Consolidated Financial Statements
[Expressed in Canadian Dollars]

QYOU MEDIA Inc.

December 31, 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
QYOU Media Inc.

We have audited the accompanying consolidated financial statements of QYOU Media Inc., which comprise the consolidated balance sheets as at December 31, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

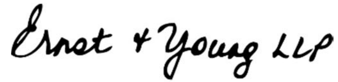
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of QYOU Media Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements, which indicates that the Company has yet to achieve profitable operations and that the Company will need to raise additional capital in future periods to fund its operations. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
May 30, 2017

QYOU MEDIA INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Going Concern Uncertainty - note 2)

As at December 31	Note	2016 $	2015 $
ASSETS			
Currrent assets			
Cash and cash equivalents		**256,549**	5,232,367
Accounts receivable, net of allowance for doubtful accounts of $0		**353,417**	754,043
ITC recoverable		**144,501**	177,208
Prepaid expenses and other current assets		**13,405**	6,958
		767,872	6,170,576
Property and equipment, net	4	**30,957**	10,828
Intangible assets	5	**628,608**	288,299
		1,427,437	6,469,703
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable		**795,613**	573,223
Accrued expenses		**472,701**	343,494
		1,268,314	916,717
Commitments and contingencies	***		
Shareholders' equity			
Share Capital	6	**6,943,720**	6,943,720
Warrants	7	**2,850,319**	2,789,194
Contributed surplus	7 and 8	**23,957**	85,082
Foreign Currency Translation		**140,072**	(128,635)
Accumulated deficit		**(9,798,945)**	(4,136,375)
		159,123	5,552,986
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**1,427,437**	6,469,703

See accompanying notes to the consolidated financial statements -

On behalf of the Board

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Director

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Director

QYOU MEDIA INC.
CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

	Note	For the year ended December 31, 2016 $	For the period June 14, 2015 to December 31, 2015 $
REVENUES			
Content and Program revenue		**913,015**	331,500
Subscriber fee revenues		**1,645,968**	696,601
		2,558,983	1,028,101
EXPENSES			
Content and production costs		**3,485,455**	2,379,399
Sales and marketing expenses		**1,483,542**	714,092
Salaries and benefits		**1,194,674**	745,128
Legal and consulting fees	9	**864,997**	1,097,924
General and administrative expenses		**882,444**	433,006
Foreign exchange (gain) loss		**307,638**	(206,135)
Interest expense		**(10,687)**	82
Depreciation expense		**13,490**	980
		8,221,553	5,164,476
Net loss		**(5,662,570)**	(4,136,375)
OTHER COMPREHENSIVE LOSS			
Exchange differences on translation of foreign operations		**268,707**	(128,635)
Net comprehensive loss		**(5,393,863)**	**(4,265,010)**
Weighted average number of shares outstanding, basic and diluted		**51,884,853**	41,418,830
Net Income per common share, basic and diluted		**$ (0.10)**	$ (0.10)

See accompanying notes to the consolidated financial statements

QYOU MEDIA INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Number of common shares #	Share capital $	Warrants $	Contributed Surplus $	Foreign currency translation $	Deficit $	Total $
Balance, June 14, 2015		—	—	—	—	—	—	—
Issued		27,000,000	25,000	—	—	—	—	**25,000**
Issued - Private placement - July 15		21,027,200	10,513,600	—	—	—	—	**10,513,600**
Conversion of promissory note	6	150,164	75,082	—	—	—	—	**75,082**
Costs of issuance of private placement		—	(795,690)	—	—	—	—	**(795,690)**
Broker options issued	8	—	(308,940)	—	308,940	—	—	—
Allocated to warrants	7	—	(2,565,332)	2,565,332	—	—	—	—
Consultant warrants issued	7	—	—	4	—	—	—	4
Additional Units issued	6 and 7	2,117,736	—	223,858	(223,858)	—	—	—
Exchange difference on translating foreign operations		—	—	—	—	(128,635)	—	(128,635)
Net loss for the period		—	—	—	—	—	(4,136,375)	**(4,136,375)**
Balance, December 31, 2015		**50,295,100**	**6,943,720**	**2,789,194**	**85,082**	**(128,635)**	**(4,136,375)**	**5,552,986**
Additional Units issued	6 and 7	2,117,736	—	61,125	(61,125)	—	—	—
Exchange difference on translating foreign operations		—	—	—	—	268,707	—	268,707
Net loss for the period		—	—	—	—	—	(5,662,570)	(5,662,570)
Balance, December 31, 2016		**52,412,836**	**6,943,720**	**2,850,319**	**23,957**	**140,072**	**(9,798,945)**	**159,123**

See accompanying notes to the consolidated financial statements

QYOU MEDIA INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended December 31, 2016 $	For the period June 14, 2015 to December 31, 2015 $
OPERATING ACTIVITIES			
Net loss		**(5,662,570)**	(4,136,375)
NON-CASH ADJUSTMENTS			
Depreciation expense	4	**13,490**	980
Stock based payments		—	86
Working capital changes			
Account payables and accruals		**470,593**	860,263
Account and GST receivables		**579,993**	(754,043)
Prepaid expenses		**(6,447)**	(6,958)
Advances to suppliers		—	(177,208)
CASH USED IN OPERATING ACTIVITIES		**(4,604,941)**	(4,213,255)
INVESTING ACTIVITIES			
Purchase of equipment		**(33,619)**	(11,808)
Purchase of assets from Black Forest Production Services	6	—	(25,000)
Capitalized production costs		**(340,309)**	(206,845)
CASH USED IN INVESTING ACTIVITIES		**(373,928)**	(243,653)
FINANCING ACTIVITIES			
Share issuance, net of costs		—	9,817,910
CASH FROM FINANCING ACTIVITIES		—	9,817,910
Translation effect on cash		**3,051**	(128,635)
NET CHANGE IN CASH		**(4,975,818)**	5,232,367
Cash, beginning of period		**5,232,367**	—
CASH, END OF PERIOD		**256,549**	5,232,367

See accompanying notes to the consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[amounts in Canadian dollars, unless otherwise noted]

December 31, 2016 and December 31, 2015

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1. BUSINESS AND ORGANIZATION

QYOU Media Inc.,("QYOU Media" or "the Company") was incorporated in Ontario, Canada on June 14, 2015. The registered and head office of the Company is 200 Front Street West, Suite 2300, Toronto, Ontario Canada, M5V 3K2. The company focuses on the curation and programming of short-form video content from the Video-Everywhere age. The company finds and licenses videos from around the world in categories ranging from factual to viral and everything in between; packaging them for linear and on-demand TV and video channels, playlist-driven mobile apps, custom shows and influencer marketing campaigns. Using sub-contracted production staff, production facilities and third-party contractors, the Company identifies sources for content material, records original video programming, edits content and prepares final video product for distribution.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These consolidated financial statements were prepared under the historical cost convention, except for certain items not carried at historical costs as discussed in the applicable accounting policies.

These consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2016. The Company's Board of Directors authorized the statements for issue and approved the policies the Company adopted in its consolidated financial statements for the period ending December 31, 2016 on May 30, 2017.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of QYOU Media Inc and its wholly-owned subsidiaries, Qyou Media Ltd., Dublin, Qyou International Ltd., Dublin and Qyou USA Inc., Delaware.
The consolidated financial statements incorporate the assets and liabilities of the Company and its wholly owned subsidiaries as at December 31, 2016 and 2015 and the results of these subsidiaries for the years then ended.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. All intra-entity assets and liabilities, revenue, expenses and cash flows relating to transactions between subsidiaries of the Company are eliminated in full on consolidation.

Going concern uncertainty

These consolidated 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 consolidated 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 December 31, 2016, the Company has not yet achieved profitable operations, and has an accumulated deficit of $9.8 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. The Company will need to raise capital in order to fund its operations. This need may be adversely impacted by uncertain market conditions, approval by regulatory bodies, and adverse results from operations. The Company believes it will be able to acquire sufficient funds to cover planned operations through the next twelve-month period from anticipated revenue growth during fiscal 2017 and by securing additional financing through additional credit access from its commercial bank, plus other financing alternatives and strategic options currently being explored. The outcome of these matters cannot be predicted at this time.

Use of Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenue and expenses. Such estimates include the collectability of accounts receivable, the valuation of long-lived assets, legal contingencies, indemnifications, estimations of stock-based compensation, and assumptions used in the calculation of income taxes and related valuation allowance, among others.

All of the estimates that are employed are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes, if any, in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, cash held in trust accounts and short-term deposits with original maturities of three months or less that are readily convertible into cash and are not subject to significant risk from fluctuations of interest rates. As a result, the carrying amount of cash and cash equivalents approximates fair value.

Accounts Receivable

The Company extends credit to its customers. These customers have specific contracts that detail the payments expected under their contract terms. Accounts receivable are customer obligations due under these contract terms. Management reviews accounts receivable on a regular basis, based on contracted terms and how recently payments have been received, to determine if any such amounts will potentially be uncollected.

Property and Equipment

Property and equipment is stated at historical cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The costs of normal maintenance and repairs are charged to expense when incurred.

The estimated useful lives of the assets as follows:

Computer hardware and equipment	3 years
Furniture and fixtures	3 years
Leasehold improvements	Shorter of the estimated life of the asset or the lease term

An item of property and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of loss and comprehensive loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation and the depreciation charge are adjusted prospectively, if appropriate.

Intangible Assets

In accordance with IAS 38, *Intangible Assets*, expenditures on research activities are recognized as an expense in the period in which it is incurred. Externally and internally generated intangibles are recognized only if they meet strict criteria, relating on particular to technical feasibility, probability that a future economic benefit associated with the asset will flow to the entity and the cost of the asset can be measured reliably.

Intangible assets with finite useful life are stated at cost and are amortized their useful economic life when the asset is ready for its intended use. Upon the commencement of amortization, the asset is carried at cost less accumulated amortization and impairment losses. Intangible assets are tested for impairment as required (see Impairment, below).

Intangible assets acquired are measured on initial recognition at cost. Intangible assets acquired consist mainly of brand name with an indefinite useful life that is not amortized, but subject to an annual impairment test.

Indefinite useful lives We do not amortize intangible assets with indefinite lives because there is no foreseeable limit to the period that these assets are expected to generate net cash inflows for us. We use judgement to determine the indefinite life of these assets, analyzing all relevant factors, including the expected usage of the asset, the typical life cycle of the asset and anticipated changes in the market demand for the products and services that the asset helps generate.

Finite useful lives We amortize intangible assets with finite useful lives into depreciation and amortization in the Consolidated Statements of Comprehensive Loss on a straight-line basis over their estimated useful lives. We review their useful lives, residual values and the amortization methods at least once a year.

An intangible asset that was initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of loss and comprehensive loss when the asset is derecognized. The assets' residual values, useful lives, methods of amortization and the amortization charge is adjusted prospectively, if appropriate.

Foreign Currency Translation

The Company's consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. Each subsidiary entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The consolidated financial statements comprise the financial statements of the Company and the following wholly-owned subsidiaries:

Name of subsidiary	Jurisdiction of incorporation	Functional currency
QYOU Media Inc.	Canada	Canadian Dollar
Qyou Media Ltd.	Ireland	Euro
Qyou International Ltd.	Ireland	Euro
Qyou USA Inc.	USA	US Dollar

The financial statements of entities that have a functional currency different from that of QYOU Media (foreign operations) are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the dates of the consolidated statements of financial position; income and expenses – at the average rate of the period (as this is considered a reasonable approximation of actual rates). All resulting changes are recognized in other comprehensive income ("OCI") as currency translation adjustments.

Transactions and balances: Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized as other income in the consolidated statements of loss.

Financial instruments

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

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

The Company classifies its financial assets and liabilities as outlined below:

Assets / liabilities	**Category**	**Measurement**
Cash and cash equivalents	FVTPL	Fair value
Trade receivables	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ["FVTPL"], loans and receivables, held-to-maturity investments ["HTM"], or available-for-sale financial assets ["AFS"], as appropriate at initial recognition and, except in very limited circumstances, the classification is not changed subsequent to initial recognition. The classification depends on the nature and purpose of the financial asset. A financial asset is

derecognized when its contractual rights to the asset's cash flows expire or if substantially all the risks and rewards of the asset are transferred.

The Company's non-derivative financial assets with fixed or determinable payments and that are not quoted in an active market are classified as loans and receivables. Such assets are recognized initially at fair value and are subsequently re-measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL, or other financial liabilities, as appropriate upon initial recognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequent to the initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those carried at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been adversely impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Fair value hierarchy

Financial instruments carried at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an ongoing basis.

Level 2 – If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data where possible, including recent arm's-length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used.

Level 3 – Valuations in this level are made with inputs other than observable market data.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that assets may be impaired. If any indication exists, or when annual impairment resting for an assets is required, the Company estimates the asset's recoverable amount. If it is not possible to estimate the recoverable amount of the individual asset, assets are grouped at the cash generating unit ["CGU"] level for the purpose of assessing the recoverable amount. An Asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31, or earlier and when circumstances indicate that the carrying value may be impaired.

Intangible assets not yet available for use are tested for impairment annually. Other intangible assets and property and equipment are assessed for any indications of impairment annually. If any indication of impairment is identified, an impairment test is performed to estimate the recoverable amount.

An impairment loss is recognized in the statement of loss whenever the carrying amount of the individual asset or the CGU exceeds its recoverable amount.

An impairment loss for an individual asset or CGU shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognized and is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Revenue Recognition

Licensing revenue
Subscriber revenue from pay television distributors is recognized as revenue when an agreement is executed, programming is provided, the price is fixed and determinable, and collectability is reasonably assured.

Content and program revenue
Content and program revenues from customers are recognized when the program has been developed and delivered to the customer.

Income Taxes

Income tax expense includes both current and deferred taxes. We use judgement to interpret tax rules and regulations to calculate the expense recorded each period. We recognize income tax expense in net income unless it relates to an item recognized directly in equity or other comprehensive income.

Current tax expense is tax we expect to pay or receive based on our taxable income or loss during the year. We calculate the current tax expense using tax rates enacted or substantively enacted as at the reporting date, and including any adjustment to taxes payable or receivable related to previous years.

Deferred tax assets and liabilities arise from temporary differences between the carrying amounts of the assets and liabilities and are recorded in the Consolidated Balance Sheet. We calculate deferred tax assets and liabilities using enacted or substantively enacted tax rates that will apply in the years the temporary differences are expected to reverse.

We recognize a deferred tax asset for unused losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available to use the asset. We use judgement to evaluate whether we can recover a deferred tax asset based on our assessment of existing tax laws, estimates of future profitability and tax planning strategies.

We rely on estimates and assumptions when determining the amount of current and deferred tax, and take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. If new information becomes available and changes our judgement on the adequacy of existing tax liabilities, these changes would affect the income tax expense in the period that we make this determination.

Stock-Based Compensation

Stock options and warrants awarded to non-employees are accounted for using the fair value of the instrument awarded or service provided whichever is considered more reliable. Stock options and warrants awarded to employees are accounted for using the fair value method. The fair value of such stock options and warrants granted is recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant.

Net loss per Share

Net loss per share is calculated based on the profit for the financial year and the weighted average number of common shares outstanding during the year. Diluted net loss per share is calculated using the profit for the financial year adjusted for the effect of any dilutive instruments and the weighted average diluted number of shares (ignoring any potential issue of common shares which would be anti-dilutive) during the year.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The following new accounting standards applied or adopted during the year ended December 31, 2016 had no material impact on the consolidated financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization ("IAS 16" and "IAS 38")

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with earlier adoption permitted. These amendments do not have any impact on the consolidated financial statements as the Company has not used a revenue-based method to depreciate its non-current assets.

FUTURE ACCOUNTING POLICY CHANGES

Amendments to IFRS 2 Share-based Payment ("IFRS 2")

In 2016, the IASB issued the final amendments to IFRS 2 in relation to the classification and measurement of share-based payment transactions. The amendments are intended to eliminate diversity in practice in three main areas: the effects of vesting conditions on the measurement of cash-settled share-based payments; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a sharebased payment transaction changes its classification from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The amendments are to be applied prospectively. However, retrospective application is permitted if elected for all three amendments and other criteria are met.

IFRS 9 Financial Instruments: Classification and Measurement ("IFRS 9")

In July 2014, the IASB issued the final amendments to IFRS 9, which provides guidance on the classification and measurement of financial assets and liabilities, impairment of financial assets, and general hedge accounting. The classification and measurement portion of the standard determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The amended IFRS 9 introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. In addition, the amended IFRS 9 includes a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is in the process of evaluating the impact of these amendments on the Company's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the new standard is that an entity recognizes revenue to represent the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides a model for the recognition and measurement of gains or losses from sale of non-financial assets. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The standard permits the use of either full or modified retrospective application. This new accounting guidance will also result in enhanced disclosures about revenue. The Company is evaluating the effect that IFRS 15 will have on its consolidated financial statements, and related disclosures, as well as the transition method to apply the new standard.

IFRS 16 Leases ("IFRS 16")

In 2016, the IASB issued IFRS 16 replacing IAS 17, Leases and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. Early adoption is permitted if IFRS 15 has been adopted. The Company is in the process of evaluating the impact that IFRS 16 may have on the Company's consolidated financial statements.

Disclosure Initiative Amendments to IAS 7 Statement of Cash Flows ("IAS 7")

In 2016, the IASB issued amendments to IAS 7. The amendments are intended to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The adoption of IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration ("IFRIC 22")

In 2016, the IASB issued IFRIC 22 which provides requirements about which exchange rate to use when recognizing revenue in circumstances where an entity has received advance consideration in a foreign currency. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. On initial application, entities have the option to apply either retrospectively or prospectively.

3. SUBSEQUENT EVENT – QYOU MEDIA'S REVERSE TAKE OVER ("RTO")

Subsequent to the year end, on February 22, 2017, the Company entered into a definitive agreement with Galleria Opportunities Ltd. ("Galleria") to combine QYOU Media and Galleria via the merger of a wholly owned subsidiary of Galleria Subco Inc. ("Galleria Subco") and QYOU Media which constituted a reverse takeover of Galleria by the shareholders of QYOU Media. The resulting merged company will continue as QYOU Media Inc. (Amalco"). It is intended that the resulting company (the "Resulting Issuer") will continue to operate as QYOU Media Inc., and trade publicly on the TSX Venture Exchange ("TSXV") under the symbol "QYOU" (collectively the "Transaction").

The Agreement sets out the terms of the Transaction, including the following:

i) the property and liabilities of each of Galleria Subco. and QYOU Media will become the property and liabilities of Amalco, which will own and hold all property and liabilities that each of the Galleria Subco. and QYOU Media holds before the Arrangement becomes effective;
ii) each QYOU Shareholder shall be deemed to have exchanged such shareholder's QYOU Shares for fully paid and non-assessable Resulting Issuer Shares on the basis of 0.92 of a Resulting Issuer Share for each QYOU Share held;
iii) each holder of Class A Common Shares, QYOU warrants issued in 2015 Warrants, QYOU 2015 Compensation Options, QYOU Warrants comprising the QYOU Units, and QYOU Agent Compensation Options, shall be deemed to have exchanged such securities for Resulting Issuer Shares, Replacement Warrants, Replacement Compensation Options, Resulting Issuer Warrants, and Resulting Issuer Compensation Options on a one for one basis, entitling the holder thereof to acquire, Resulting Issuer Shares, on or before the applicable expiry date of the QYOU 2015 Warrants, QYOU 2015 Compensation Options, QYOU Warrants and QYOU Agent Compensation Options and shall be deemed to have exchanged such security holder's aforementioned security, as applicable, for which they were exchanged and at the same exercise price; and
iv) Galleria will become the holder of all of the outstanding securities of Amalco.

In conjunction with the RTO Transaction, immediately prior to the closing of the Transaction, Galleria completed, a short form financing ("Galleria Financing") brokered private placement of Galleria's equity units ("Galleria Unit") for $1,934,500 at a price of $0.50 per Galleria Unit resulting in 3,869,000 Galleria Units. Each Galleria Unit is comprised of one post-Consolidation Galleria share and one-half common share purchase warrant. Each whole warrant ("Galleria Warrant") provides the holder to acquire one post-Consolidation Galleria share at a price of $0.75 per share for a period of 24 months following the closing of the Galleria financing (collectively the "Galleria

Financing"). Total number of Galleria common shares outstanding immediately prior to the Transaction is estimated at 6,958,150 of which 3,089,150 is outstanding prior to the Galleria Financing.

It was a condition of the Transaction that QYOU Media was also required to complete a brokered private placement of QYOU Media's equity units ("Subscription Unit") of up to $2,000,000 at a price of $0.50 per QYOU Media Unit resulting in 4,000,000 QYOU Media Units. Each Subscription Unit shall automatically be exchanged without any additional consideration or action on part of the holder into units of QYOU Media ("QYOU Media Unit"). Each QYOU Media Unit comprised of one common share of QYOU Media and one-half common share purchase warrant. Each whole warrant ("QYOU Media Warrant") provides the holder to acquire one QYOU Media share at a price of $0.75 per share for a period of 24 months following the closing of the Transaction (collectively the "QYOU Media Financing").

The fair value estimate for the common share component of the QYOU Media Units (4,000,000 Units) was estimated at $0.45 per unit totalling $1,800,000.

The estimated fair value of the common share component of the QYOU Media Units was determined using the residual method. The estimated fair value of the warrants was based on the Black-Scholes pricing model, the fair value of warrants expected to be issued under the Financing, including warrants issued as a component of the compensation QYOU Media Units was $200,000 or $0.05 per each half warrant using the following assumptions:

Grant date share price	$0.45
Exercise price	$0.75
Risk-free interest rate	0.67%
Weighted average expected life of options (years)	2
Expected annualized volatility	100%
Expected dividend yield	nil

Pursuant to the closing of the RTO:

i) Galleria issued 58,981,809 common shares of the Resulting Issuer to QYOU Media shareholders exchanged on a one (1) for one (1) basis;
ii) Galleria further issued 3,869,000 Galleria Units at a price of $0.50 per unit. Each unit is comprised of one common share and one half of one warrant. in the capital of the Resulting Issuer to holders of warrants, stock options and other rights to acquire securities and compensation options of QYOU Media on a one (1) for one (1) basis with economically equivalent terms.

On closing of the RTO, the shareholders of QYOU Media held 58,981,809 (or 89.4%) of the common shares of the Resulting Issuer, while shareholders of Galleria held 6,958,150 (or 10.6%) of the common shares of the Resulting Issuer. Since Galleria did not meet the definition of a business under IFRS 3 – *Business Combinations* ("IFRS 3"), the acquisition was accounted for as the purchase of Galleria's assets by the Company. The consideration paid was determined as equity settled share-based payment under IFRS 2 – *Share-based payments* ("IFRS 2"), at the fair value of the equity of QYOU Media retained by the shareholders of Galleria based on the fair value of the QYOU Media common shares on the date of closing of the RTO which was determined to be $0.45 as noted above.

The Company's preliminary estimate of the listing expense that the Company expects to record subsequent to the year end is $1,572,916. The amount, subject to finalization, will be expensed in the Company's consolidated statement of net loss and comprehensive loss. The details of the preliminary estimate of the listing expense are as follows:

	$
Fair value of consideration paid:	
6,958,150 common shares of QYOU Media at $0.45 per share	1,390,118
Fair value of net assets of Galleria acquired by QYOU Media	324,309
	1,065,809
Other transaction costs	
Professional fees [1]	337,040
Filing and listing fees [1]	75,000
RTO listing expense	1,477,849

1) Amounts represents management's preliminary estimate and may be subject to change.

4. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

	Computers and equipment $	Furniture and fixtures $	Total $
Cost			
Balance, as at June 15, 2015	—	—	—
Acquisitions	10,784	1,024	11,808
Balance, as at December 31, 2015	**10,784**	**1,024**	**11,808**
Accumulated amortization			
Balance, as at June 15, 2015	—	—	—
Depreciation for the period	923	57	980
Balance, as at December 31, 2015	**923**	**57**	**980**
Carrying amount	**9,861**	**967**	**10,828**

	Computers and equipment $	Furniture and fixtures $	Total $
Cost			
Balance, as at December 31, 2015	10,784	1,024	11,808
Acquisitions	33,619	—	33,619
Balance, as at December 31, 2016	**44,403**	**1,024**	**45,427**
Accumulated amortization			
Balance, as at December 31, 2015	923	57	980
Depreciation for the year	13,136	354	13,490
Balance, as at December 31, 2016	**14,059**	**411**	**14,470**
Carrying amount	**30,344**	**613**	**30,957**

5. INTANGIBLE ASSETS

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

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. The total amount capitalized for the year ended December 31, 2016 was $340,309 (2015 – $206,845). Amortization of the capitalized application development cost will commence upon launch of the mobile application.

Intangible asset - Brand

On July 15, 2015, the Company 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 has been allocated to the 'QYOU' brand.

QYOU Media, through its wholly owned Irish subsidiary QYOU International Ltd, Dublin, owns a Broadcast License granted by the Broadcast Authority of Ireland ("BAI"), to broadcast in Ireland and the European Union.

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

	Intangible Assets $	Capitalized Development Costs $	Total $
Cost			
Balance, as at June 15, 2015	—	—	—
Acquisitions	81,454	—	81,454
Additions	—	206,845	206,845
Balance, as at December 31, 2016	**81,454**	**206,845**	**288,299**

	Intangible Assets $	Capitalized Development Costs $	Total $
Cost			
Balance, as at December 31, 2016	**81,454**	**206,845**	**288,299**
Additions	—	340,309	340,309
Balance, as at December 31, 2016	**81,454**	**547,154**	**628,608**

6. SHARE CAPITAL

Common Shares issued	#	$
Shares issued in private placement on June 14, 2015 [a]	27,000,000	25,000
Shares issued on private placement [b]	21,027,200	10,513,600
Shares issued to settle promissory [c]	150,164	75,082
Additional Units issued [c]	2,117,736	—
Share issuance costs [d]	—	(1,104,630)
Allocated to warrants [c]	—	(2,565,332)
As at December 31, 2015	**50,295,100**	**6,943,720**
Additional Units issued [c]	2,117,736	—
As at December 31, 2016	**52,412,836**	**6,943,720**

[a] On June 14, 2015, the Company was incorporated with an initial investment of $25,000 and issued 27,000,000 shares to private investors.

[b] On July 14, 2015, and a subsequent closing on September 29, 2015, the Company closed a partially brokered, private placement of 21,027,200 units at $0.50 per unit for gross proceeds of $10,513,600, each unit consisting of one common share, one-half of one share purchase warrant and one penalty warrant. Each whole warrant is exercisable for one common share at an exercise price of $0.75 during the period ending January 15, 2018. The fair value of the warrants, determined using the Black-Scholes Option pricing model has been recorded as a separate component of equity. Each penalty warrant was non-transferable and non-separable from each unit, and was exercisable for up to two-tenths of one additional QYOU unit for no additional consideration, which were deemed exercised as: (a) QYOU Media was not a reporting issuer in any province or territory of Canada by November 30, 2015, which resulted in one-tenth of an additional unit being issued to original registered holders on December 1, 2015; and (b) QYOU Media was not a reporting issuer in any province or territory of Canada by March 31, 2016, which resulted in a further one-tenth of a unit being issued to each original registered holder on April 1, 2016.

[c] Under the terms of the private placement on July 14, 2015, the Company is required to issue an additional non-transferable 0.1 unit for each unit issued if the Company does not achieve a 'liquidity event' by November 30, 2015 and a further non-transferable 0.1 unit if the Company does not achieve a liquidity event by March 31, 2016. Each such additional unit comprises one common share and one-half share purchase warrant. Each whole warrant is exercisable for one common share at an exercise price of $0.75 during the period ending January 15, 2018. The Company remained as a private company as of November 30, 2015 and March 31, 2016. Accordingly, 2,117,736 additional shares were issued to the subscribers for no consideration on December 1, 2015 and 2,117,736 additional shares were issued to the subscribers for no consideration on April 1, 2016.

[d] The Company paid broker fees of $795,690 for services rendered for the issuance of the units. In addition, the Company issued broker options to acquire 1,182,190 units exercisable at $0.50 per unit during the period ending July 15, 2017. The fair value of $308,940 of the options for the broker units, determined using the Black-Scholes Option pricing model has been recorded as a reduction of share capital and classified as a separate component of equity in contributed surplus.

7. WARRANTS

A summary of the Company's outstanding unit purchase and share purchase warrants is presented below:

	Number of warrants outstanding #	Weighted average exercise price $	Amount $
Balance, June 15, 2015	—	—	—
Warrants issued to consultants [a]	1,375,876	0.50	4
Issued on private placement [b]	10,588,682	0.75	2,565,332
Additional warrants issued [c]	1,058,868	0.75	223,858
As at December 31, 2015	13,023,426	0.72	2,789,194
Additional warrants issued [c]	1,058,868	0.75	61,125
As at December 31, 2016	**14,082,294**	**0.73**	**2,850,319**

The fair value of the warrants and units issued during the period June 15, 2015 to December 31, 2015 was determined based on the Black-Scholes option pricing model using the following inputs:

	Consultant warrants	Private placement	Additional warrants
Risk-free interest rate	0.45%	0.45%	0.45%
Expected volatility	100%	100%	100%
Expected dividend yield	Nil	Nil	Nil
Share price	$0.0009	$0.50	$0.50
Exercise price	$0.50	$0.75	$0.75
Life to expiry	3.5 years	2.5 years	2.0 years

[a] On July 14, prior to the close of the private placement, the Company issued 1,375,876 warrants to consultants for advisory services. These warrants are exercisable for one common share each at an exercise price of $0.50 during the period ending December 31, 2018. The grant date fair value of these warrants was determined to be $4.

[b] On July 15, 2015 and at the time of the second closing, the Company issued 10,588,682 warrants as described above in Note 6. The grant date fair value of these warrants was determined to be $2,565,332.

[c] Under the terms of the private placement on July 14, 2015, the Company is required to issue an additional non-transferable 0.1 unit for each unit issued if the Company does not achieve a 'liquidity event' by November 30, 2015 and a further non-transferable 0.1 unit if the Company does not achieve a liquidity event by March 31, 2016. Each such additional unit comprises one common share and one-half share purchase warrant. Each whole warrant is exercisable for one common share at an exercise price of $0.75 during the period ending January 15, 2018. The fair value of these warrants on grant date was determined to be $223,858.

The Company remained as a private company as of November 30, 2015 and March 31, 2016. Accordingly, 1,058,868 additional share purchase warrants were issued to the subscribers for no consideration on December 1, 2015 and 1,058,868 additional share purchase warrants were issued to the subscribers for no consideration on April 1, 2016.

8. COMPENSATION OPTIONS TO BROKERS

A summary of the Company's outstanding options to purchase Units:

	Number of options outstanding #	Weighted average exercise price $	Amount $
Outstanding, June 15, 2015	—	—	—
Options issued to brokers [a]	1,182,190	0.50	308,940
Outstanding, December 31, 2016 and 2015	1,182,190	0.50	308,940

[a] in 2015, the Company issued to the brokers of the private placement, 1,182,190 compensation options to acquire Units for their services on the private placement as described above in Note 6. The grant date fair value of these compensation options was determined to be $308,940 based on the Black-Scholes option pricing model using the following inputs:.

	Broker units
Risk-free interest rate	0.45%
Expected volatility	100%
Expected dividend yield	Nil
Share price	$0.50
Exercise price	$0.50
Life to expiry	2.0 years

9. RELATED PARTY TRANSACTIONS

Key management personnel and directors include the Company's CEO and CFO and members of the Board of Directors. The compensation paid or payable to key management and directors comprised the following:

- The Company paid consulting fees of nil to a director for services rendered (2015 – $285,000);
- Black Forest Production Services ('BFPS') and the Company are considered to be related party by way of common share ownership and whereby an officer of the Company is also a director of BFPS.
- In 2015, the Company acquired the 'QYOU' brand and certain other assets and liabilities for a net payment of $25,000 and assumption of liabilities totaling $56,454 from 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. Total production costs incurred by the Company that was provided by BFPS year ended December 31, 2016 was $3,485,455. For the period June 14, 2015 to December 31, 2015, the amount paid to BFPS relating to production costs totaled $2,379,399.
- As at December 31, 2016, total amounts due to BFPS was $62,562 (2015 - $114,117) and is included in Accounts Payable. The Company's payment terms to BFPS is due upon receipt and non-interest bearing.
- During the year ended December 31, 2016, BFPS paid certain operating expenses, which include salaries for certain employees as well as related expenses, for the Company in the amount of $2,491,583. For the period June 14, 2015 to December 31, 2015, BFPS paid expenses amounting to $1,123,353 on behalf of the Company. These amounts were reimbursed by the Company.

- During the year ended December 31, 2016, the Company incurred $99,372 of expenses for marketing services respectively, with an entity that is also a shareholder of the Company. For the period June 14, 2015 to December 31, 2015, amounts paid to this related entity totaled $73,614.
- The Company paid interest of nil (2015 – $82) to a director on a short-term promissory note for $75,000. The promissory note and the accrued interest were settled through the issuance of 150,164 units to the director.

10. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% on the net loss for the period ended December 31, 2016 is as follows:

	For the year ended December 31, 2016 $	For the period June 14, 2015 to December 31, 2015 $
Loss before recovery of income taxes	(5,662,570)	(4,136,375)
Expected income tax recovery	(1,500,581)	1,096,139
Effect of differences of foreign tax rates compared to Canadian rates	111,312	(369,798)
Permanent differences	747	—
Foreign losses not recognized	—	(487,554)
Tax benefits not recognized	1,388,522	(279,665)
Other	—	34,878
Income tax (recovery) reflected in income statement	—	—

As of December 31, 2016, the Company has net operating loss (“NOL”) carry-forwards of $9,952,101. The NOLs will expire in calendar year 2036.

Unrecognized deferred tax assets

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

	2016 $	2015 $
Share issuance and financing costs	(95,336)	338,596
Losses	2,239,270	679
		339,275
Unrecognized deferred tax assets	2,233,934	(339,275)
	—	—

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

11. COMMITMENTS AND CONTINGENCIES

Contingencies

During the ordinary course of business activities, the Company may be contingently liable for litigation and a party to claims. Management believes that adequate provisions have been made in the accounts where required. There were no legal actions or claims reported at December 31, 2016.

Production Services Contract

The Company has entered into a non-exclusive contract with BFPS whereby BFPS will provide video and musical content in the appropriate format for sale and distribution by QYou Limited. Invoicing for these services is rendered on a monthly basis on a direct cost + basis.

12. FINANCIAL INSTRUMENTS

Financial assets are classified into one of the following categories under IFRS: fair value through profit and loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities. The carrying value of the Company's financial instruments is classified into the following categories:

	2016	**2015**
	$	**$**
Fair value through profit and loss (1)	**256,549**	5,232,367
Loans and receivables(2)	**497,918**	931,251
Other financial liabilities(3)	**1,267,814**	916,717

(1) Includes cash and cash equivalents. Classified within the level within the level 1 (unadjusted quoted prices in active markets for identical assets) of the fair value hierarchy.

(2) Includes accounts receivable and ITC receivable.

(3) Includes accounts payable and accrued liabilities.

Fair value

IFRS requires that the Company disclose information about the fair value of its financial assets and financial liabilities. Fair value estimates are made at the end of the reporting period, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company has designated its cash as fair value through profit and loss, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, due to related parties, and promissory notes are classified as other financial liabilities, which are

measured at amortized cost. As at December 31, 2016, the carrying values of the Company's financial instruments approximate their fair values due to their short term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company does not use credit derivatives or similar instruments to mitigate this risk and, as such, the maximum exposure is the full carrying value or face value of the financial instruments. The Company minimizes credit risk on cash by depositing with only reputable financial institutions. The Company's primary credit risk is on its bank accounts whose balance at December 31, 2016 is held with major financial institutions as follows:

	2016 **$**	**2016** **$**
In Canada		
- At financial institute	**10,912**	54,990
- In trust at legal counsel	**180,135**	4,930,200
In United States	**38,555**	76,484
In Ireland	**26,947**	170,693

The other credit risk is attributable to the $177,208 of Harmonized sales tax and Value Added taxes receivable from the Federal Government of Canada and the Government of Ireland. Management believes that the credit risk with respect to these financial instruments is remote.

Liquidity risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at December 31, 2016, the Company had a working capital deficit of $507,270 and cash and cash equivalents of $256,549 relative to a current liabilities balance of $1,267,814. Subsequent to the year end, as described in note 3, the Company completed a reverse take-over transaction and as part of this transaction raised funds of

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. However, a variation of interest rates would not significantly affect results or equity of the Company as it does not have any interest bearing financial instruments.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Company is exposed to the risk that the value of its financial instruments will fluctuate due to changes in exchange rates.

Sensitivity analysis

The Company holds balances in foreign currencies that could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the Canadian dollar foreign exchange rate against the USD or Euro would affect the reported loss and comprehensive loss by approximately $6,500.

Limitations of sensitivity analysis

The above analysis demonstrates the effect of change in foreign exchange rates. The financial position of the Company may vary at the time those changes in foreign exchange rates occur, causing the impact on the Company's results to differ from that shown above.

13. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to build liquidity and shareholders' equity to ensure that strategic objectives are met. The Company makes every attempt to manage its liquidity to minimize shareholder dilution when possible.

The Company policy on dividends is to retain cash to keep funds available to finance operations and growth.

Capital structure is managed within guidelines approved by the Board. The Company makes adjustments to its capital structure based on changes in economic conditions and planned requirements. The Company has the ability to adjust its capital structure by issuing new equity or debt.

14. 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 media content on pay television platforms. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The Company operates in three geographical areas, being Canada, United States of America and Ireland. Key assets and liabilities by geography are presented below:

As at December 31, 2016 and for the year then ended	**Canada** $	**USA** $	**Ireland** $	**Inter-company** $	**Total** $
Revenues	**—**	**238,639**	**2,320,345**	**—**	**2,558,984**
Current assets	**8,552,113**	**2,973,569**	**7,272,177**	**(18,037,315)**	**760,544**
Non-current assets	**—**	**5,058**	**661,835**		**666,893**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[amounts in Canadian dollars, unless otherwise noted]

December 31, 2016 and December 31, 2015

As at December 31, 2015 and for the year then ended	**Canada** $	**USA** $	**Ireland** $	**Inter-company** $	**Total** $
Revenues	—	331,500	696,601	—	1,028,101
Current assets	8,819,260	374,668	1,805,134	(4,828,486)	6,170,576
Non-current assets	—	8,010	291,117	—	299,127

The following table represents the customers that represented 10% or more of total revenue:

	December 31, 2016	December 31, 2015
Customer A	—	14%
Customer B	11%	26%
Customer C	20%	15%
Customer D	27%	—
Customer E	11%	—
Customer F	10%	31%

The following table represents the customers that represent 10% or more of total accounts receivable:

	December 31, 2016	December 31, 2015
Customer A	—	23%
Customer B	—	55%
Customer C	43%	18%
Customer D	42%	—