QYOU Media, Inc. (formerly Galleria Opportunities Limited)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, expressed in Canadian dollars)

Three months ended March 31, 2017,

1. BUSINESS AND ORGANIZATION

QYOU Media Inc. ("QYOU Media" or the "Company") was incorporated in Ontario, Canada on June 14, 2015. 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.

The interim condensed consolidated financial statements of the Company for the three months ended March 31, 2017 and the three months ended March 31, 2016 were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 30, 2017.

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board.

The accompanying interim condensed consolidated financial statements include the accounts of QYOU Media and its wholly-owned subsidiaries, Qyou Media Ltd., Dublin, Qyou International Ltd., Dublin and Qyou USA Inc., Delaware. All significant intercompany balances and transactions have been eliminated on consolidation. All amounts included within these interim condensed consolidated financial statements are in Canadian dollars unless otherwise noted.

The interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

Significant accounting policies and estimates

The same accounting policies and methods of computation are followed in the interim condensed consolidated financial statements as compared with the Company's most recent audited consolidated financial statements, including the notes, for the year ended December 31, 2015.

<u>Basis of Presentation</u>

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. All significant intercompany balances and transactions have been eliminated in consolidation.

<u>Use of Estimates</u>

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.

New standards, interpretations and amendments adopted by the Company

The following new accounting standard applied or adopted during the three-month period ended March 31, 2017, had no material impact on the unaudited interim condensed 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 change in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The Company is not required to provide additional disclosures in its interim condensed consolidated financial statements, but will disclose additional information in its annual audited consolidated financial statements for the year ended December 31, 2017.

Future accounting policy changes

Standards issued but not yet effective up to the date of issuance of the Company's unaudited interim condensed consolidated financial statements are listed below. This listing is of standards issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

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 share-based 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 the 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.

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.

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 Holdings 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;

(Unaudited, all amounts expressed in Canadian dollars unless specified)

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%

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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

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

4. SEASONALITY AND VARIABILITY OF RESULTS

The Company's revenue, operating expenses and loss from operations have fluctuated from quarter to quarter as a result of the timing of new customer designs incorporating its products entering production, fluctuating demand for customers' products, and the timing of operating expenditures. It is expected that variations will continue.

(Unaudited, all amounts expressed in Canadian dollars unless specified)

5. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

	Computer & equipment	Furniture and fixtures	Total
	$	$	$
Cost			
Balance, as at December 31, 2016	44,459	1,024	45,483
Acquisitions			
Balance, as at March 31, 2017	**44,459**	**1,024**	**45,483**
Accumulated depreciation			
Balance, as at December 31, 2016	14125	401	14,526
Depreciation for the period	3,781	86	3,867
Balance, as at March 31, 2017	17,906	487	18,393
Net book value	**26,553**	**537**	**27,090**

6. APPLICATION DEVELOPMENT COSTS

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.

7. INTANGIBLE ASSETS

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

Intangible assets and capitalized application development costs are comprised of the following:

	Intangible Assets	Application Development Costs	Total
Balance, as at December 31, 2016	$81,454	$545,050	$677,858
Acquisitions		28,992	28,992
Impact of foreign exchange	3,105		3,105
Balance, as at March 31, 2017	**$84,559**	**$574,042**	**$706,850**

(Unaudited, all amounts expressed in Canadian dollars unless specified)

The Company's intangible assets relates to the acquired QYOU brand and the Company has determined the useful life of this intangible asset to be indefinite.

7. SHARE CAPITAL

Balance, December 31, 2016 [a]	**48,219,809**	**6,943,720**
Existing Galleria shares [b]	3,089,150	1,390,147
Galleria Short form financing [c]	3,869,000	1,934,500
QYOU March 2017 financing [d]	10,762,000	5,381,000
Share issuance costs [e]		(954,158)
Broker options issued [f]		(171,899)
Allocated to warrants [g]		(860,649)
Allocated to employee options [h]		(1,780,410)
Balance, as at March 31, 2017	**65,939,959**	**11,882,251**

[a] Pursuant to the Transaction, each issued and outstanding common share of QYOU (each, a "QYOU Common Share") was exchanged for 0.92 of a post-Consolidation (as defined below) common share of the Corporation (each, a "Resulting Issuer Share") with a deemed value of $0.50 per share. As a result, 52,412,836 QYOU Common Shares were exchanged for 48,219,809 Resulting Issuer Shares. On March 13, 2017, 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.

[b] In connection with the Transaction, Galleria consolidated its common shares on a two-old-for-one-new basis resulting in 3,089,150 common shares before giving effect to the aforementioned Transaction. The fair value estimate for the common share component of the Galleria shares of 3,089,150 was estimated at $0.45 per unit totalling $1,390,147. The Corporation will be continued as an Ontario corporation.

[c] a private placement of 3,869,000 units of the Galleria (the "Resulting Issuer Units") at a price of $0.50 per Resulting Issuer Unit, each Resulting Issuer Unit comprised of one Resulting Issuer Share and one-half of one Resulting Issuer Share purchase warrant (each whole warrant, a "Resulting Issuer Warrant"), exercisable at $0.75 per share for a period of 24 months from the Listing Date, for gross proceeds of $1,934,500 completed through the use of an Exchange Short Form Offering Document (the "Galleria Offering")

[d] In addition, in connection with the Transaction, Dominick acted as lead agent on its own behalf and on behalf of a syndicate of agents (collectively with Dominick, the "Agents") and completed a private placement of 8,632,000 subscription units of QYOU (the "Subscription Units") ") at a price of $0.50 per Resulting Issuer Unit, each Resulting Issuer Unit comprised of one Resulting Issuer Share and one-half of one Resulting Issuer Share purchase warrant (each whole warrant, a "Resulting Issuer Warrant"), exercisable at $0.75 per share for a period of 24 months from the Listing Date for gross proceeds of $4,316,000 (the "Brokered QYOU Offering"). Additionally, 2,130,000 Subscription Units were sold at a price of $0.50 per Subscription Unit for gross proceeds of $1,065,000 directly by QYOU on a non-brokered basis (the "Non-Brokered QYOU Offering"). In aggregate, the brokered and non brokered sale resulted in 10,762,000 shares issued and gross proceeds of $5,381,000.

(Unaudited, all amounts expressed in Canadian dollars unless specified)

[e] In connection with the Offerings, the Agents were paid a cash commission equal to 7.5% of the gross proceeds of the Brokered QYOU Offering and the Galleria Offering, and 1% of the gross proceeds of the Non-Brokered QYOU Offering. The Company paid broker fees of $479,663 for services rendered for the issuance of the subscription units. Additionally, the Company incurred $474,495 of legal fees related to financing that has been recorded as a reduction of share capital.

[f] The Agents were also issued compensation options (the "QYOU Compensation Options") equal to 7.5% of the number of Subscription Units sold under the Brokered QYOU Offering and 1% of the number of Subscription Units sold under the Non-Brokered QYOU Offering, and compensation options (the "Resulting Issuer Compensation Options") equal to 7.5% of the number of Resulting Issuer Units sold under the Galleria Offering. Each Resulting Issuer Compensation Option entitles the holder thereof to subscribe for one Resulting Issuer Unit at a price of $0.50 per Resulting Issuer Unit at any time prior to the day that is 24 months from the Listing Date. Each QYOU Compensation Option entitled the holder thereof to subscribe for one Subscription Unit at a price of $0.50 per Subscription Unit for a period of two years from the Listing Date. The Company issued broker options to acquire 958,875 units exercisable at $0.50 per unit during the period ending April 31, 2019. The fair value of $171,899 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.

[h] The Corporation granted stock options to acquire an aggregate of 6,593,996 Resulting Issuer Shares, subject to the execution of definitive option agreements, to directors, officers, consultants and employees of the Corporation. Each grant of options has a five-year term. The options are subject to vesting which vary depending upon the recipients' role in the organization. Each option is exercisable into one Resulting Issuer Share at an exercise price of $0.50 per share. The fair value of $1,780,410 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.

8. 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, December 31, 2016	14,082,294	0.73	2,850,319
QYOU March 2017 financing	7,315,500	0.75	1,553,925
Outstanding, March 31, 2017	**21,397,794**		**4,404,244**

QYOU warrants were exchanged on a one for one basis such that 14,082,294 existing common share purchase warrants of QYOU were exchanged for 14,082,294 post-Consolidation common share purchase warrants of the Corporation at an average exercise price of $0.75 per share. The private placement of 8,632,000 subscription units of QYOU (the "Subscription Units") at a price of $0.50 per, a private placement of 3,869,000 units of the Galleria (the "Resulting Issuer Units") at a price of $0.50

(Unaudited, all amounts expressed in Canadian dollars unless specified)

together with 2,130,000 Subscription Units at a price of $0.50 per sold directly by QYOU on a non-brokered basis (the "Non-Brokered QYOU Offering"). Each Resulting Issuer Unit comprised of one Resulting Issuer Share and one-half of one Resulting Issuer Share purchase warrant (each whole warrant, a "Resulting Issuer Warrant"), exercisable at $0.75 per share for a period of 24 months from the Listing Date. In aggregate, the brokered and non brokered sale resulted in 14,631,000 shares and 7,315,00 warrants issued at an exercise price of $0.75. The fair value of $860,649 of the warrants was determined using the Black-Scholes Option pricing model has been recorded as a reduction of share capital.

The fair value of the warrants and issued during the three month period ended March 31, 2017 was determined based on the Black-Scholes option pricing model using the following inputs:

	Consultant warrants
Risk-free interest rate	0.67%
Expected volatility	65%
Expected dividend yield	Nil
Share price	$0.45
Exercise price	$0.75
Life to expiry	2 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 nil consulting fees to a director for services rendered in the three-month periods ended March 31, 2017 (three month period ended March 31, 2016 – $18,697).
- 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.
- 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 for the three month ended March 31, 2017 was $276,301 and (three months ended March 31, 2016 – $684,759).
- As at March 31, 2017, total amounts due to BFPS was $78,298 (2016 – $62,562). The Company's payment terms to BFPS is due upon receipt and is non-interest bearing.
- During the three months ended March 31, 2017, BFPS paid certain operating and marketing expenses, which include salaries for certain employees as well as related expenses, for the Company in the amount of $250,762 (three months ended March 31, 2016 – $364,869). These amounts were reimbursed by the Company.

10. COMMITMENTS AND CONTINGENCIES

Production Services Contract

(Unaudited, all amounts expressed in Canadian dollars unless specified)

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 plus basis.

Legal Contingencies

Periodically the Company may become involved in certain legal actions and claims arising in the ordinary course of business. There were no legal actions or claims reported at March 31, 2017.

11. SEGMENT INFORMATION

The Company operates in a single segment, being the distribution of curated media content on pay television platforms.

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

	Canada	USA	Ireland	Galleria	Inter-company	Total
Revenues	**-**	**39,712**	**1,048,882**			**1,088,593**
Current assets	**14,571,982**	**3,879,407**	**9,454,688**	**333,762**	**(21,412,142)**	**6,827,697**
Non-current assets	**-**	**4,320**	**681,371**			**685,691**

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

	March 31, 2017	March 31, 2016
Customer A	65%	0%
Customer B	12%	18%
Customer C	0%	44%
Customer D	5%	22%

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

	March 31, 2017	December 31, 2016
Customer A	44%	0%
Customer B	34%	50%
Customer C	9%	37%