

QYOU Media Inc.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
[expressed in Canadian dollars]

For the three months ended September 30, 2018 and 2017
[unaudited]

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under Part 4, subsection 4.3(3)(a) of National Instrument 51-102 – *Continuous Disclosure Obligations*, if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of QYOU Media Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

QYOU Media, Inc.

Condensed consolidated interim statements of financial position

[expressed in Canadian dollars] [unaudited]

[see going concern uncertainty - note 2]

As at	September 30,	
	2018	June 30, 2018
	\$	\$
Assets		
Current assets		
Cash	2,622,110	1,069,248
Trade receivables	286,942	1,373,543
Other receivables	696,890	241,228
Prepaid expenses	106,740	18,288
	3,712,682	2,702,307
Property and equipment, net [note 4]	288,071	324,502
Capitalized programming asset, net [note 5]	1,361,680	1,092,502
Application development costs [note 6]	975,461	997,542
Security deposit	93,314	93,476
Intangible assets, net [note 6]	88,789	90,799
	6,519,997	5,301,128
Liabilities		
Current liabilities		
Trade and other payables	1,828,020	2,007,265
Deferred revenue	146,359	262,649
	1,974,379	2,269,914
Shareholders' equity		
Share capital [note 7]	20,921,428	18,326,516
Warrants [note 7]	1,573,254	1,544,395
Contributed surplus	5,140,729	4,916,841
Foreign exchange translation reserve	22,051	47,183
Deficit	(23,111,844)	(21,803,721)
	4,545,618	3,031,214
	6,519,997	5,301,128

Commitments and contingencies [note 9]

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

On behalf of the Board:

"Signed"
Director - Scott Paterson

"Signed"
Director - Curt Marvis

QYOU Media, Inc.**Condensed consolidated interim statements of loss and comprehensive loss**

[expressed in Canadian dollars] [unaudited]

For the three months ended September 30,

	2018	2017
	\$	\$
REVENUE	1,712,703	1,514,938
OPERATING EXPENSES		
Content and productions costs	939,496	759,363
Sales and marketing	569,721	495,058
Salaries and benefits	348,005	452,178
Legal and consulting	756,384	488,773
General and administrative	199,976	212,878
Bad debts written off	—	39,051
Foreign exchange (gain) loss	(61,244)	264,217
Interest and other expenses (income)	1,239	(9,152)
Depreciation [note 4]	35,458	6,477
Stock-based compensation	187,333	142,149
Total operating expenses	2,976,368	2,850,992
Loss before listing expense	(1,263,665)	(1,336,054)
Income tax expense	44,458	—
NET LOSS	(1,308,123)	(1,336,054)
Other comprehensive income (loss)		
Item that may be reclassified subsequently to income:		
Exchange (loss) gain on translation of foreign operations	(25,132)	58,959
Total other comprehensive income	(25,132)	58,959
COMPREHENSIVE LOSS	(1,333,255)	(1,277,095)
Net loss per share - basic and diluted	(0.01)	(0.02)
Weighted average number of shares outstanding - basic and diluted	94,941,418	58,189,568

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

QYOU Media, Inc.

Condensed consolidated interim statements of changes in shareholders' equity

[expressed in Canadian dollars] [unaudited]

For the three months ended September 30, 2018 and 2017

	Common shares #	Share capital \$	Warrants \$	Contributed surplus \$	Foreign exchange transaction reserve \$	Deficit \$	Total \$
Balance, June 30, 2017	65,939,959	13,689,547	3,710,968	981,714	(108,425)	(14,590,547)	3,683,257
Broker compensation options exercised	1,002,750	763,421	-	(262,046)	-	-	501,375
Allocated to warrants	-	(61,580)	61,580	-	-	-	-
Broker compensation options expired	-	-	-	(46,893)	-	-	(46,893)
Allocated to employee options	-	-	-	189,042	-	-	189,042
Exchange difference on translating foreign operations	-	-	-	-	204,264	42,857	247,121
Net loss for the period	-	-	-	-	-	(1,336,054)	(1,336,054)
Balance, September 30, 2017	66,942,709	14,391,388	3,772,548	861,817	95,839	(15,883,744)	3,237,848
Balance, June 30, 2018	82,483,809	18,326,516	1,544,395	4,916,841	47,183	(21,803,721)	3,031,214
Issuance of common shares and warrants, net of issuance costs [note 7]	15,500,000	2,526,912	28,859	104,555	-	-	2,660,326
RSUs exercised [note 7]	200,001	68,000	-	(68,000)	-	-	-
Share-based compensation	-	-	-	187,333	-	-	187,333
Exchange difference on translating foreign operations	-	-	-	-	(25,132)	-	(25,132)
Net loss for the period	-	-	-	-	-	(1,308,123)	(1,308,123)
Balance, September 30, 2018	98,183,810	20,921,428	1,573,254	5,140,729	22,051	(23,111,844)	4,545,618

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

QYOU Media, Inc.

Condensed consolidated interim statements of cash flows

[expressed in Canadian dollars] [unaudited]

For the three months ended September 30,

	2018	2017
	\$	\$
Cash flows from operating activities		
Net loss	(1,308,123)	(1,336,054)
Adjustments to reconcile net loss to net cash used in operating activities		
Unrealized foreign exchange (gain) loss	(61,244)	264,217
Income tax expense	44,458	-
Depreciation	35,458	6,477
Amortization	251,622	-
Share-based compensation	187,333	142,149
	(850,496)	(923,211)
Changes in non-cash working capital items		
Trade receivables	1,086,601	(370,896)
Other receivables	(455,662)	(55,998)
Prepaid expenses	(88,452)	245
Security deposit	162	-
Trade and other payables	(179,245)	369,060
Deferred revenue	(116,290)	68,790
Cash used in operating activities	(603,382)	(912,010)
Cash flows from investing activities		
Purchase of property and equipment	(1,042)	-
Content and production costs	(520,800)	-
Application development costs	-	(173,403)
Cash used in investing activities	(521,842)	(173,403)
Cash flows from financing activities		
Issuance of shares and warrants, net of issuance costs	2,660,326	501,375
Cash from financing activities	2,660,326	501,375
Net increase (decrease) in cash during the period	1,535,102	(584,038)
Effect of foreign exchange on cash	17,760	(16,087)
Cash, beginning of period	1,069,248	2,582,966
Cash, end of period	2,622,110	1,982,841

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[expressed in Canadian dollars, unless otherwise noted]

[Unaudited]

September 30, 2018 and 2017

1. BUSINESS AND ORGANIZATION

QYOU Media Inc. (“QYOU” or the “Company”) was incorporated pursuant to the *Business Corporations Act* (Alberta) on July 30, 1993 under the name “575161 Alberta Inc.”. The registered and head office of the Company is 110 Spadina Avenue, Suite 300, Toronto, ON M5V 2K4. The Company, through its subsidiaries, focuses on the curation, programming and distribution of premium digital first short form video content for a multiscreen world. The Company finds and licenses premium videos from around the world in categories ranging from comedy to reality and everything in between; packaging them for linear and on-demand TV and video channels, mobile apps, custom shows and influencer marketing campaigns. The Company identifies sources for content material, records original video programming, edits content and prepares final video product for distribution.

The accompanying condensed consolidated interim financial statements include the accounts of QYOU and its wholly-owned subsidiaries as at September 30, 2018, QYOU Media Holdings Inc., QYOU Productions Inc., QYOU Limited, QYOU TV International Limited, QYOU USA Inc. and QYOU Media India Private Limited, an entity in which the Company has a majority controlling interest.

2. BASIS OF PREPARATION

[a] Statement of compliance

The unaudited condensed consolidated interim financial statements [“financial statements”] were prepared using the same accounting policies and methods as those used in the Company’s audited consolidated financial statements for the year ended June 30, 2018. These condensed consolidated interim financial statements have been prepared in compliance with IAS 34 — Interim Financial Reporting. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards [“IFRS”] have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended June 30, 2018.

The timely preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the financial statements, and the reported amounts of revenue and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 29, 2018.

[b] Going concern uncertainty

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at September 30, 2018, the Company has not yet achieved profitable operations, and has an accumulated deficit of \$23.1 million. Whether, and when, the Company can attain profitability and positive cash flows from operations has material uncertainty, which may cast significant doubt upon the Company’s ability to continue as a going concern. The application of the going concern assumption is dependent upon the Company’s ability to generate future profitable operations and obtain necessary financing to do so. While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in the future, on terms favourable to the Company or at all. The Company will need to raise capital in order to fund its operations. This need may be adversely impacted by factors such as uncertain market conditions and adverse results from operations. The Company believes it will be able to acquire sufficient funds to cover planned operations through the next 12-month period from anticipated revenue growth during fiscal 2019 and by securing additional financing through additional credit access from its commercial bank, plus

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[expressed in Canadian dollars, unless otherwise noted]

[Unaudited]

September 30, 2018 and 2017

other financing alternatives and strategic options currently being explored. The outcome of these matters cannot be predicted at this time.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following new accounting standards were applied or adopted during the period ended September 30, 2018:

[i] IFRS 9 - Financial Instruments [“IFRS 9”]

The adoption of IFRS 9 did not have any impact on the Company’s consolidated financial statements. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the consolidated financial statements. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income [“FVOCI”]; or fair value through profit and loss [“FVTPL”]. The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated. Instead, the hybrid financial asset as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset [unless it is a trade receivable without a significant financing component that is initially measured at the transaction price] is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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Debt investments at FVOCI	Subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	Subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss, even upon derecognition.

[ii] IFRS 15 – Revenue from Contracts with Customers [“IFRS 15”]

IFRS 15 supersedes IAS 18 – *Revenue* and IAS 11 – *Construction Contracts* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of adoption on July 1, 2018. The effect of adopting IFRS 15 did not have any impact on the Company’s consolidated financial statements.

Content and program revenue and influencer marketing revenue

The Company contracts with its customers for the development and delivery of programs through fixed price agreements. Each episode of program is generally a performance obligation. The Company has concluded that revenue from content and program and influencer marketing should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the episode. Therefore, the adoption of IFRS 15 did not have an impact on the timing or the amount of revenue recognition.

Licensing revenue

The Company also generates subscriber revenue from pay television distributors.

Under IFRS 15, the Company concluded that licensing revenue will continue to be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of programming. Therefore, the adoption of IFRS 15 did not have an impact on the timing or the amount of revenue recognition.

Disclosure requirements

As required for the condensed interim consolidated financial statements, the Company disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company has determined that revenue by geography best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to segment note for the disclosure on disaggregated revenue by geography.

The Company has not applied the following new and revised accounting standards that have been issued but are not yet effective:

[i] IFRS 16 – Leases [“IFRS 16”]

In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially

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[Unaudited]

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unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The Company is in the process of evaluating the impact of IFRS 16 on the Company's financial statements.

[ii] IFRIC 23 – Uncertainty over Income Tax Treatment [“IFRIC 23”]

In June 2017, the IASB issued IFRIC 23, which clarifies the accounting for uncertainties in income taxes. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. The requirements are applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which the Company first applies them, without adjusting comparative information. Full retrospective application is permitted, if the Company can do so without using hindsight. The Company is in the process of evaluating the impact of IFRIC 23 on the Company's consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[expressed in Canadian dollars, unless otherwise noted]

[Unaudited]

September 30, 2018 and 2017

4. PROPERTY AND EQUIPMENT

Property and equipment are composed of the following:

	Computer hardware and equipment	Furniture and fixtures	Total
Cost	\$	\$	\$
As at June 30, 2017	67,658	1,024	68,682
Additions	126,267	226,450	352,717
Foreign exchange	6,817	51	6,868
As at June 30, 2018	200,742	227,525	428,267
Additions	1,042	-	1,042
Foreign exchange	(3,389)	(24)	(3,413)
As at September 30, 2018	198,395	227,501	425,896
	Computer hardware and equipment	Furniture and fixtures	Total
Accumulated depreciation	\$	\$	\$
As at June 30, 2017	21,687	573	22,260
Depreciation	40,315	38,095	78,410
Foreign exchange	3,065	30	3,095
As at June 30, 2018	65,067	38,698	103,765
Depreciation	16,499	18,959	35,458
Foreign exchange	(1,375)	(23)	(1,398)
As at September 30, 2018	80,191	57,634	137,825
	Computer hardware and equipment	Furniture and fixtures	Total
Net book value	\$	\$	\$
As at June 30, 2018	135,675	188,827	324,502
As at September 30, 2018	118,204	169,867	288,071

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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[Unaudited]

September 30, 2018 and 2017

5. PROGRAMMING ASSET

The Company has segregated its film investments into two categories: (i) current productions; and (ii) library or acquired productions. Current productions are considered library productions immediately subsequent to their initial availability for licensing as they are considered completed.

Current productions are amortized using the declining balance method at rates from 50-70% at the time of the initial episodic delivery and at annual rates of 10-25% thereafter and are recognized in content and production costs.

	Current productions
Cost	\$
As at June 30, 2018	1,350,904
Additions	520,800
As at September 30, 2018	1,871,704

	Current productions
Accumulated amortization	\$
As at June 30, 2018	258,402
Amortization	251,622
As at September 30, 2018	510,024

	Current productions
Net book value	\$
As at June 30, 2018	1,092,502
As at September 30, 2018	1,361,680

6. INTANGIBLE ASSETS

Intangible assets consists of acquired intangible assets and capitalized application development costs.

Intangible asset - Brand

On July 15, 2015, QYOU Media Holdings Inc. acquired certain assets from Black Forest Production Services, USA ("BFPS"), including the rights to the "QYOU" brand and related intellectual property and assumed net liabilities of \$56,454 for a cash payment of \$25,000. Accordingly, a value of \$81,454 (€59,114) was allocated to the "QYOU" brand.

QYOU, through its wholly-owned Irish subsidiary, QYOU Limited, owns a Broadcast License granted by the Broadcast Authority of Ireland, to broadcast its programs in Ireland and the European Union.

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Capitalized application development

Capitalized application development costs are costs incurred for the development of a customized mobile application for the Company's curated videos. The product is currently under development. Amortization of the capitalized application development cost will commence upon launch of the mobile application.

A summary of the Company's intangible assets are as follow:

	Brand name	Capitalized development costs	Total
Cost	\$	\$	\$
As at June 30, 2017	87,835	657,797	745,632
Additions	-	313,397	313,397
Foreign exchange	2,964	26,348	29,312
As at June 30, 2018	90,799	997,542	1,088,341
Foreign exchange	(2,010)	(22,081)	(24,091)
As at September 30, 2018	88,789	975,461	1,064,250

7. SHARE CAPITAL

	Common shares #	Share capital \$	Warrants #	Warrants \$	Compensation options #	Compensation options amount within contributed surplus \$
Balance, June 30, 2017	65,939,959	13,689,547	21,397,794	3,710,968	2,141,065	480,839
Broker compensation options exercised	1,002,750	763,421	-	-	(1,002,750)	(262,046)
Allocated to warrants	-	(61,580)	501,375	61,580	-	-
Broker compensation options expired	-	-	-	-	(179,440)	(46,893)
Balance, September 30, 2017	66,942,709	14,391,388	21,899,169	3,772,548	958,875	171,900
Balance, June 30, 2018	82,483,809	18,326,516	15,086,051	1,544,395	2,046,752	316,219
Issuance of common shares and warrants, net of issuance costs [a]	15,500,000	2,526,912	8,762,500	28,859	1,426,000	104,555
RSUs exercised [b]	200,001	68,000	(1)	-	-	-
Balance, September 30, 2018	98,183,810	20,921,428	23,848,550	1,573,254	3,472,752	420,774

[a] On July 19, 2018, the Company completed a short form prospectus offering (the "Offering") on a bought deal basis and issued 15,500,000 units of the Company at a price of \$0.20 per unit and an additional 1,012,500 common share purchase warrants at a price of \$0.004 per warrant, for aggregate gross proceeds of \$3,104,050. Each unit was comprised of one common share in the capital of the Company (each, a "Common Share") and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one Common Share at a price of \$0.37 per share until July 19, 2020.

Fair value of the Common Share and Common Share purchase warrants issued in the Offering was determined to be \$0.196 per Common Share and \$0.004 per Common Share purchase warrant based on the transaction prices in the Offering. Gross proceeds of \$3,104,050 were allocated to the Common Share and Common Share purchase warrants in the amount of \$3,069,000 and \$35,050, respectively.

Transaction costs of the Offering consisted of \$443,724 in cash and the issuance of 1,426,000 compensation units to the underwriters in the Offering. Each compensation unit is exercisable to acquire one Common Share and one-half of one Common Share purchase warrant at an exercise price of \$0.20 per compensation unit for

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a period of two years from the date of issuance. Total fair value of the compensation units was \$104,555 and was determined using the Black-Scholes option pricing model with a market price per compensation unit of \$0.20, a risk-free interest rate of 1.93%, an expected annualized volatility of 65% and expected dividend yield of 0%.

[b] During the three months ended September 30, 2018, 200,000 restricted stock units (“RSUs”) were redeemed for 200,000 Common Share and \$68,000 was transferred from contributed surplus to share capital.

During the three months ended September 30, 2018, there was an adjustment of 1 share between common shares and warrants.

8. RELATED PARTY TRANSACTIONS

On June 5, 2017, the Company agreed to loan Curt Marvis, the Chief Executive Officer of the Company, an aggregate principal amount of US\$150,000, as evidenced by a promissory note issued by Mr. Marvis to the Company, which bears interest at a rate of 3% per annum (the “Officer Loan”). As at September 30, 2018, the carrying value of the Officer Loan, inclusive of principle and interest was US\$155,500 [June 30, 2018 – US\$154,375] or C\$201,295 [June 30, 2018 – C\$203,281].

The Company paid consulting fees of \$59,328 to Curt Marvis for services rendered for the three months ended September 30, 2018 [three months ended September 30, 2017 – \$53,359].

BFPS and the Company are considered to be related parties for accounting purposes as a result of common share ownership and because an officer of the Company also acts as a director of BFPS.

In addition, BFPS provides outsourced production services, on a cost plus basis, for the Company’s videos under the terms of a production services contract. This service contract ended December 31, 2017. For the three months ended September 30, 2018, the Company paid production cost of nil [three months ended September 30, 2017 – \$151,488]. As at September 30, 2018, the total amount due to BFPS was nil.

The Offering described in note 7 included a subscription by G. Scott Paterson, Chairman of the Company, for 1,000,000 units, representing a \$200,000 investment.

9. COMMITMENTS AND CONTINGENCIES

Commitments

As at September 30, 2018, the Company is committed under operating leases, primarily relating to office and studio space, for the following minimum annual rentals:

	\$
2019	494,813
2020	41,305
2021 and thereafter	7,510
	543,628

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Contingencies

In the ordinary course of business, from time to time the Company is involved in various claims related to operations, rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these financial statements.

10. SEGMENT INFORMATION

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, with appropriate aggregation. The chief operating decision maker is the Chief Executive Officer, who is responsible for allocating resources, assessing performance of the reportable segment and making key strategic decisions. The Company operates in a single segment, being the distribution of curated and originally produced media content principally on Pay TV, OTT and mobile platforms. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

As at September 30, 2018, the Company operated in three geographical areas, being Canada, United States of America and Ireland. Revenue and assets by geography are presented below:

As at September 30, 2018 and for the three months ended September 30, 2018					
	Canada	USA	Ireland	Intercompany	Total
Revenue	450,000	1,069,362	193,341	-	1,712,703
Current assets	19,279,047	7,039,122	18,520,697	(41,126,184)	3,712,682
Non-current assets	1,627,412	103,482	1,076,421	-	2,807,315

As at September 30, 2017 and for the three months ended September 30, 2017					
	Canada	USA	Ireland	Intercompany	Total
Revenue	-	576,763	938,175	-	1,514,938
Current assets	13,918,921	5,343,936	13,575,554	(28,938,180)	3,900,231
Non-current assets	-	23,433	942,210	-	965,643

The following table represents the customers that individually represented 10% or more of total revenue for the period ended September 30, 2018 and 2017:

	2018	2017
Customer A	27%	65%
Customer B	26%	-
Customer C	18%	-
Customer D	11%	-
Customer E	-	13%