

BREAKING DATA CORP.

**INTERIM UNAUDITED CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS**

Six month periods ended
September 30, 2018 and 2017

Breaking Data Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited) (Expressed in United States Dollars (Note 2))

	As at September 30, 2018	As at March 31, 2018
	\$	\$
ASSETS		
Current assets		
Cash	482,758	2,288,853
Trade and other receivables	1,625,382	1,577,652
Prepaid expenses, deposits and other assets	242,297	365,326
	2,350,437	4,231,831
Equipment, net of depreciation (Note 5)	132,440	104,405
Intangible assets (Note 6)	1,322,165	2,115,852
Goodwill (Note 3)	-	6,354,300
	3,805,042	12,806,388
LIABILITIES		
Current liabilities		
Trade payables and accrued liabilities (Note 15)	1,351,698	1,610,051
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	28,551,592	28,551,592
Warrants (Note 10)	4,406,796	4,406,796
Contributed surplus (Note 9 and 11)	5,921,837	4,537,045
Deficit	(36,392,453)	(26,414,233)
Accumulated other comprehensive (loss) income (Note 2)	(34,428)	115,137
	2,453,344	11,196,337
	3,805,042	12,806,388

GOING CONCERN (Note 1)

COMMITMENTS (Note 17)

SUBSEQUENT EVENTS (Note 18)

ON BEHALF OF THE BOARD:

"Nick Thain"

"Roger Mitchell"

The accompanying notes are an integral part of these 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))

	three months ended September 30, 2018	three months ended September 30, 2017 (Restated Note 3,4)	six months ended September 30, 2018	six months ended September 30, 2017 (Restated Note 3,4)
	\$	\$	\$	\$
Revenue	1,634,203	1,696,180	4,255,755	3,152,943
Cost of Goods Sold	961,362	939,375	2,278,361	1,660,123
Gross Margin	672,841	756,805	1,977,394	1,492,820
Expenses				
General and administrative	418,276	394,266	769,035	663,095
Salaries and subcontractors (Note 15)	1,092,315	1,468,972	2,196,139	2,474,229
Stock-based compensation (Note 11)	530,397	993,217	1,384,792	1,028,832
Professional fees	53,163	137,505	126,127	261,546
Sales and marketing	55,834	120,713	165,195	253,107
Accretion on debentures (Note 7)	-	-	-	172,811
Interest and financing fees (Note 7)	-	4,791	-	8,886
Foreign exchange loss	5,523	35,647	30,924	28,668
Amortization of intangible assets (Note 6)	129,940	99,384	247,392	199,963
Depreciation of equipment (Note 5)	11,056	2,416	21,263	6,469
Total Expenses	2,296,504	3,256,911	4,940,867	5,097,606
NET LOSS BEFORE IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS, CHANGE IN FAIR VALUE OF GOODWILL AND TRANSACTION AND ACQUISITION COSTS	(1,623,663)	(2,500,106)	(2,963,473)	(3,604,786)
Impairment of goodwill and intangible assets (Note 3)	7,014,747		7,014,747	-
Change in fair value of goodwill (Note 3)	-	-	-	8,933,700
Transaction and acquisition costs (Note 13)	-	-	-	772,875
NET LOSS FROM CONTINUING OPERATIONS FOR THE PERIOD	(8,638,410) [▼]	(2,500,106)	(9,978,220)	(13,311,361)
Net income from discontinued operations (Note 4)	-	4,557	-	17,890
NET LOSS FOR THE PERIOD	(8,638,410)	(2,495,549)	(9,978,220) [▼]	(13,293,471)
Cumulative translation adjustment	76,534	149,512	(149,565)	767,268
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(8,561,876)	(2,346,037)	(10,127,785)	(12,526,203)
Basic and diluted net loss per share from continuing operations (Note 12)	(0.30)	(0.09)	(0.35)	(0.52)
Basic and diluted net income per share from discontinued operations (Note 12)	-	0.00	-	0.00
Weighted average number of shares	28,676,670	27,653,958	28,676,670	25,841,073

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

Breaking Data Corp.

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

For the period ended September 30, 2018 and 2017

(Expressed in Unites States Dollars (Note 2))

	Common Shares Number	Common Shares \$	Warrants \$	Contributed Surplus \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total Shareholders' Equity \$
Balance, March 31, 2018	28,676,670	28,551,592	4,406,796	4,537,045	115,137	(26,414,233)	11,196,337
Stock-based compensation <i>(Note 11)</i>	-	-	-	1,384,792	-	-	1,384,792
Cumulative translation adjustment	-	-	-	-	(149,565)	-	(149,565)
Net loss for the period	-	-	-	-	-	(9,978,220)	(9,978,220)
Balance, September 30, 2018	28,676,670	28,551,592	4,406,796	5,921,837	(34,428)	(36,392,453)	2,453,344

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

Breaking Data Corp.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
For the periods ended September 30, 2018 and 2017
(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 \$
Balance, March 31, 2017	13,559,735	6,247,296	-	515,178	208,678	30,256	(9,270,261)	(2,268,853)
Exercise of stock options <i>(Note 3)</i>	315,670	217,519	-	(163,198)	-	-	-	54,321
Shares issued for conversion of SNM debt on April 11, 2017 <i>(Note 3)</i>	304,534	417,929	-	-	(57,325)	-	-	360,604
Shares issued related to Reverse take over transaction on April 11, 2017 <i>(Note 3)</i>	11,834,124	16,174,627	3,577,315	930,917	(151,353)	-	-	20,531,506
Shares issued related to financing on April 11, 2017, net of issue costs <i>(Note 8)</i>	1,250,000	3,112,892	-	-	-	-	-	3,112,892
625,000 warrants issued for shares related to financing on April 11, 2017 <i>(Note 8)</i>	-	(757,866)	757,866	-	-	-	-	-
200,000 shares issued for advisory services related to financing on April 11, 2017 <i>(Note 8)</i>	200,000	447,238	-	-	-	-	-	447,238
131,250 broker warrants 131,250 shares issued related to financing on April 11, 2017 <i>(Note 8)</i>	-	(124,826)	124,826	-	-	-	-	-
Exercise of warrants <i>(Note 8)</i>	91,248	217,089	(53,211)	-	-	-	-	163,878
Shares issued for payment of accounts payable	121,359	197,575	-	-	-	-	-	197,575
Stock-based compensation <i>(Note 11)</i>	-	-	-	1,028,832	-	-	-	1,028,832
Cumulative translation adjustment	-	-	-	-	-	767,268	-	767,268
Net loss for the period	-	-	-	-	-	-	(13,293,471)	(13,293,471)
Balance, September 30, 2017	27,676,670	26,149,473	4,406,796	2,311,729	-	797,524	(22,563,732)	11,101,791

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

Breaking Data Corp.

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

	Six months ended September 30, 2018	Six months ended September 30, 2017
		(Restated Note 3,4)
	\$	\$
CASH FLOWS FROM:		
OPERATING ACTIVITIES		
Net loss for the period	(9,978,220)	(13,311,361)
Items not affecting cash		
Amortization of intangible assets <i>(Note 6)</i>	247,392	199,963
Depreciation of equipment <i>(Note 5)</i>	21,263	6,469
Accretion of debentures <i>(Note 7)</i>	-	172,811
Stock-based compensation <i>(Note 9)</i>	1,384,792	1,028,832
Impairment of goodwill and intangible assets <i>(Note 3)</i>	7,014,747	-
Change in fair value of goodwill <i>(Note 3)</i>	-	8,933,700
Common shares issued for advisory services <i>(Note 8)</i>	-	447,238
Net cash flow from discontinued operations <i>(Note 4)</i>	-	17,890
Net change in non-cash working capital items related to operations <i>(Note 14)</i>	(210,133)	(1,418,262)
Cash used in operating activities	(1,520,159)	(3,922,720)
FINANCING ACTIVITIES		
Proceeds from exercised options <i>(Note 9)</i>	-	54,321
Proceeds from exercised warrants <i>(Note 10)</i>	-	163,878
Proceeds from the issuance of common shares and share purchase warrants, net of issuance costs <i>(Note 8)</i>	-	3,112,892
Cash provided by financing activities	-	3,331,091
INVESTING ACTIVITIES		
Purchase of equipment <i>(Note 5)</i>	(56,665)	(16,097)
Additions in intangible assets <i>(Note 6)</i>	(193,155)	-
Cash acquired from business combination <i>(Note 3)</i>	-	2,077,727
Cash provided by (used) in investing activities	(249,820)	2,061,630
EFFECT OF CURRENCY TRANSLATION	(36,116)	280,996
(DECREASE) INCREASE IN CASH FOR THE PERIOD	(1,806,095)	1,750,997
CASH, BEGINNING OF PERIOD	2,288,853	266,447
CASH, END OF PERIOD	482,758	2,017,444

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

BREAKING DATA CORP.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six months ended September 30, 2018 and 2017 (Expressed in United States Dollars (NOTE 2))

1. BASIS OF PRESENTATION AND GOING CONCERN

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, GIVEMESPORT, 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, 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 condensed consolidated financial statements are that of SNM.

The interim condensed consolidated 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. On November 30, 2017, the Company sold DTI as a result of a decline in business activity (Note 4) and DTI is presented as discontinued operations.

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

Going Concern

These interim condensed consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business, and do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying interim condensed consolidated financial statements. If the going concern assumption is not appropriate, material adjustments to the interim condensed consolidated financial statements could be required.

BREAKING DATA CORP.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended September 30, 2018 and 2017
(Expressed in United States Dollars (NOTE 2))

1. BASIS OF PRESENTATION AND GOING CONCERN (continued)

As at September 30, 2018, the Company had positive working capital of \$998,739 (March 31, 2018 – \$2,621,780), an accumulated deficit of \$36,392,453 (March 31, 2018 - \$26,414,233) and negative cash flows from operations of \$1,520,159 (September 30, 2017 - \$3,922,720). These conditions raise significant doubt about the ability of the Company to continue as a going concern without additional equity or debt financing. To date, management of the Company has been successful in raising capital through equity or debt financings. However, there is no assurance that the Company will continue to be successful in raising capital in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These 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 interim condensed 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. These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2018.

The policies applied in these 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 condensed consolidated financial statements were authorized for issue by the Board of Directors on November 29, 2018.

Principles of Consolidation

These interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Breaking Data Inc., Poynt Inc. (“Poynt”), Unomobi Inc., Innovation Fund III LLC, Sports New Media Holdings Limited (“SNM”), 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. On November 30, 2017, the Company sold its subsidiary Devesys Technologies Inc., as a result of a decline in business activity, and its operating results are disclosed as discontinued operations (note 4).

Basis of Presentation

The accompanying interim 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 for the year ended March 31, 2018.

BREAKING DATA CORP.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six months ended September 30, 2018 and 2017 (Expressed in United States Dollars (NOTE 2))

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Presentation Currency and Functional Currency

The presentation currency of the Company is in U.S Dollar ("USD"), SNM previously reported in British Pounds. The change in the presentation currency, which was effective for the three months ended June 30, 2017 was made to better reflect the Company's business activities in conjunction with the acquisition of 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 change was applied retrospectively and the comparative interim condensed consolidated financial statements are represented in USD.

The functional currency of the Company and its subsidiary Poynt is the Canadian Dollar "CAD". The functional currency of DTI is the USD. The functional currency of the acquired companies SNM, 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 year 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 year). All resulting exchange rate differences are recorded in accumulated other comprehensive (loss) income.

Recent accounting pronouncements

Financial Instruments

Effective April 1, 2018, the Company adopted IFRS 9, Financial Instruments. In accordance with the transitional provisions, the Company adopted the standard retrospectively without restating comparatives as the change did not impact the opening balances.

IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

BREAKING DATA CORP.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended September 30, 2018 and 2017
(Expressed in United States Dollars (NOTE 2))

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's financial instruments consist of the following:

Financial Instruments Classification	IAS 39	IFRS 9
Cash	Fair value through profit or loss	Amortized Cost
Trade and other receivables	Loans and receivables	Amortized Cost
Trade payables and accrued liabilities	Other financial liabilities	Amortized Cost

The following are the Company's new accounting policies for financial instruments under IFRS 9:

Financial assets and liabilities

Financial assets

Non-derivative financial assets within the IFRS 9 are classified as "financial assets at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss ("FVPL"))", and "financial assets at amortized costs" as appropriate. The Company determines the classification of its financial assets at initial recognition based on the Company's business model and contractual terms of cash flows.

All financial assets are recognized initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Where the fair values of financial assets recorded on the interim condensed consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the interim condensed consolidated statements of financial position with changes in fair value recognized in other income or expense in the interim condensed consolidated statements of loss and comprehensive loss.

Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not have any financial assets classified as at FVOCI.

BREAKING DATA CORP.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended September 30, 2018 and 2017
(Expressed in United States Dollars (NOTE 2))

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the interim condensed consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Financial Assets at Amortized Cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the asset.

Impairment of financial assets

The Company's only financial assets subject to impairment are trade and other receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

The expected lifetime loss of a financial asset at amortized cost, is estimated based on the expected credit loss ("ECL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Financial liabilities

Non-derivative financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade payable and accrued liabilities which are each measured at amortized cost.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

BREAKING DATA CORP.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended September 30, 2018 and 2017
(Expressed in United States Dollars (NOTE 2))

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost, in the interim condensed consolidated statements of loss and comprehensive loss

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gains or losses reported in other income or expense in the interim condensed consolidated statements of loss and comprehensive loss.

IFRS 15 – Revenue from Contracts with Customers

The Company elected to adopt IFRS15 using the modified retrospective method, with recognition of transitional adjustments in opening retained earnings on the date of initial application (April 1, 2018), without restatement of comparative figures. The adoption of IFRS 15 did not result in any changes in the timing of revenue recognition for the Company's goods and services.

Accounting Policy for Revenue Recognition

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 16 – Accounting for Leases

IFRS 16 replaces IAS 17, Leases was released in January 2016. This standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Adoption of IFRS 16 is mandatory and will be effective for annual periods beginning on or after January 1, 2019 with earlier adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its interim condensed consolidated financial statements.

BREAKING DATA CORP.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended September 30, 2018 and 2017
(Expressed in United States Dollars (NOTE 2))

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 affected 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 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 \$360,604.
- 4,599,662 common shares were issued for the acquisition of DSMIC by the Company. DSMIC holds a CAD\$1,750,000 debenture which was convertible into common shares of SNM (Note 7). Upon closing of the transaction, the debenture is eliminated upon consolidation. As a result of the Company 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, with 7,234,462 shares issued to the former shareholder of SNM at a notional value of \$2.24 (\$2.98 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 \$1.35 - \$3.75 (\$1.80 - \$5.00 CAD) per share expiring between November 30, 2017 and October 31, 2018 (Note 10).
- 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 9).

BREAKING DATA CORP.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended September 30, 2018 and 2017
(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 \$2.24 (\$2.98 CAD) per share with an amount of \$447,238 recorded to share capital. In addition, the Company paid a fee of \$150,060 (\$200,000 CAD) to an advisor of the Company which was recorded in the interim condensed consolidated statements of loss and comprehensive loss 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 based on one post-consolidation share for every ten pre-consolidation shares. These interim 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 was comprised of one common share 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 of \$350,000 equal to 7% of the gross proceeds raised under the Offering. In addition, the Agents were issued 131,250 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 the transaction constituted a reverse take-over of Breaking Data Corp. and was accounted for as a reverse take-over 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.

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

The allocation of the purchase price to the estimated fair value of net assets acquired is as follows on April 11, 2017:

Purchase price:

Common shares	\$	16,174,627
Warrants		3,577,315
Common share purchase options		779,564

Total purchase price	\$	20,531,506
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Fair value of assets acquired and liabilities assumed:

Cash	\$	2,077,727
Accounts Receivable		133,959
Debenture and accrued interest		1,363,642
Prepaid expenses and deposits		126,668
Deferred patent costs		74,498
Accounts payable and accrued liabilities		(164,790)
Deferred revenue		(85,458)
Debentures (Note 7)		(258,854)
Net assets acquired and liabilities assumed		3,267,392

Fair value of intangible assets

Intellectual property		1,951,040
Notional fair value of goodwill	\$	15,313,074
Adjustment to fair value of goodwill		(8,933,700)
Foreign currency translation		226,074
Fair value of goodwill	\$	6,153,300

The Company finalized its assessment of the purchase price allocation during the quarter ended March 31, 2018. This resulted in an adjustment being recorded to the previously presented September 30, 2017 interim condensed consolidated statements of financial position between goodwill and intangible assets. The consideration paid was also adjusted from the previous interim condensed consolidated statements of financial position and statement of changes in shareholders equity for the period ended September 30, 2017 based on the fair value of the business acquired. Intangible assets of intellectual property and goodwill have been separately accounted for. Intellectual property representing proprietary technology is being amortized over a useful life of 5 years. The acquired goodwill is primarily related to the growth expectations, assembled workforce and expected cost synergies.

The Company recorded an adjustment to fair value of goodwill of \$8,933,700 on acquisition resulting in a fair value of goodwill of \$6,153,300 at the acquisition date of April 11, 2017. In addition, there was an increase to transaction and acquisition costs of \$76,540 and amortization of proprietary technology of \$190,701 recorded as part of this final assessment of purchase price allocation. These adjustments had a total impact of \$9,200,941 on the prior period net loss for the six months ended September 30, 2017.

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

During the three months ended September 30, 2018, the Company performed an impairment assessment on intangible assets and goodwill. In accordance with the transaction with Oryx Gaming (“Oryx”), (see note 18 Subsequent Events) Management re-focused its strategic plans from Artificial Intelligence (“AI”) to the Oryx gaming platform and the integration with SNM’s user base. As a result, effective August 31, 2018, the Company took steps to reduce its labour and overhead costs directly associated with its AI division and AI initiatives. Accordingly, the goodwill recorded on RTO which represented the inherent value of the Company’s AI division was written down to Nil. The Company recognized a write-down for impairment of goodwill in the amount of \$6,284,747 representing the value of goodwill at August 31, 2018.

Intellectual property set up on RTO pertains to the value of the BKD’s proprietary technology that was developed specifically for the SNM business. With the merger with the Oryx gaming business, certain proprietary solutions will continue to be useful and functional. Management has assessed that there is an impairment in value of intellectual property and has recorded a write-down in intangible assets of \$730,000.

4. DISCONTINUED OPERATIONS

On November 30, 2017, the Company sold its subsidiary Devesys Technologies Inc. (“DTI”), as a result of a decline in business activity. The operating results of DTI have been presented in the interim condensed consolidated financial statements as a discontinued operation.

The following table summarizes the operations of DTI as classified as discontinued operations for the six months ended September 30, 2018 and 2017.

Results of discontinued operation	Six months ended September 30, 2018	Six months ended September 30, 2017
Revenue	\$ -	\$ 111,180
Expenses	\$ -	\$ 93,290
Net income from discontinued operations	\$ -	\$ 17,890
Basic and diluted net income per share	\$ -	\$ -

Due to accumulated net losses in the past, there is no income tax expense recorded in respect of the discontinued operations.

The following table summarizes the net cash flows attributable to discontinued operations for the six months ended September 30, 2018 and 2017.

	Six months ended September 30, 2018	Six months ended September 30, 2017
Cash flows from discontinued operations	\$ -	\$ 17,890

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5. <u>EQUIPMENT</u>	Total Equipment
Cost	\$
As at March 31, 2017	188,850
Additions	94,811
Disposals	(3,108)
Write down of fully depreciated assets	(131,443)
Foreign translation adjustment	18,590
As at March 31, 2018	167,700
Additions	56,665
Foreign translation adjustment	(12,210)
As at September 30, 2018	212,155
Accumulated Depreciation	
As at March 31, 2017	167,011
Depreciation	13,921
Write down of fully depreciated assets	(130,158)
Foreign translation adjustment	12,521
As at March 31, 2018	63,295
Depreciation	21,263
Foreign translation adjustment	(4,843)
As at September 30, 2018	79,715
Net Book Value	
As at March 31, 2018	104,405
As at September 30, 2018	132,440

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6. <u>INTANGIBLE ASSETS</u>	Development Costs	Intellectual Property	Patents	Total Intangible Assets
Cost	\$	\$	\$	\$
As at March 31, 2017	-	-	-	-
Acquired through reverse takeover transaction	-	1,951,040	74,498	2,025,538
Additions	446,861	-	8,416	455,277
Foreign currency translation	(2,385)	69,761	3,972	71,348
As at March 31, 2018	444,476	2,020,801	86,886	2,552,163
Additions	183,223	-	9,932	193,155
Impairment (note 3)	-	(730,000)	-	(730,000)
Foreign currency translation	(9,421)	(6,717)	(256)	(16,394)
As at September 30, 2018	618,278	1,284,084	96,562	1,998,924
Accumulated Amortization				
As at March 31, 2017	-	-	-	-
Amortization	18,304	393,745	18,721	430,770
Foreign currency translation	1,067	3,019	1,455	5,541
As at March 31, 2018	19,371	396,764	20,176	436,311
Amortization	37,963	200,200	9,229	247,392
Foreign currency	(1,836)	(4,873)	(234)	(6,944)
As at September 30, 2018	55,498	592,091	29,171	676,759
Net Book Value				
As at March 31, 2018	425,105	1,624,037	66,710	2,115,852
As at September 30, 2018	562,780	691,993	67,391	1,322,165

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7. DEBENTURES

Debenture date	January 27 to February 29, 2016 (a)	October 18, 2016 (b)	December 15, 2016 (b)	April 11, 2017 (c)	Total
As at March 31, 2017	293,372	500,026	726,040	-	1,519,438
Accretion expense during the year	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				15,959	15,959
Repayment of debt				(274,813)	(274,813)
As at March 31 and September 30, 2018	-	-	-	-	-

- (a) During the year ended March 31, 2017, SNM issued \$47,455 of convertible debentures. The debentures bore interest at 10% per annum, payable quarterly maturing on December 31, 2018. In connection with the reverse takeover transaction, this debenture was converted into common 304,534 common shares of the Company (Note 3).
- (b) During the year ended March 31, 2017, SNM 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. In connection with the RTO transaction on April 11, 2017, the debenture is recorded at face value and eliminated upon consolidation.
- (c) As part of the reverse takeover transaction, the Company retained a convertible debenture in the net amount of \$258,854 (\$345,000 CAD). The debenture was repaid in full on February 16, 2018.

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8. SHARE CAPITAL

Authorized - Unlimited common shares

Issued and outstanding	Number of shares #	Amount \$
Balance, March 31, 2017	13,559,735	6,247,296
Exercise of stock options (a)	315,670	217,519
Shares issued for conversion of SNM debt (a)	304,534	417,929
Reverse takeover transaction (a)	11,834,124	16,174,627
Private placement financing, net of issue costs (b)	1,250,000	3,112,892
Warrants issued related to financing (b)	-	(757,866)
Broker warrants issued related to financing (b)	-	(124,826)
Shares issued for advisory services (c)	200,000	447,238
Shares issued for payment of accounts payable (e)	121,359	197,575
Warrants exercised (f)	91,248	217,089
Private placement financing, net of issued costs (g)	1,000,000	2,402,119
Balance, March 31, 2018 and September 30, 2018	28,676,670	28,551,592

(a) On April 11, 2017, the Company completed the acquisition of Sports New Media Holdings Limited ("SNM"). The transaction was affected 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, with 7,234,462 shares issued to the former shareholder of SNM at a notional value of \$2.24 (\$2.98 CAD) per common share.
- 304,534 common shares of the Company were issued upon conversion of SNM convertible debt with a face value of \$360,604. A residual value of \$57,325 was transferred from equity component of convertible debt to share capital on conversion of this debt.
- 315,670 common shares were issued for the exercise of stock options for proceeds of \$54,321.

(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.

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8. SHARE CAPITAL (continued)

The Agents were paid a cash commission equal to \$280,000 or 7% of the gross proceeds raised. In addition, the Agents were issued 70,000 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 was comprised of one common share and one-half of one warrant, with each whole warrant exercisable into a common share of BDC 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 \$70,000 or 7% of the gross proceeds raised. In addition, Agents were issued 17,500 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 fair value of \$2.24 per share (\$2.98 CAD) for a total of \$447,238. 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 condensed consolidated statements 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 based on one post-consolidation share for every ten pre-consolidation shares. These interim condensed consolidated financial statements reflect the consolidation.
- (e) On July 14, 2017, the Company issued 121,359 common shares at fair value 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.
- (g) On January 23, 2018, the Company closed a private placement financing. Pursuant to the offering, the Company issued 1,000,000 common shares at a price of \$2.41 (\$3.00 CAD) for aggregate gross proceeds of \$2,414,190 (\$3,000,000 CAD) less issue costs of \$12,071.
- (h) As at September 30, 2018, the Company had 9,562,623 common shares held in escrow.

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9. 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 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, 2018 and March 31, 2018:

	Period ended September 30, 2018			Year ended March 31, 2018		
	Number of Options Outstanding	Exercise Price	Weighted-Average Remaining Life	Number of Options Outstanding	Exercise Price	Weighted-Average Remaining Life
Directors and Officers	2,941,570	\$1.90 - \$2.55	8.12 years	2,641,570	\$1.90 - \$2.55	8.52 years
Consultants and Employees	1,435,598	\$0.375 - \$4.65	8.12 years	1,550,598	\$0.375 - \$4.65	8.52 years
Total	4,377,168	\$0.375 - \$4.73	8.12 years	4,192,168	\$0.375 - \$4.73	8.52 years

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9. COMMON SHARE PURCHASE OPTIONS (continued)

The following table summarizes the Company's stock options activity for the six months ended September 30, 2018 and year ended March 31, 2018:

	Period ended September 30, 2018			Year ended March 31, 2018		
	Number of Options	Exercise Price	Weighted-Average Exercise Price	Number of Options	Exercise Price	Weighted-Average Exercise Price
Outstanding, beginning of period	4,192,168	\$0.375 - \$2.50	\$1.50	464,985	\$0.375 - \$2.50	\$0.73
Granted on business acquisition (b)	-	-	-	217,722	\$0.375	\$0.375
Exercised on business acquisition (b)	-	-	-	(315,670)	\$0.375	\$0.73
Granted (a,c)	400,000	\$0.86	\$0.86	4,352,500	\$1.35-\$4.73	\$1.72
Cancelled (d,e)	(215,000)	(\$1.47)	(\$1.47)	(527,369)	\$0.375-\$4.73	\$(2.82)
Outstanding, end of period	4,377,168	\$0.375 - \$4.73	\$1.45	4,192,168	\$0.375 - \$4.73	\$1.50

- a) During the six months ended September 30, 2018 the Company granted 400,000 stock options to purchase common shares of the Company to a new officer of the Company. These stock options are exercisable at \$0.86 (\$1.11 CAD) per stock option and expire in April 2028. The following assumptions were used in the Black Scholes pricing model: expected dividend yield of 0%, expected volatility of 241%, expected life of 10 years, risk free interest rate of 2.28%. As at September 30, 2018 1,773,835 stock options were exercisable.
- b) Prior to the business acquisition, during the period April 1, 2017 to April 11, 2017, 217,722 common share options were granted, and then 315,670 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.
- c) 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 \$779,564 was credited to contributed surplus with a corresponding increase to goodwill (Note 3). The following assumptions were used in the Black Scholes pricing model: expected dividend yield of 0%, expected volatility of 107.9% - 134.1%, expected life of 0.5 – 4.5 years, risk free interest rates of 0.69%-1.06%. 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. The fair value of the options total \$6,357,637 and vest over three years. The fair value was estimated on the date of grant using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 243%, risk free interest rates of 1%, and expected life of 10 years.

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9. COMMON SHARE PURCHASE OPTIONS (continued)

- d) During the six months ended September 30, 2018 215,000 options were cancelled with an exercise price of \$1.47.
- e) During the year ended March 31, 2018, 527,369 options were cancelled with exercise prices ranging from \$0.375 to \$4.73.

10. 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
March 31, 2017	-	-	-					
Granted on business acquisition (a)	2,751,506	\$1.80-\$3.75	0.07 years	0%	1.0%	9-18 months	240%	0%
Granted on financing (b)	625,000	\$5.25	0.10 years	0%	1.8%	24 months	245%	0%
Exercised (c)	(91,248)	(\$1.80)						
March 31 and Sept 30, 2018	3,285,258	\$1.80-\$5.25	0.17 years					

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
March 31, 2017	-	-	-					
Granted on business acquisition (a)	194,444	\$1.35	0.05 years	0%	1.0%	18 months	240%	0%
Granted on financing (b)	131,250	\$3.00	0.21 years	0%	1.8%	24 months	245%	0%
March 31 and Sept 30, 2018	325,694	\$1.35-\$3.00	0.26 years					

- (a) On April 11, 2017, in connection with the acquisition of SNM, an aggregate of 2,751,506 warrants were issued which consisted of 2,722,220 warrants with an exercise price of \$1.80 (\$2.40 CAD) expiring on October 31, 2018 and 14,286 and 15,000 warrants with an exercise price of \$3.75 (\$5.00 CAD) expiring on November 30, 2018 and December 5, 2018 respectively.

194,444 finders warrants ("RTO replacement warrants") with an exercise price \$1.35 (\$1.80 CAD) per share were issued expiring on October 31, 2018.

- (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

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10. WARRANTS (continued)

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.

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 year ended March 31, 2018, 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.

11. CONTRIBUTED SURPLUS

As a result of the vesting of stock options during the six months ended September 30, 2018, \$1,384,792 (2017 - \$1,028,832) was recorded as stock-based compensation expense with the same amount credited to contributed surplus.

12. 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.

13. 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 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.

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14. SUPPLEMENTARY CASH FLOW INFORMATION

	Six months ended September 30, 2018	Six months ended September 30, 2017
Increase in trade and other receivables	\$ (110,523)	\$ (212,056)
Increase in prepaid expenses, deposits and other assets	(72,825)	(243,268)
Decrease in trade payables and accrued liabilities	(26,785)	(962,938)
	\$ (210,133)	\$ (1,418,262)

15. RELATED PARTY BALANCES AND TRANSACTIONS

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

- a. As at September 30, 2018, the Company had \$17,574 (March 31, 2018 - \$71,225) of accounts payable due to four officers of the Company and one director of the Company.
- b. Salaries and subcontractors' expenses of \$441,234 were incurred with three officers and one former of the Company (of which two are also directors) as well two directors of the Company (one of which is a former officer) during the six months ended September 30, 2018 (September 30, 2017 - \$428,521). The officers were compensated for their roles as Chief Executive Officer, Chief Marketing Officer, Chief Financial Officer and Chief Technology Officer.
- c. 400,000 options were granted to directors and officers of the Company during the six months ended September 30, 2018 and 2,641,570 during the year ended March 31, 2018. Options are exercisable at a price of \$0.86 and \$1.47 respectively, and vest over 3 years and expire in 10 years.

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(Expressed in United States Dollars (NOTE 2))

16. 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, 2018 and 2017 comprising head office and general operations of Breaking Data and Poynt Inc. in Canada, Sports New Media operating segment which provides sports news content in the United Kingdom. The Company's revenues are earned in the following geographical areas for the periods ended September 30, 2018 and 2017:

	Six months ended September 30, 2018	Six months ended September 30, 2017
North America	\$ 659,553	\$ 167,188
Europe (excluding United Kingdom)	94,777	200,137
United Kingdom	3,465,425	2,785,618
	\$ 4,255,755	\$ 3,152,943

Revenue from external customers

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, 2018, sales from two significant customers amounted to \$1,947,118 and \$566,832 representing 46% and 13% of total revenues (2017 - \$1,594,444 and \$512,557 representing 51% and 16%).

17. COMMITMENTS

The Company has a contingent commitment to pay \$39,830 (\$50,000 CAD) upon realization and recognition of its first \$398,300 (\$500,000 CAD) in patent licensing revenue, on certain patents and an additional \$39,830 (\$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, 2018, no patent licensing revenue has been realized or recognized.

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18. SUBSEQUENT EVENTS

- (a) On October 31, 2018, 2,630,972 warrants with an exercise price of \$1.80 and 194,444 finders warrants with an exercise price of \$1.35 expired.
- (b) On November 1, 2018, the Company granted 35,000 to purchase common shares of the Company. These stock options are exercisable at \$1.47 (\$1.90 CAD) per stock option, vest over three years and expire in November 1, 2028.
- (c) On November 9, 2018 at the Annual and Special Meeting, the shareholders of the Company approved the proposed transaction with Oryx Gaming ("Oryx") which was previously announced on August 22, 2018. The Company announced it has entered into a transaction agreement (the "Transaction Agreement") to acquire Oryx Gaming through which it will acquire all of the shares of Oryx Gaming ("Oryx").

Oryx is an international i-Gaming turnkey solution provider that offers an online, retail and mobile platform and access to diverse portfolio of proprietary and 3rd party Sportsbook, Lottery and Casino products with over 5,000 content titles included. With clients ranging from JackpotJoy Plc to GVC, it is certified, approved and licensed to provide services in Malta, Schleswig Holstein, Spain, Romania, Colombia, Croatia, Serbia, Gibraltar, UK and Slovenia.

After the completion of the acquisition of Oryx, the Company is expected to be renamed Bragg Gaming Group. Furthermore, upon completion of the Transaction, Dominic Mansour, a former chief executive of the UK's Health Lottery, will become Chief Executive of the Company, and Akshay Kumar, the former CFO of NetPlay TV plc, will become Chief Financial Officer of the Company. (See Subsequent Events)

Under the terms of the Transaction Agreement the Company will issue 21 million common shares to the shareholders of the AA Acquisition Group ("AAA") in exchange for all the shares of AAA ("the Transaction"). Legacy Eight Group Ltd. ("Legacy Eight") owns 44% of the shares of AAA, and upon completion of the Transaction would own approximately 19% of the shares of Breaking Data prior to taking into account any equity financing completed in connection with the Transaction.

AAA has entered into a Share Purchase Agreement (the "SPA") with Oryx Gaming International LLC ("Oryx") to acquire all of the shares of Oryx with the initial consideration being EUR7.5 million and the balance to be in the form of earn-outs based on the business performance of Oryx.

Financial details

- > EUR1.5 million on signing of the SPA;
- > EUR4.125 million on closing of the transaction;
- > EUR1.875 million worth of common shares of the Company also on closing based on the 60 day volume weighted average price of the shares on the TSX Venture Exchange (the "TSXV") at the time of issuance, subject to a maximum of 2 million shares - in the event that the payment is limited by the maximum number of shares issuable, the

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For the six months ended September 30, 2018 and 2017
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18. SUBSEQUENT EVENTS (continued)

balance of the payment will be paid in cash; and Earn-out payments comprised as follows: (i) after the first year following the closing date, a payment equal to 8 times 33% of the EBITDA of Oryx for that first year, subject to Oryx having achieved EBITDA of at least EUR2 million; and (ii) after the second year following the closing date, a payment equal to 8 times 33% of the EBITDA of Oryx for that second year, subject to Oryx having achieved EBITDA of at least EUR3 million. The earn-out payments will be partly satisfied by cash and partly by the issuance of common shares of the Company based on the 60-day volume weighted average price of the shares on the TSXV, provided that the maximum number of shares to be issued for the first earn-out payment will be 2 million shares and for the second earn-out payment will be 2.5 million shares.

The Transaction is also subject to financing, TSX Venture Exchange approval and certain other closing conditions customary in transactions of this nature.