balances

Items included in the individual financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which each entity operates (the “functional currency”). The functional currency of Sports New Media Holdings Ltd. and Sports New Media Ltd. is the Great British Pound and the functional currency of Sports New Media, Inc. is the US dollar.

For the translation to the presentation currency, assets and liabilities denominated in foreign currencies are translated into GBP at the rate of exchange in effect at the reporting date. Equity items are translated at their historical exchange rate. Revenue and expense items are translated at the average rate of exchange. Exchange gains and losses arising on translation to the presentation currency are taken to other comprehensive income. As the results of the translation of Sports New Media, Inc. were immaterial, no amount has been recognized in other comprehensive income.

Within each individual entity, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recognized in the consolidated statements of loss. For the year ended March 31, 2017, the Company recognized a foreign exchange loss of £6,284 (March 31, 2016 – loss of £17,205).

Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

For all years presented, the potentially dilutive effect of stock options and debt conversion options would be anti-dilutive as the Company is in a loss position. As a result, basic and dilutive loss per share are equal.

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

Note 2. Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise highly liquid interest-bearing securities that are readily convertible to cash and are subject to an insignificant risk of changes in value. The maturities of these securities as at the purchase date are 90 days or less.

Equipment

Equipment is stated at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is as follows:

Equipment	Straight-line over 3 years
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Revenue

The Company's revenues are derived from programmatic advertising, branded content and social media management. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. Revenue is generally recognized when the services are performed, all significant contractual obligations have been satisfied and the collection is reasonably assured.

The Company recognizes programmatic advertising revenue as it is earned based on monthly reporting and reconciliation with the customer.

Onerous contracts

A provision for onerous contracts would be recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision would be measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company would recognize any impairment loss on the assets associated with the contract.

Invoice discounting

The Company has determined that it retains the risks and rewards of ownership with respect to invoices included in the invoice discounting program, accordingly, amounts due in respect of invoice discounting are separately disclosed as current liabilities and included in accounts payable and accrued liabilities. The Company can use these facilities to draw down a percentage of the value of certain sales invoices. The management and collection of trade receivable remains with the Company. The Company regularly reviews its funding requirements to ensure they are competitive with the marketplace.

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

Note 2. Significant Accounting Policies (continued)

Stock-based compensation

The Company has a stock option plan for directors, officers and employees. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over each tranche's vesting period, based on the number of awards expected to vest, with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly, with any impact being recognized immediately. When options are exercised, the amount received is credited to share capital and the fair value attributed to these options is transferred from contributed surplus to share capital.

Segment reporting

The Company has determined that it only has one operating segment, which is the provision of sports news content. All of the Company's assets are located in the United Kingdom. The Company's revenues are earned in the following countries:

	March 31, 2017	March 31, 2016
United Kingdom	£ 2,693,888	£ 1,662,425
Europe	161,568	300,092
United States	297,229	850,478
Other	92,780	17,250
Revenue	£ 3,245,465	£ 2,830,245

The Company's segmented revenue has been affected by various changes in geographical location of its customers as follows:

(i) £355,000 in revenue has been reclassified from a US geographical segment for the year ended March 31, 2016 to a UK geographical segment for the year ended March 31, 2017 resulting from a change in location of the customer's head office.

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

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

Note 2. Significant Accounting Policies (continued)

Equity

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. Contributed surplus includes amounts in connection with conversion options embedded in compound financial instruments, stock-based compensation and the value of expired options and warrants. Deficit includes all current and prior period income and losses.

Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The subsequent measurement of financial assets and financial liabilities is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments.

Fair value through profit or loss ("FVTPL")

Financial instruments are classified as FVTPL when the financial instrument is held for trading or it is designated as FVTPL upon initial recognition.

Held for trading

A financial instrument is classified as held for trading if:

it has been acquired principally for the purpose of selling in the near future;

it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or

it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

Note 2. Significant Accounting Policies (continued)

Financial instruments (continued)

Available for sale ("AFS") financial assets

AFS financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, Held-to-Maturity or FVTPL. Gains and losses arising from changes in fair value are recognized in other accumulated comprehensive income in equity. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss accumulated in the investments revaluation reserve is included in profit or loss for the period.

Loans and receivables

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification

Cash	FVTPL
Trade receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Convertible debentures	Other financial liabilities
Due to related parties	Other financial liabilities

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

Note 2. Significant Accounting Policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

Note 2. Significant Accounting Policies (continued)

Income taxes (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Use of Estimates and Judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Key sources of estimation uncertainty include:

Valuation of stock-based compensation expense

The valuation of stock options involves key estimates such as volatility, forfeiture rates, estimated lives and market rates.

Valuation of convertible debentures

The assumptions underlying the various scenarios that impact the conversion options and corresponding valuation of the convertible debentures relies on management's estimation of the probability of certain events impacting the conversion features.

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

Note 2. Significant Accounting Policies (continued)

Use of Estimates and Judgements (continued)

Revenue recognition

The estimates made regarding recognizing revenue for contracts involving multiple deliverable elements could result in variation for amounts recognized or deferred in any given reporting period.

Provision for income taxes

Management exercises judgment in estimating the provision for income taxes. The Company is subject to tax laws in various jurisdictions where it operates. Various tax laws are potentially subject to different interpretations by the taxpayer and the relevant tax authority. To the extent that the Company's interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for taxes may increase or decrease in future periods to reflect actual experience.

Accounting standards issued but not yet effective

The International Accounting Standards Board has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The impact on the Company's consolidated financial statements is currently being assessed.

IFRS 9 Financial Instruments: In July 2014, the International Accounting Standards Board ("IASB") issued the final version of IFRS 9 (2014) as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This Standard will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted. The Company has yet to assess the impact of the new standard on its results of operations, financial position and disclosures.

IFRS 16, Leases ("IFRS 16"): Issued by the IASB on January 13, 2016. The Company will be required to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is 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. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 16 will have on the Company's consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers: In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers (IFRS 15), which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

Note 3. Trade Receivables and Unbilled Revenue

All bills to customers are sent out immediately after month end, when revenues are recognized. Trade receivables, unbilled revenues consist of the following:

	March 31, 2017	March 31, 2016
Trade Receivables	£ 749,727	£ 444,635
Unbilled Revenue	-	-
	£ 749,727	£ 444,635

Note 4. Bank Loan

On August 16, 2010, the Company had entered into a credit facility with Natwest Bank Plc. The terms were for a bank loan of £500,000, bearing interest of LIBOR + 3.75%, per annum, with an expiry date of September 1, 2015. The interest accrued immediately and was repayable quarterly. The loan was jointly personally secured by the directors of the Company. The Company fully repaid the loan and accrued interest on the expiry date of September 1, 2015.

Note 5. Equipment

	Equipment
Cost	
As at March 31, 2015	£ 138,502
Additions	20,919
Written down fully depreciated assets	(13,796)
As at March 31, 2016	145,625
Additions	7,258
Written down fully depreciated assets	(2,548)
As at March 31, 2017	£ 150,335
Accumulated Depreciation	
As at March 31, 2015	£ 60,997
Depreciation expense	40,740
As at March 31, 2016	101,737
Depreciation expense	31,424
As at March 31, 2017	£ 133,161
Net Book Value	
As at March 31, 2016	£ 43,888
As at March 31, 2017	£ 17,174

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2017 and 2016

(Expressed in British Pounds)

Note 6. Accounts Payable and Accrued Liabilities

The table below outlines all current liabilities falling due within one year.

	March 31, 2017	March 31, 2016
Trade Creditors	£ 576,713	£ 391,370
Accrued Liabilities	604,854	408,302
Deferred Revenue	-	48,702
Interest on Convertible Debentures	105,975	6,078
Invoice Discount Loans	340,057	183,929
	£ 1,627,599	£ 1,038,381

The Company used invoice discounting facilities as an alternative to the bank loan to help meet its operating expenses. The creditor will advance funds net of their fees in respect of the related accounts receivable as the Company retains the risks and rewards related to the receivables the above liability amount reflects the net proceeds advanced. The fees charged in respect of the Invoice Discount Loans are included in Note 7.

The aggregate amount of accounts receivable included under the Invoice Discount Loans program was as follows:

	March 31, 2017	March 31, 2016
Aggregate value of invoices included	£ 403,591	£ 260,765

Due to the short-term nature of the related receivables, the Company considers the carrying value representative of the fair value.

Note 7. Interest Expense

	March 31, 2017	March 31, 2016
Accretion of discount on convertible debentures	£ 33,823	£ 2,125
Interest on convertible debentures	99,897	6,078
Interest on Invoice Discount Loans	73,591	35,725
Bank charges and other interest	14	(264)
	£ 207,325	£ 43,664

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

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Note 8. Convertible Debentures

	March 31, 2017	March 31, 2016
Opening carrying amount	£ 200,805	£ -
Principal amount	1,100,627	246,000
Discount	(123,775)	(47,320)
Carrying amount recognized	1,177,657	198,680
Accretion	33,823	2,125
Conversion to common shares	-	-
Closing carrying amount	£ 1,211,480	£ 200,805

During the year ended March 31, 2017, the Company issued £36,225 of convertible debentures (March 31, 2016 - £246,000). The debentures bear interest at 10% per annum, are payable quarterly and mature on December 31, 2018. The debentures also hold a conversion feature which after December 31, 2016, allows the holder to convert at a share price which is equal to the quotient obtained by dividing £22,800,000 by the number of shares in issue immediately prior to conversion. The agreement also provides for conversion at the lesser of 80% of the price of any equity financing or the amount determined above. In the event of a sale of the Company the conversion price would adjust to 80% of the per share sale amount. During the year ended March 31, 2017, a sale transaction had become likely, see Note 16. As a result, the anticipated value of the sale rendered the conversion feature to be set, confirming management's prior assumptions that the most likely conversion option would be based on the £22,800,000.

On October 3, 2016, the Company issued a CAD\$1,750,000 Bridge Convertible Note to DSMIC Inc. based in Canada, with 10% interest per annum, payable quarterly, accruing immediately. The Company received the first tranche £434,029 (CAD\$700,000) on October 18, 2016, and the second tranche £630,373 (CAD\$1,050,000) on December 15, 2016. The first tranche matures on October 18, 2018. The second tranche will be due in full on the earlier of (i) 8 months of executing the Bridge Convertible Note or (ii) a Liquidity Event defined as a qualifying IPO, on any international stock exchange, or reverse take-over transaction with a company listed on the TSX-Venture Exchange. Upon a Liquidity Event, the Bridge Convertible Note may be converted at a valuation of CAD\$5,500,000.

The Company used the residual method to allocate the liability and equity portion of the convertible debentures. The Company allocated a fair value of £979,301 (£210,680 at March 31, 2016) to the debt component and £121,326 (£35,320 as at March 31, 2016) to equity. The fair value of the liability was measured using a discounted cash flow method using an estimated cost of borrowing of 18%.

Total finance costs for the year ended March 31, 2017, was £133,720 (March 31, 2016 - £8,203), comprised of interest of £99,897 (March 31, 2016 - £6,078) and accretion of £33,823 (March 31, 2016 - £2,125).

In connection with the subsequent Transaction, all the convertible debentures, with the exception of the Bridge Convertible Note from DSMIC Inc., were converted into common shares of Breaking Data, see Note 16.

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Note 9. Contributed Surplus

As a result of the vesting of stock options during the year ended March 31, 2017, £19,446 (March 31, 2016 - £64,751) was recorded as share-based compensation expense with the same amount credited to contributed surplus.

Note 10. Share Capital

Authorized - Unlimited number of Class A Voting Common Shares without par value and unlimited number of Class B Non-Voting Common Shares without par value.

On April 11, 2017, the Company completed the previously announced acquisition by Breaking Data. The Transaction was effected by way of a securities exchange between the Company and Breaking Data. Pursuant to the Securities Exchange, on closing of the Transaction, an aggregate of 18,779,601 common shares of Breaking Data were issued in exchange for all of the issued and outstanding shares of the Company. In addition, each option to purchase shares outstanding on the date of the Transaction was exchanged for options of Breaking Data.

On April 13, 2017, Breaking Data completed the consolidation of its shares approved at the annual general and special meeting of the shareholders of Breaking Data 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 consolidated financial statements reflect the subsequent share exchange and share consolidation.

Issued and outstanding common shares:

	Class A	Class B	Total	Amount (£)
Balance as at March 31, 2015	15,159,891	3,348,304	18,508,195	3,733,377
Issued for exercise of stock options	-	271,406	271,406	104,488
Share-based compensation	-	-	-	83,569
Balance as at March 31, 2016 and 2017	15,159,891	3,619,710	18,779,601	3,921,434

During May 2015, 271,406 stock options were exercised into Class B Common Shares with an exercise price of £0.31, which resulted in share capital of £104,488. Concurrent with this exercise, the Company also agreed to waive the receipt of proceeds from the exercise price for the options amounting to £83,569, which is included in share-based compensation and was added to the amount recognized for share capital.

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Note 11. Stock options

	Number of Options		Exercise Price	Weighted-Average Remaining Life
	Outstanding	Exercisable		
Balance as at March 31, 2016	462,215	298,934	£0.00001 to £1.081	8.15
Balance as at March 31, 2017	462,215	339,680	£0.00001 to £1.081	7.15

	Number	Exercise Price	Weighted-Average Exercise Price	
			£	
Balance as at March 31, 2015	1,142,768		£	0.76
Granted	449,495	£ 0.00001	£	0.00001
Cancelled or Expired	(858,642)	£ 0.00001 to £1.081	£	0.72
Exercised	(271,406)	£ 0.31	£	0.31
Balance as at March 31, 2016 and 2017	462,215		£	0.359

During the year ended March 31, 2016, the Company issued 449,495 options with an exercise price of £0.00001. The options were valued using the Black Scholes option-pricing model. The key assumptions used in the model were; stock price of £0.385; exercise price of £0.00001; expected life of 10 years; volatility of 240% and a risk-free rate of 1.00%; and no dividends.

During the year ended March 31, 2016, 271,406 options were exercised and 858,642 options were cancelled.

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Note 12. Financial Instruments and Risk Management

Capital Risk Management

The capital of the Company includes equity, which is comprised of issued share capital, contributed surplus, equity portion of convertible debenture and deficit. The Company's objective when managing its capital is to safeguard the ability to continue as a going concern in order to provide returns for its shareholders, and other stakeholders and to maintain a strong capital base to support the Company's core activities.

Risk management

The objective of holding financial instruments is to raise finance for the Company's operations and manage related risks. In the normal course of its business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks, and the actions taken to manage them, are as noted below.

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company's cash includes cash held in bank accounts that earn interest at variable interest rates and redeemable short-term investments. The Company's convertible debentures have fixed interest rates.

Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

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Note 12. Financial Instruments and Risk Management (continued)

Interest rate risk

The Company is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. As primarily all of the Company's interest bearing financial instruments bear interest at fixed rates, interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered British, American & Canadian financial institutions. As such, changes in prevailing interest rates would not be expected to have a material impact on profit or loss. The Company does not consider this risk to be material.

Foreign exchange risk

Foreign exchange risk arises when an individual Company entity enter into transactions denominated in a currency other than their functional currency. The Company's policy is, where possible, to allow its entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where the Company's entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Company.

The Company is exposed to foreign currency risk on fluctuations related to cash, trade receivables, accounts payable and accrued liabilities and convertible debentures. These currencies are USD, European Euros and Canadian Dollars. As plus or minus 1% change in foreign exchange rates would affect comprehensive profit or loss by approximately £1,833 as at March 31, 2017 (£2,011 as at March 31, 2016). These changes in foreign exchange rates in these currencies are considered immaterial.

Apart from these particular cash-flows the Company aims to fund expenses and investments in their respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred. The Company currently does not hedge currency risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Company ensures they carry out full credit checks on all new customers before we enter into any agreements.

The carrying amount of trade receivable and unbilled revenue, recorded in the consolidated financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk. As at March 31, 2017 approximately £6,072 (March 31, 2016 - £6,022) of accounts receivable were outstanding greater than 90 days. The allowance for doubtful accounts at March 31, 2017 was £nil (March, 31, 2016 - £nil), which is based on management's judgement.

Sports New Media Holdings Ltd.

Notes to the Consolidated Financial Statements

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Note 12. Financial Instruments and Risk Management (continued)

Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations (see note 16). The Company produces regular forecasts that estimates the cash inflows and outflows for the next 12 months, so that management can ensure that sufficient funding is in place as it is required.

Concentration risk

The Company is exposed to concentration risk as it has a reliance on certain customer which represent greater than 10% of total revenue and accounts receivable. The Company continues to expand its customer base to reduce this reliance.

For the year ended March 31, 2017, the Company had one customers representing over 10% of total revenue for an aggregate of approximately 33% of total revenue. As at March 31, 2017, the Company had four customers representing over 10% of total accounts receivable for an aggregate of approximately 67% of total accounts receivable.

For the year ended March 31, 2016, the Company had three customers representing over 10% of total revenue for an aggregate of approximately 43% of total revenue. As at March 31, 2016, the Company had two customers representing over 10% of total accounts receivable for an aggregate of approximately 43% of total accounts receivable.

Fair value

The Company classifies its fair value measurements in accordance with the three levels of fair value hierarchy as follows:

- | | |
|-----------|---|
| Level 1 – | Unadjusted quoted prices in active markets for identical assets or liabilities; |
| Level 2 – | Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and |
| Level 3 – | Inputs that are not based on observable market data. |

Cash is classified as Level 1 in the fair value hierarchy.

The carrying value of trade receivables and unbilled revenue, accounts payables and accrued liabilities, and due to related party reflected in the consolidated statement of financial position approximates fair value because of the short-term nature of these instruments. The fair value of debentures approximates their carrying value.

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For the Years Ended March 31, 2017 and 2016

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Note 13. Related Party Transactions and Balances and Key Management Compensation

Related party transactions and balances

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

As of March 31, 2017, the Company has an outstanding balance of £nil (March 31, 2016 - £40,000) of interest free loans due to the Chief Executive Officer and Founder of the Company. These amounts were due immediately and payable on demand.

Directors Remuneration consisted of compensation for the four directors as their roles as Chief Executive Officer, Founder, Chief Operating Officer (terminated in 2015), Chief Financial Officer (terminated in 2014) of the Company. As of March 31, 2017, their total compensation was £198,000 (March 31, 2016 - £187,500).

The Chief Executive Officer and the Founder had provided personal guarantees with regards to the term loans outstanding with Natwest Bank Plc in the periods reported. The bank loan was fully paid as at September 1, 2015.

Key management compensation

Key Management Personnel consists of Heads of Finance, Development, Commercial, Marketing and Content departments and were compensated through salaries and contractual agreements. The following table presents key management compensations.

	March 31, 2017	March 31, 2016
Key Management Compensation	£ 286,744	£ 202,556

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Note 14. Income Taxes

(a) Income taxes

The reconciliation of the United Kingdom statutory income tax rate of 20% (2016 – 20%) to the effective tax rate is as follows:

	Year ended March 31, 2017	Year ended March 31, 2016
Net loss before recovery of income taxes	£ 1,367,681	£ 1,019,087
Expected income tax recovery	£ (273,540)	£ (203,820)
Non-deductible expenses	6,460	32,940
Change in tax benefits not recognized	267,080	170,880
Income tax (recovery) expense	£ -	£ -

The Company's income tax (recovery) is allocated as follows:

Current tax (recovery) expense	£ -	£ -
Deferred tax (recovery) expense	-	-
	£ -	£ -

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Note 14. Income Taxes (continued)

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	Year ended March 31, 2017	Year ended March 31, 2016
Non-capital losses carried forward	£ 3,656,020	£ 2,554,780

The non-capital losses in the United Kingdom carry forward indefinitely unless there is a change in ownership of the Company and a major change in the nature and conduct of trade within three years, but can be offset only against trade income. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

Note 15. Nature of Expenses

	March 31, 2017	March 31, 2016
Content development and traffic	£ 1,620,723	£ 1,689,482
General and Administrative	298,175	257,293
Salaries and Freelancers	1,685,203	1,247,405
Professional Fees	431,706	123,590
Travel and Recruiting Costs	106,453	72,745
Share-Based Compensation	19,446	148,320
Website Costs	206,407	208,888
Interest, Financing Fees and Accretion	207,325	43,664
Foreign Exchange Losses	6,284	17,205
Depreciation	31,424	40,740
Total Expenses	£ 4,613,146	£ 3,849,332

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Note 16. Subsequent Events

On December 15, 2016, the Company entered into a binding letter of agreement (the "Agreement") with Breaking Data Corp. ("Breaking Data"), pursuant to which Breaking Data will acquire the Company in exchange for the issuance of common shares of Breaking Data ("BKD Shares") to the security holders of the Company (the "Transaction").

The Agreement was superseded by a definitive share purchase agreement (the "Definitive Agreement") signed on or before the end of January 2017 (or such other date as may be mutually agreed in writing between Breaking Data and SNM). The Transaction was subject to requisite regulatory approval, including the approval of the TSX Venture Exchange (the "TSXV").

On February 6, 2017, the Company entered into a share purchase agreement dated February 3, 2017 with Breaking Data to affect the Transaction. As a result, Breaking Data acquired 100% of the Company in exchange for: (i) the issuance of 18,779,601 common shares of Breaking Data; and (ii) the issuance of 367,036 stock options of Breaking Data in exchange for options of the Company (adjusted for the share consolidation).

On April 11, 2017, the Company completed the previously announced acquisition by Breaking Data. The Transaction was effected by way of a securities exchange between the Company and Breaking Data. Pursuant to the Securities Exchange, on closing of the Transaction, an aggregate of 18,779,601 common shares of Breaking Data were issued in exchange for all of the issued and outstanding shares of the Company. In addition, each option to purchase shares outstanding on the date of the Transaction was exchanged for options of Breaking Data. Upon completion of the Transaction, Breaking Data owns 100% of the issued and outstanding shares of the Company.

In addition, an aggregate of 1,250,000 Breaking Data shares and 625,000 warrants to purchase Breaking Data shares were issued on conversion of the 1,250,000 outstanding subscription receipts issued as a part of the previously announced financing of Breaking Data for aggregate gross proceeds of CAD\$5,000,000.

In connection with the Transaction, and pursuant to a consulting agreement, Breaking Data issued 200,000 shares and paid a fee of \$200,000 to an advisor of Breaking Data.

In connection with the Transaction, all the convertible debentures, with the exception of the Bridge Convertible Note to DSMIC Inc., were converted into common shares of Breaking Data and Breaking Data issued 691,089 stock options to employees with exercise prices ranging from CAD\$0.01 to CAD\$0.33.

On April 13, 2017, Breaking Data completed the consolidation of its shares approved at the annual general and special meeting of the shareholders of Breaking Data 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 consolidated financial statements reflect the consolidation.

On July 4, 2017, Breaking Data granted stock options to purchase a total of 3,760,000 common shares of the Company to officers, directors, employees and consultants of the Company. These stock options are exercisable at CDN \$1.90 per stock option and will expire on July 4, 2027. These stock options vest over a period of thirty-six months following the grant date and are governed by the terms and conditions of the Breaking Data stock option plan.