



QYOU Media Inc.

ANNUAL INFORMATION FORM

**For the Financial Year Ended
June 30, 2017**

November 6, 2017

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EXPLANATORY NOTES

General

The fiscal year end of QYOU Media Inc. is June 30.

The information in this Annual Information Form is stated as at June 30, 2017, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, all references in this Annual Information Form to “QYOU”, “the Company”, “we”, “us”, “our”, and “our company” refer to QYOU Media Inc. and its predecessors and material subsidiaries and all references to “\$” or “dollars” are to Canadian dollars.

Forward-Looking Information

This Annual Information Form contains “forward-looking information” which may include, but is not limited to, statements with respect to future events and operating performance; estimates of future expenses, revenue and profitability; trends affecting financial condition and results of operations; the future outlook of the Company, business plans and strategies, working capital, the Company’s future cost structure, future sales and marketing activities; the availability and terms of additional capital; strategic partners; industry trends and the competitive environment; and other factors referenced in this Annual Information Form, including those set forth under the heading “Risk Factors” in this Annual Information Form. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of our company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Those factors include, among others, general business, economic, competitive, political, regulatory and social uncertainties; as well as those factors discussed in the section entitled “Risk Factors” in this Annual Information Form. Readers are cautioned that the foregoing list of factors and those contained elsewhere in this Annual Information Form are not exhaustive. We have made certain assumptions used in the preparation of the forward-looking information, which include but are not limited to anticipated events or results, business strategy and strategic goals, the expected costs and results of operations, projected costs and capital expenditures, the ability to raise additional capital as and when required, business prospects, increased penetration into certain markets through strategic partnerships, the impact of the introduction of new products, the ability of management to leverage sales opportunities, characteristics of the industry, business prospects, regulatory developments, research and development activities, financial results, taxes, and plans and objectives of or involving the Company. Some of the assumptions used in the preparation of this Annual Information Form, although considered reasonable by us at the time of preparation, may prove to be incorrect. Although we have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained in this Annual Information Form are made as of the date of this Annual Information Form and we disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to their inherent uncertainty. All subsequent forward-looking statements, whether written or oral, attributable to our company or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

Market Industry Data

The market and industry data contained in this Annual Information Form is based upon information from independent industry and other publications and our knowledge of, and experience in, the industry in which we operate. Market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. We have not independently verified any of the data from third party sources referred to in this Annual Information Form or ascertained the underlying assumptions relied upon by such sources. While we are not aware of any misstatements regarding the market and industry data presented in this Annual Information Form, such data involves risks and uncertainties and is subject to change based on various factors, including those factors discussed under “Forward-Looking Information” and “Risk Factors” in this Annual Information Form.

CORPORATE INFORMATION

Name and Organization

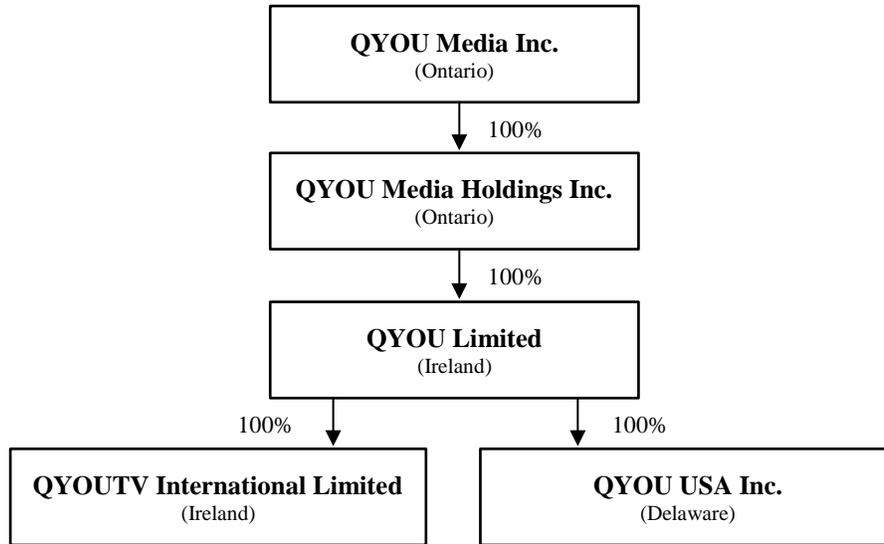
The full corporate name of the Company is “QYOU Media Inc.” The Company was incorporated pursuant to the *Business Corporations Act* (Alberta) on July 30, 1993 under the name “575161 Alberta Inc.” and listed on the Alberta Stock Exchange (the predecessor to the TSX Venture Exchange (the “**TSXV**”)) as a “junior capital pool” company. On October 22, 1993, the Company amended its articles to remove certain restrictions against the transfer of its securities and changed its name to “Galleria Resources Inc.” On October 2, 2000, the Company amended its articles to effect a consolidation of its common shares on a five (old) for one (new) basis and changed its name to “Galleria Opportunities Inc.” On April 10, 2014, the Company further amended its articles to change its name to “Galleria Opportunities Ltd.” and focused on the investigation of business investment opportunities.

Effective March 13, 2017, the Company completed a reverse takeover transaction (the “**Transaction**”) pursuant to which QYOU Media Holdings Inc. became a wholly-owned subsidiary of the Company and the security holders of QYOU Media Holdings Inc. became security holders of the Company. QYOU Media Holdings Inc. is the entity resulting from the amalgamation of QYOU Media Inc. (as it was then called) and 2561287 Ontario Ltd. (then a wholly-owned subsidiary of the Company) on March 13, 2017. Throughout this Annual Information Form, the term “**QYOU Media**” is used to refer to QYOU Media Holdings Inc. after March 13, 2017 and is used to refer to QYOU Media Inc. (as it was then called) prior to March 13, 2017. Prior to the Transaction, on March 6, 2017, the Company amended its articles to effect a consolidation of its common shares on a two (old) for one (new) basis. In connection with the Transaction, the Company also filed articles of amendment to change its name to “QYOU Media Inc.” and was continued into Ontario on March 29, 2017 under the *Business Corporations Act* (Ontario). Subsequently, on March 31, 2017, the Company’s common shares (the “**Common Shares**”) resumed trading on the TSXV under the symbol “QYOU”.

The head and registered office of QYOU is located at 441 King Street West, Suite 200, Toronto ON, M5V 1K4.

Corporate Structure of QYOU

The following chart outlines our corporate structure and identifies the jurisdictions of each of QYOU's material subsidiaries as at June 30, 2017.



OUR BUSINESS

General Development of the Business

We are a publicly-listed corporation engaged in the delivery of linear and on-demand TV channels, playlist-driven mobile apps, custom shows, and influencer marketing support to TV operators, mobile carriers and subscription video service providers worldwide.

As a global media company, we focus on the curation and programming of short-form video content for the “TV Everywhere” age. QYOU finds and licenses videos from around the world in categories ranging from factual to viral and everything in between. We then package the videos for linear and on-demand TV and video channels, playlists-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.

Founded and created by industry veterans from Lions Gate Entertainment Corporation and MTV, our millennial-focused products reach tens of millions of customers on six continents. Distribution partners include Sinclair Broadcast Group, Vodafone Group Plc., Twenty-First Century Fox, Inc., Liberty Global plc, Telenor Group and TATA Sky Limited.

Company History

On June 15, 2015, QYOU Media (then called QYOU Media Inc.) was incorporated under the *Business Corporations Act* (Ontario). On July 14, 2015, QYOU Media, through its subsidiary, QYOU Limited, entered into an asset purchase agreement with Black Forest Production Services, Inc. (then called QYOUTV, Inc.) (“**BFPS**”), pursuant to which QYOU Limited acquired certain intellectual property and assumed certain contracts from BFPS and all obligations and liabilities related thereto (the “**Asset Purchase**”). In connection with the Asset Purchase, QYOU Limited also acquired all of the issued and outstanding shares of QYOUTV International Limited, which became a wholly-owned indirect subsidiary of QYOU Media. On July 14, 2015, QYOU Limited and BFPS also entered into a master services agreement, whereby QYOU Limited continued to engage BFPS to provide general television program production services.

On February 13, 2017, in connection with the Transaction, the Company entered into an amalgamation agreement among the Company, QYOU Media and 2561287 Ontario Ltd. (then a wholly-owned subsidiary of the Company) (the “**Amalgamation Agreement**”). On March 13, 2017, pursuant to the Amalgamation Agreement, the Company completed the Transaction pursuant to which QYOU Media and 2561287 Ontario Ltd. were amalgamated under the *Business Corporations Act* (Ontario) to form QYOU Media Holdings Inc., which became a wholly-owned subsidiary of the Company.

Upon closing of the Transaction, the Company amended its articles to change its name to “QYOU Media Inc.” Following the completion of the Transaction, on March 29, 2017, the Company was continued into Ontario under the *Business Corporations Act* (Ontario). Through its subsidiaries, the Company carries on the business of curating, licensing and programming the best of short-form internet video for the benefit of video content providers worldwide, including traditional cable and satellite to Internet Protocol television (“**IPTV**”), over-the-top (“**OTT**”) providers and mobile carriers.

In connection with the Transaction, on March 6, 2017, the Company completed a consolidation of its Common Shares on a two (2) old for one (1) new basis.

In connection with the Transaction, the Company and QYOU Media each completed securities offerings, for total aggregate gross proceeds of \$7,315,500. In connection with such offerings, Dominick Inc. acted as lead agent on its own behalf and on behalf of a syndicate of agents (collectively with Dominick Inc., the “**Transaction Agents**”) and completed: (a) a private placement of 8,632,000 subscription receipts of QYOU Media (the “**QYOU Subscription Receipts**”) at a price of \$0.50 per QYOU Subscription Receipt for gross proceeds of \$4,316,000 (the “**QYOU Brokered Offering**”), and (b) a private placement of 3,869,000 units of the Company (the “**Galleria Units**”) at a price of \$0.50 per Galleria Unit, each Galleria Unit comprised of one Common Share and one-half of one Common Share purchase warrant, each such Common Share purchase warrant exercisable at a price of \$0.75 per Common Share until March 10, 2019, for gross proceeds of \$1,934,500, completed through the use of a Short Form Offering Document under the policies of the TSXV (the “**Galleria Offering**”). In addition to the QYOU Brokered Offering and the Galleria Offering and in connection with the Transaction, the Company also completed a private placement of an additional 2,130,000 QYOU Subscription Receipts sold directly by QYOU Media on a non-brokered basis (the “**QYOU Non-Brokered Offering**”, and together with the QYOU Brokered Offering, the “**QYOU Offering**”). In the aggregate, 3,869,000 Galleria Units and 10,762,000 QYOU Subscription Receipts were sold for total gross proceeds of \$7,315,500.

Upon satisfaction of certain escrow release conditions, the QYOU Subscription Receipts were automatically exchanged for units of QYOU Media (the “**QYOU Units**”), each QYOU Unit comprised of one Class A common share in the capital of QYOU Media (each, a “**QYOU Class A Share**”) and one-half of one QYOU Class A Share purchase warrant.

In connection with the QYOU Offering and the Galleria Offering, the Transaction Agents were also issued 668,700 compensation options of QYOU Media and 290,175 compensation options of the Company. Each such compensation option of the Company entitles the holder thereof to subscribe for one unit of the Company at a price of \$0.50 per unit until March 31, 2019, each such unit comprised of one Common Share and one-half of one Common Share purchase warrant exercisable at a price of \$0.75 per Common Share until March 31, 2019.

In connection with the Transaction, the security holders of QYOU Media became security holders of the Company and (i) each QYOU Class A Share was automatically exchanged for one Common Share; (ii) the common shares of QYOU Media, other than the QYOU Class A Shares, were exchanged for Common Shares on the basis of 0.92 Common Shares for each common share of QYOU Media, other than the QYOU Class A Shares, held; (iii) each common share purchase warrant of QYOU Media was exchanged for one Common Share purchase warrant exercisable on equivalent terms; and (iv) each compensation option of QYOU Media was exchanged for one compensation option of the Company, exercisable into securities of the Company on equivalent terms.

Description of the Business

QYOU is a first-to-market content packaging and distribution company that, through its subsidiaries, is in the business of curating, licensing, programming, and packaging premium “best-of-web” short-form internet video

content for multiscreen distribution across multiple platforms in the “TV Everywhere” age. QYOU’s low cost, multi-platform content offerings are designed primarily for millennials and distributed globally via satellite, cable, OTT providers, mobile carriers and other content distribution partners, in management’s view making it a leading next generation content company.

TV subscribers today are increasingly becoming “cord-cutters”, demonstrating a desire to view content on demand on the device of their choosing. While live TV continues to be a popular service for consumers, the amount of time adults spend watching live TV has gone down over the last few years, while the consumption of video content on computers and smartphones increased significantly.

In response, broadcasters have expanded their services, reaching customers’ smart phones and other mobile devices through the “TV Everywhere” model. Under this model, TV subscribers, once authenticated, are allowed access to content on multiple devices as part of their subscription service.

In keeping with the “TV Everywhere” model, QYOU is offered as a linear channel (“**The Q**”), via subject specific programs, as video-on-demand, via mobile application and by other means of content distribution based on customer needs. The linear channel initially focused exclusively on distribution outside of North America, with an emphasis on high-growth platforms like mobile, OTT and Digital Terrestrial (“**DTT**”). QYOU has since expanded into app-driven and mobile experiences, curated playlists, custom show development, and marketing services.

Principal Products and Services

QYOU is a leader in providing a packaged, curated, licensed experience for distribution through subscription and on-demand video service providers worldwide. QYOU has a large and complete range of curated premium made-for-web video content. QYOU believes that continued investment in its core library asset and programming services will enable it to maintain its low cost business advantage. Leveraging current products and broadening product offerings will allow QYOU to expand its client base substantially.

We have one operating segment, which is comprised of three different products and services divisions:

a) “The Q” Linear Channel:

The linear channel is a 24/7 channel featuring “best-of-web” content and available globally via traditional broadcast (cable/satellite) providers, OTT providers and mobile carriers. Additionally, this category includes the operational management of Sinclair Broadcast Group’s new channel, “TBD”. TBD launched as a broadcast channel in the United States on February 13, 2017 and is currently distributed in more than 50 million homes in the United States as of June 30, 2017. Management expects growth to continue as Sinclair Broadcast Group expands distribution throughout its media footprint.

b) Program Sales:

The program sales division is the business of supplying original programming formats, driven by genre-specific programming, to channels and video distributors in territories around the world. This category has been led to date by sports programming, but we anticipate new strong categories to emerge as well.

c) Influencer Marketing:

The influencer marketing division is the business of offering the support of talent both inside and outside of QYOU programming to promote the products and services of partners and third parties.

The current primary drivers for the business are three key areas of revenue generation, being linear channel revenue, program sales revenue and revenue from influencer marketing campaigns. Fees associated with The Q linear channel include both owned and operated channel carriage fees and channel management fees via third party networks such as “TBD” with Sinclair Broadcast Group. Fees paid in connection with program sales include those paid for custom programs of anywhere from five minutes to one hour or more, comprised of both large show orders and packaged program blocks. Finally, we leverage our direct relationships with multi-channel video programming distributors (“**MVPDs**”) and other program partners to market and promote the content on their services, and generate additional revenue from influencer-driven contracts directly with brands; this revenue is derived from third

parties' marketing budgets, which QYOU uses to curate and make payments to "online influencers" to promote our clients' business or product through YouTube channels or other online distribution networks.

QYOU expects growth in all three areas in the coming fiscal year. We are operating in a global growth market with significant changes affecting both the purchasing and selling parties involved in commercial transactions. QYOU believes it is uniquely positioned to benefit from this growth, change and disruption in the area of content curation, packaging and distribution, given that it is a pioneer in curated made-for web video content of commercial grade quality.

QYOU's products can be sold either bundled or standalone, with differential pricing, and are designed to be easily adapted into different languages. QYOU's content is largely secured through attractive licensing arrangements. Approximately fifty percent of current curated content is from outside of North America, representing over 50 countries, and it is anticipated that this internationalization will grow with time. While content costs can vary based on territories and the time frames of the licenses, QYOU believes its low-cost content model is a key to successful growth.

On the back-end, QYOU has developed customized tools and processes to maximize the efficiency with which it can create and manage multiple products spanning from traditional broadcast/cable through next generation mobile and interactive screens. By blending broadcast engineering with digital product development, QYOU is well positioned to take advantage of the transition in the subscription video industry with products created for specific platforms on the economics of OTT services worldwide.

An ancillary component of QYOU's business is marketing services, specifically utilizing online influencers for brands looking to connect with predominantly Millennial, Generation Y (born between the 1980s and early 2000s) and Gen Z (born between the late 1990s or early 2000s and the late 2010s) audiences. QYOU offers marketing services both to its clients, to help promote QYOU on subscription TV services, and to brands as part of standalone campaigns. The latter includes concept development, contracting with influencers, and total campaign management, as well as tracking and reporting of results. Increasingly, this influencer marketing division is viewed as an important growth area for QYOU.

Production and Services

QYOU retains seven full-time employees and nineteen full-time contractors who help curate, license, catalog, package and distribute short-form content from around the world. QYOU has successfully achieved revenue generating businesses via this effort in the three major revenue categories outlined above. Most programming is currently produced out of a facility in Culver City, California that is owned and operated by The Tennis Channel (now owned by the Sinclair Broadcast Group).

QYOU maintains very strong relationships with the creative content community, the technology community and the investment community based upon the work of the Company's management and board of directors (the "**Board**") in each of these areas.

At present, QYOU has contracted with over 20 different companies globally with customer reach to over 100 million global households. In an attempt to expand the Company's client and partner bases, QYOU also intends to enter emerging markets, in particular India and Poland, which are recognized as two fast-growing regions for digital media.

New Products

QYOU intends to increase its customer base and expand its service offering to existing and new customers. QYOU has already begun to achieve this expansion by continuing to innovate with new app-based technology and increasing its presence on digital platforms beyond TV, including directly via mobile carrier distribution. For instance, in India, QYOU, with TATA Sky Limited, has launched a version of a platform for mobile devices which allows for instant streaming and video-on-demand access for Pay-TV subscribers via a mobile application. In addition, QYOU plans to launch more highly localized versions of the linear network in India and Poland in 2017.

The first television series based on QYOU content, “Q-Sport”, launched in the Netherlands (Ziggo Holding B.V.) in 2016. Q-Sport is a half-hour show featuring a compilation of short-form sports-oriented content. Nearly 200 episodes of Q-Sport have been produced in multiple languages. Additional series have been sold in territories as diverse as Eastern Europe (Fox Networks Group); Africa (Showmax B.V.) and the Caribbean (FLOW C&W Communications Plc).

QYOU’s next largest project for linear channel distribution will leverage Free-to-Air (“FTA”) broadcast (also known as multicast) in the United States (“US”) market via a partnership with Sinclair Broadcasting Group. This new channel, “TBD”, is targeted “cord cutters” and “cord nevers” who are leaving expensive cable and satellite services for less costly program options. This partnership will further increase the Company’s value proposition to both content providers and the consumer. In addition, QYOU intends to develop bespoke linear channels across all geographic markets in order to broaden its service offering to existing and new customers.

Initially, QYOU had strategically steered clear of the North American market, given its fluidity as well as industry-wide changes in control of the larger cable and satellite television networks, but with the 2017 launch of the new broadcast network, “TBD”, with Sinclair Broadcast Group, QYOU expects the US market to open up more quickly.

Specialized Skill and Knowledge

As an entrepreneurial and growing company, QYOU has been able to attract and retain talented professionals. QYOU senior management is comprised of experienced and knowledgeable professionals in operations, finance, technology, marketing, production and sales, all of whom have garnered extensive industry experience prior to joining the Company.

We provide unique curated made-for-web programming services, managed by award-winning experts who adapt to the tastes and trends of viewers in order to create the ultimate user experience. The trend of human-curated video allows the viewer to feel more connected to the content, therefore providing a more enjoyable and tailored experience. As a result, management is of the view that content curation expertise leads to stronger relationships with viewers, who will become increasingly engaged in its product offerings. Management believes that QYOU’s product offerings demonstrate that it has its viewers’ best interests in mind and this, in turn, is expected to strengthen QYOU customer loyalty.

Marketing Plans and Growth Strategies

The Company expects that its international presence will continue to grow. QYOU is building brand awareness through digital marketing, television/media advertising and trade marketing across six continents. Given the scale, scope and reach of QYOU’s operations, we believe we will be able to leverage the Company’s services into new markets, platforms and technologies.

In the long term, QYOU plans to aggressively continue working to grow its business. QYOU believes that this goal can be achieved by expanding and diversifying its global client and partner base, particularly through the development of new products and digital platforms, and via the pursuit of strategic acquisitions.

Key elements of our growth strategy include:

- a) localization of content and partnerships in key growth regions, beginning with India and Poland;
- b) larger-scale productions leveraging our content, production assets and distribution footprint;
- c) integration of brands and advertisers more directly into the content offerings; and
- d) growing distribution reach throughout 2018.

Competitive Conditions

The different types of companies that operate in and around the business of QYOU include:

1. Multi-Channel Networks (“MCNs”):
MCNs are companies that aggregate large numbers of YouTube channels and represent their content and their creators to better monetize their content than might otherwise be possible in a single-channel model. MCNs help their clients achieve higher CPMS (cost per thousand impressions) for advertising revenues as well as for influencer marketing projects and the creation of new content for their YouTube channels. While many of these companies can be found to be creating programming for new distribution, most are more focused on direct online distribution rather than through traditional cable, satellite or other outlets. Additionally, many of these MCNs focus on a particular genre of content (such as cooking, sports, fashion or youth) as opposed to a broader entertainment focus. Also, many of these companies are partnered with QYOU to supply content directly to QYOU for distribution, particularly in territories and with customers for which they are not similarly focused.
2. Aggregators:
These businesses have some similarities to those of MCNs and QYOU in that they are curating “best-of-web” content. These types of content aggregators generally focus on particular subject-based categories (such as sports, pranks, comedy or fashion) and are in the business of licensing that content to advertisers, content producers and in some cases, even for the creation of their own shows. As noted above with respect to MCNs, many of these aggregators are licensing content directly to QYOU for distribution as well.
3. Program producers:
There are numerous companies creating television series based on web content (Tosh.0, Ridiculousness, Fail Army and others) that feature content generally sourced from YouTube and the internet. These companies tend to produce programs in the areas of comedy (prank/fail videos) and are generally more traditional television production company models where a fee is paid for the programming by the network who is commissioning it.
4. Software-Driven Programmers/Aggregators:
There are a number of companies that rely primarily on software to produce content drawn from internet video sources. These companies (ex: Frequency Networks, Inc., Pluto TV, Zoomin.TV) have established significant distribution and content partnerships and often surface as direct competitors for QYOU.

While all of these companies on an individual basis can be involved in activities that are similar in nature to QYOU, they are not directly in the same business, which is supported by the fact that QYOU works with and licenses content directly from many of them, including companies that are among the most prominent in their respective business areas. It is possible that a company could emerge with a business model directly competitive with QYOU; however, there are none that QYOU is aware of to date with QYOU’s complete model of curation, licensing and packaging content for a global audience.

QYOU partner companies provide premium digital services to consumers across platforms, from linear channels for digital television to OTT direct-to-consumer offerings. For many of these services, the most challenging consumer is the first-time subscriber, generally within the older half of the millennial demographic (25 to 34 years of age). A key challenge is the phenomenon of “cord-cutters” and “cord-nevers”, who are so accustomed to watching TV online that they either cancel or never subscribe to Pay-TV. Convincing the new generation of consumers to subscribe to Pay-TV requires tailoring content to their preference. While the traditional categories of news, sports, movies, documentary, children, and reality are well-represented in the subscription video world, short-form video remains vastly unexplored as a market.

QYOU’s primary market, subscription video service distributors, has three main components: traditional MVPDs, emerging OTT providers and mobile operators. Individually and as a group, these distributors are

experiencing significant and sustained growth. Digital TV Research estimates that Pay-TV business revenues alone will grow 2.6% between 2014 and 2020 to \$207 billion, and will double in 33 countries (particularly in Asia).

The Company faces competition in its pursuit to acquire additional content, which may reduce the amount of content that it is able to acquire or license and may lead to higher acquisition prices. Increased competition for the acquisition of digital rights to made-for-web video may result in a reduction in operating margins and may adversely impact the Company's ability to distinguish itself from competitors by virtue of its video library. Additionally, see the information under the heading "Risk Factors - The Company faces competition from other content providers and that competition is likely to increase over time" with respect to the competitive conditions QYOU encounters while engaging in their principal business activities.

Intangible Properties

In management's view, QYOU has a growing valuable asset in its library of curated premium made-for-web content. Pursuant to the Asset Purchase, the Company also purchased the QYOU design logo as a trademark as well as certain other intellectual property from BFPS. Additionally, QYOU Limited owns a Broadcast License granted by the Broadcasting Authority of Ireland, which allows QYOU Limited to broadcast its programs in Ireland and the European Union.

Economic Dependence

The Company's business is not substantially dependent upon any one contract, but the Company does have a key multiyear contract with Sinclair Broadcast Group that was significant to revenues in the twelve months ended June 30, 2017. In addition, the Company also has several multiyear agreements with M7 Group SA, and has various other key agreements, including those with TATA Sky Limited, Total Play Telecomunicaciones S.A. de C.V., PLAY Poland and others, which help drive the Company's business. For the twelve months ended June 30, 2017, the Company's top ten customers represented approximately 92% of sales, with two customers representing 65% of sales. See "Risk Factors".

Changes to Contracts

The Company does not anticipate that its business will be materially affected in the current financial year by the renegotiation or termination of any contracts or sub-contracts.

Foreign Operations

The Company has three wholly-owned subsidiaries that were incorporated and operate in foreign jurisdictions, being QYOU Limited, QYOUTV International Limited and QYOU USA Inc. Each of these corporations operate within the same segment of content curation and distribution as the Company.

QYOU Limited is incorporated under the laws of the Republic of Ireland and is a party to a number of licensing, distribution and service agreements.

QYOUTV International Limited was incorporated under the laws of the Republic of Ireland. In February 2015, QYOUTV International Limited entered into a content provision contract with the Broadcasting Authority of Ireland (the "**Content Provision Contract**"), which allows QYOUTV International Limited to broadcast its programs within a specified geographical area. On July 14, 2015, QYOUTV International Limited was acquired by QYOU Limited in connection with the Asset Purchase, and the Content Provision Contract was subsequently assigned to QYOU Limited.

QYOU USA Inc. was incorporated under the laws of the State of Delaware. QYOU USA Inc. is involved in producing content and coordinating content procurement both from BFPS and other suppliers. In addition, QYOU USA Inc. continues to examine the marketing potential of its products in the US.

The Company also has licensing and distribution arrangements with various companies across six continents that bring its linear television networks, genre-based series, mobile apps and video-on-demand formats to foreign viewers. QYOU expects continued reliance on international licensing and distribution agreements.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

Our authorized share capital currently consists of an unlimited number of First Preferred Shares, Second Preferred Shares and Common Shares. On June 30, 2017, there were 65,939,960 Common Shares, nil First Preferred Shares and nil Second Preferred Shares issued and outstanding. As at June 30, 2017, the Company also had issued and outstanding (i) Common Share purchase warrants to acquire an aggregate of up to 21,397,794 Common Shares; (ii) compensation options to acquire an aggregate of up to 2,141,065 units of the Company at a price of \$0.50 per unit, each such unit comprised of one Common Shares and one-half of one Common Share purchase warrant; (iii) Stock Options (as hereinafter defined) to acquire an aggregate of up to 6,593,996 Common Shares; and (iv) nil RSUs (as hereinafter defined).

First Preferred Shares, Second Preferred Shares and Common Shares

The First Preferred Shares and the Second Preferred Shares may be issued from time to time in one or more series. The First Preferred Shares of each series rank equally with the First Preferred Shares of every other series and are entitled to preference over the Second Preferred Shares, the Common Shares and the shares of any other class ranking junior to the First Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs (any such dividend or distribution, a “**Distribution**”). Subject to the rights of the holders of the First Preferred Shares, the Second Preferred Shares of each series rank equally with the Second Preferred Shares of every other series and are entitled to preference over the Common Shares and shares of any other class ranking junior to the Second Preferred Shares with respect to a Distribution.

Each of the Common Shares entitles the holder thereof to receive notice of, attend and vote at all meetings of the shareholders of the Company, and each Common Share confers the right to one vote at all such meetings. Subject to the rights of the holders of First Preferred Shares and Second Preferred Shares and any other class of shares ranking senior to the Common Shares, the holders of Common Shares are entitled to receive and participate rateably in any Distribution of the assets of the Company to all shares at the time outstanding.

Holders of First Preferred Shares, Second Preferred Shares and Common Shares have no pre-emptive rights, conversion rights or rights of redemption in connection with such shares.

Warrants

As at June 30, 2017, Common Share purchase warrants to acquire an aggregate of up to 21,397,794 Common Shares were issued and outstanding. Of such Common Share purchase warrants, 1,934,500 Common Share purchase warrants were issued pursuant to the Galleria Offering on March 10, 2017 and are each exercisable to acquire one Common Share at a price of \$0.75 until March 10, 2019. Additionally, in connection with the Transaction, on March 13, 2017, the Company issued 19,463,294 Common Share purchase warrants to holders of certain common share purchase warrants of QYOU Media, on the basis of one Common Share purchase warrant issued in exchange for each common share purchase warrant of QYOU Media held. Of such Common Share purchase warrants issued in connection with the Transaction, 18,087,418 are each exercisable to acquire one Common Share at a price of \$0.75 with expiry dates ranging from January 15, 2018 to March 31, 2019, and 1,375,876 of such Common Share purchase warrants are each exercisable to acquire one Common Share at a price of \$0.50 until December 31, 2018.

Compensation Options

As at June 30, 2017, 2,141,065 compensation options issued and outstanding, each exercisable at a price of \$0.50 to purchase one unit of the Company, each such unit comprised of one Common Share and one-half of one Common Share purchase warrant.

Stock Options

QYOU has established an amended and restated stock option plan (the “**Stock Option Plan**”), which plan provides that the Company’s Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company, or any subsidiary of the Company, options to purchase Common Shares (the “**Stock Options**”). The Stock Option Plan permits the Board to grant Stock Options to purchase up to ten percent (10%) of the number of Common Shares issued and outstanding as at the date of such Stock Option grant, as permitted by the policies of the TSXV. On June 30, 2017, Stock Options to purchase an aggregate of up to 6,593,996 Common Shares were issued to directors, officers, employees and consultants of the Company.

Restricted Share Units

QYOU has established an amended and restated restricted share unit plan (the “**RSU Plan**”), which plan permits the Board to grant restricted share units (“**RSUs**”) to its senior officers, directors, employees and consultants as a discretionary payment in consideration for significant contributions to the long-term success of the Company. In accordance with the policies of the TSXV, a maximum of 6,593,996 Common Shares are reserved for issuance pursuant to the redemption of RSUs granted under the RSU Plan. As at June 30, 2017 there were nil RSUs issued and outstanding.

For additional details regarding our share capital as well as our issued and outstanding Common Shares, Common Share purchase warrants, compensation options, Stock Options and RSUs, please see notes 6, 7 and 8 to our consolidated financial statements for the twelve months ended June 30, 2017 and June 30, 2016, a copy of which is available for review under the company’s SEDAR profile at www.sedar.com.

DIVIDENDS AND DISTRIBUTIONS

Our Dividend Policy

Subject to the solvency restrictions in the *Business Corporations Act* (Ontario) and applicable TSXV rules, there are no other restrictions in the Company’s articles or elsewhere that would prevent the Company from paying dividends. If and when issued, each First Preferred Share will rank equally with all other First Preferred Shares and will be entitled to preference over all Second Preferred Shares and Common Shares with respect to the payment of dividends. Similarly, if and when issued, each Second Preferred Share will rank equally with all other Second Preferred Shares and will be entitled to preference over all Common Shares with respect to the payment of dividends. Subject to the rights of the holders of any outstanding First Preferred Shares and Second Preferred Shares, all the Common Shares are entitled to an equal share in any dividends declared and paid. There are currently no First Preferred Shares or Second Preferred Shares outstanding. It is anticipated that all available funds of the Company will be invested to finance the growth of our business and, accordingly, it is not contemplated that any dividends will be paid in the immediate or foreseeable future. Our Board will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on our financial position at the relevant time. See “Risk Factors - Dividends are Discretionary”.

Dividends and Distributions

The Company has not declared or paid any cash dividends or distributions on our outstanding Common Shares within the years ended June 30, 2017, 2016 or 2015.

MARKET FOR SECURITIES

Trading Price and Volume

Trading in our Common Shares over the facilities of the TSXV resumed on March 31, 2017 under the symbol “QYOU”. The following table sets forth the range of high and low prices per Common Share and total monthly volumes of shares traded on the TSXV during the twelve months ended June 30, 2017.

Month	Price per Common Share		Total Volume
	High	Low	
June 2017	\$0.57	\$0.32	7,417,738
May 2017	\$0.495	\$0.34	2,246,841
April 2017	\$0.51	\$0.38	2,640,292
March 2017 ⁽¹⁾⁽²⁾	\$0.53	\$0.48	521,000

Source: TMXMoney.com.

Notes:

- (1) Reflects the trading activity for the Common Shares on March 31, 2017.
- (2) The Company was subject to a trading halt issued by Investment Industry Regulatory Organization of Canada on November 3, 2015 at the request of the Company pending announcement of the Transaction; such trading halt continued until March 31, 2017, at which time the Company’s Common Shares resumed on the TSXV under the symbol “QYOU”.

Prior Sales

Other than as set forth below, we did not issue any securities in the twelve months ended June 30, 2017 that were not listed on the TSXV.

Date of Issuance	Number of Securities Issued	Securities Issued	Price Per Security / Exercise Price
March 10, 2017	1,934,500	Warrants ⁽¹⁾	\$0.75
March 13, 2017	1,375,876	Warrants ⁽²⁾	\$0.50
March 13, 2017	18,087,418	Warrants ⁽³⁾	\$0.75
March 31, 2017	958,875	Compensation options ⁽⁴⁾	\$0.50
March 31, 2017	6,446,496	Stock Options ⁽⁵⁾	\$0.50

Notes:

- (1) Common Share purchase warrants partially comprising the Galleria Units issued pursuant to the Galleria Offering exercisable until March 10, 2019.
- (2) Common Share purchase warrants issued to holders of certain common share purchase warrants of QYOU Media in connection with the Transaction on the basis of one Common Share purchase warrant exchanged for each common share purchase warrant of QYOU Media held exercisable until December 31, 2018.
- (3) Common Share purchase warrants issued to holders of certain common share purchase warrants of QYOU Media in connection with the Transaction on the basis of one Common Share purchase warrant exchanged for each common share purchase warrant of QYOU Media held, with expiry dates ranging from January 15, 2018 to March 10, 2019.
- (4) Compensation options issued to the Transaction Agents in connection with the QYOU Offering and the Galleria Offering, each exercisable to acquire one Common Share and one-half of a Common Share purchase warrant until March 31, 2019.
- (5) Stock Options issued to certain directors, officers, employees and consultants of the Company, pursuant to the Company’s Stock Option Plan, exercisable until March 31, 2022. Subsequently, 200,000 of such Stock Options expired in accordance with their terms and 149,725 Stock Options were cancelled.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

The following table summarizes details of the Company's securities of each class held, to the Company's knowledge, in escrow or that are subject to a contractual restriction on transfer as of the date of this Annual Information Form:

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	31,935,224 ⁽¹⁾⁽²⁾	48.43% ⁽³⁾
Warrants	495,062 ⁽¹⁾	2.31% ⁽⁴⁾

Notes:

- (1) In connection with the Transaction and as required by the TSXV, the Company, Computershare Trust Company of Canada and certain former security holders of QYOU Media entered into a Tier 2 value escrow agreement dated March 27, 2017, pursuant to which such security holders were required to submit 20,022,261 Common Shares and 660,082 Common Share purchase warrants into escrow (collectively, the "Escrowed Securities"). Of the Escrowed Securities, (i) 10% of such securities were released from escrow on March 31, 2017; (ii) 15% were released on September 30, 2017; and (iii) 15% are to be released on each of March 31, 2018, September 30, 2018, March 31, 2019, September 30, 2019 and March 31, 2020, respectively.
- (2) In connection with the Transaction, 28,197,548 of the Common Shares received by the former holders of common shares of QYOU Media pursuant to the Transaction bear certain restrictive trading legends (such Common Shares, the "Legended Shares"). The Legended Shares represent the Common Shares, other than the Common Shares that partially comprise the Escrowed Securities, that were issued to the holders of common shares of QYOU Media, other than the QYOU Class A Shares. The Legended Shares were issued in four tranches, each tranche bearing certain restrictive legends that provide that no trading may occur in such Legended Shares for a period commencing on March 31, 2017 until (i) with respect to the first tranche, being 10% of the Legended Shares, May 15, 2017; (ii) with respect to the second tranche, being 30% of the Legended Shares, September 30, 2017; (iii) with respect to the third tranche, being 30% of the Legended Shares, March 31, 2018; and (iv) with respect to the fourth tranche, being 30% of the Legended Shares, September 30, 2018.
- (3) Based on 65,939,960 Common Shares issued and outstanding as at June 30, 2017.
- (4) Based on 21,397,794 Common Share purchase warrants issued and outstanding as at June 30, 2017.

DIRECTORS AND OFFICERS

Directors and Officers

The information below relating to the directors and officers of the Company is based on information received by the Company from such directors and officers. The following table sets out, for each of our directors and executive officers, the person's name, province or state, and country of residence, position with our company, principal occupation for the last five years and the number of Common Shares beneficially owned, or over which control or direction is exercised, directly or indirectly, as at June 30, 2017. The term of office for each of our directors will expire at the time of the next annual meeting of our shareholders or until his or her successor is duly elected or appointed pursuant to the by-laws of the Company. As at June 30, 2017, our directors and executive officers as a group beneficially owned, or controlled or directed, directly or indirectly, an aggregate of up to 9,168,032 Common Shares representing approximately 13.9% of our issued and outstanding Common Shares.

Name and Place of Residence	Position with QYOU and Date First Appointed to the Board (if applicable)	Principal Occupation and Positions During the Last Five Years	Number and Percentage of Common Shares Beneficially Owned or Controlled ⁽¹⁾
G. Scott Paterson ⁽²⁾ Ontario, Canada	Chairman of the Board, Director (March 13, 2017)	President of Paterson Partners, a venture capital entity focused on media and financial technologies, since 2002.	5,331,950 8.09%
Curt Marvis California, USA	Chief Executive Officer, Director	Chief Executive Officer of QYOU and the Chief Executive Officer	2,000,000 3.03%

	(March 13, 2017)	(formerly Co-Chief Executive Officer) of QYOU Media since December 2016. President of QYOU Media since June 2015. Prior thereto, President of Digital Media at Lionsgate from April 2008 to June 2013.	
Catherine Warren British Columbia, Canada	Director (March 13, 2017)	President of FanTrust Entertainment Strategies since 2001. President and board director of Great Northern Way Campus Ltd. since March 2017.	Nil
Timothy W. Hogarth ⁽²⁾ Ontario, Canada	Director (March 13, 2017)	President & Chief Executive Officer of The Pioneer Group Inc. since 2013.	315,280 ⁽³⁾ 0.48%
James Swayze Ontario, Canada	Director (March 13, 2017)	Chief Executive Officer of Symbility Solutions Inc. (TSXV:SY), a technology company involved in providing secure cloud-based, mobile-enabled software to insurance companies, since May 31, 2004.	Nil
Damian Lee ⁽²⁾ Ontario, Canada	Director (May 3, 2017)	Has been a director, writer and producer in the film and television industry for over thirty years.	Nil
Amory B. Schwartz Leinster, Ireland	Director (July 26, 2017)	Executive Vice-President of QYOU Limited since July 2015. Prior thereto, a founder and Chief Executive at SA Sports Media Ltd. from April 2012 to January 2014 and a principal at Killiskey Media from February 2014 to June 2015.	832,315 1.26%
Wendy Bernfeld Amsterdam, Netherlands	Director (July 26, 2017)	Founder and Managing Director of Rights Stuff BV since 1999.	558,487 ⁽⁴⁾ 0.85%
Peter Lamberti Colorado, USA	Chief Financial Officer	Chief Financial Officer of QYOU and Chief Financial Officer of QYOU Media since June 2015. Independent financial consultant for media companies since June 2011.	Nil
Warren Barnes California, USA	Interim Corporate Secretary	President of Battle Mountain Advisory Group since 2016. Previously President and CEO at Pivot Technology Solutions (PTG:TSX-v) since 2013. CFO at Pivot from 2012 to 2013.	130,000 0.20%

Notes:

- (1) Percentages are based on 65,939,960 Common Shares issued and outstanding as at June 30, 2017. Information as to the number of Common Shares beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the direct knowledge of our company, has been furnished by the respective directors and executive officers individually or obtained from the System for Electronic Disclosure by Insiders and may include Common

Shares owned or controlled by spouses and/or children of such individuals and/or companies controlled by such individuals or their spouses and/or children.

- (2) Member of the Audit Committee.
- (3) Common Shares held in the name of Pioneer Hospitality Inc., a company controlled by Mr. Hogarth.
- (4) Ms. Bernfeld holds 157,320 Common Shares directly. 401,167 Common Shares are indirectly owned through Rights Stuff BV.

Biographical information regarding the foregoing is set forth below.

Biographies of Directors and Executive Officers

G. Scott Paterson

G. Scott Paterson is a media/technology venture capitalist. Mr. Paterson serves as a director of Lionsgate Entertainment Corporation (NYSE:LGF.B) and Chair of the company's Audit & Risk Committee.

Mr. Paterson was instrumental in the evolution of NeuLion Inc. (TSX:NLN), having led the company's predecessor company, JumpTV Inc., as Chairman and Chief Executive Officer through a successful US\$65 million initial public offering in August 2006 led by Morgan Stanley and a subsequent US\$100 million secondary financing in February 2007. In 2008, Mr. Paterson negotiated JumpTV's takeover of NeuLion, becoming Vice Chairman of the board of directors, which role he held until June 2015. NeuLion is a world leader specializing in digital video broadcasting, distribution and monetization on behalf of clients such as the NFL and NBA.

Mr. Paterson previously served as Chairman and Chief Executive Officer of Yorkton Securities Inc. which, during his tenure, was Canada's leading technology and entertainment-focused investment bank, raising over \$3 billion as lead underwriter and an additional \$9 billion as co-managing underwriter. Mr. Paterson has also served as Chairman of the Canadian Venture Stock Exchange, Vice Chairman of the Toronto Stock Exchange, Governor of the Investment Dealers Association of Canada and as a director of the Canadian Investor Protection Fund, The Canadian Securities Institute and the Canadian Securities Advisory Council. In 2001, Mr. Paterson was instrumental in the takeover of the Canadian Venture Exchange by the Toronto Stock Exchange, having conceptualized the initiative and having handled the principal negotiations.

He also serves as Chairman of FutureVault Inc., a privately-held Personal Information Management software solution company, Chairman of Engagement Labs Inc. (TSXV:EL), a provider of marketing technology, a director of Symbility Solutions Inc. (TSXV:SY), a cloud-based SaaS provider of software to the insurance industry, and Chairman of FutureVault Inc., and a director of Giftagram Inc, an e-commerce mobile gifting app.

In 2009, Mr. Paterson obtained an ICD.D designation by graduating from the Rotman Institute of Corporate Directors at the University of Toronto and, in 2014, Mr. Paterson obtained a Certificate in Entertainment Law from Osgoode Hall Law School.

In addition, Mr. Paterson is Chairman of the Merry Go Round Children's Foundation and a Governor of Ridley College.

Curt Marvis

Curt Marvis is the Chief Executive Officer of the Company and Co-Founder of QYOU Media, is employed full time with the Company and is responsible for day-to-day business operations including strategy, marketing initiatives, financing and developing key industry partnerships.

Mr. Marvis previously served as Lionsgate's President of Digital Media, helping the company evolve into a leading next-generation film entertainment studio. Reporting to Lionsgate's top management team, Mr. Marvis was responsible for guiding the company's portfolio of digital businesses including Lionsgate's broad spectrum of digital delivery agreements for its filmed entertainment content. In addition, Mr. Marvis successfully launched original

content channels on YouTube, original series in partnership with Hulu and Machinima and several social and mobile games based on iconic Lionsgate properties such as Dirty Dancing and Weeds.

Prior to joining Lionsgate, Mr. Marvis was Co-Founder and Chief Executive Officer of CinemaNow Inc., a leader in digital distribution and technology with investors including Microsoft Corporation, Cisco Systems, Lionsgate, Dish Network Corp and Menlo Ventures.

Mr. Marvis previously served as President of publicly-held game developer 7th Level, Inc. (Nasdaq: SEVL), leading its successful restructuring into delivery of web-based technology applications. At 7th Level, he helped create and implement leading web-based business partnerships with Microsoft, Real Networks, GeoCities, broadcast.com, IBM and MTV and helped orchestrate a merger to create Learn2.com. Mr. Marvis was also co-founder of multimedia startup Powerhouse Entertainment and served one year on the IBM Multimedia Task Force creating strategic plans for IBM in its continued development of interactive software. From 1984 to 1994, Mr. Marvis was Co-Founder and Chief Executive Officer of The Company, an award winning and highly successful production company for music videos and commercials. Mr. Marvis is a recipient of the Michael Jackson Video Vanguard award from MTV.

Catherine Warren

As president of FanTrust Entertainment Strategies, Catherine Warren provides growth strategies for the entertainment and media technology sectors. Founded 15 years ago, her business helps global clients to captivate audiences, build revenues, close strategic deals and secure financing. A pioneer in digital FanBuilding, Ms. Warren has created the fan strategies for mega-hits such as Homeland and the CSI television franchise, for eOne TV and Lionsgate films as well as for top YouTube multi-channel networks and videogame companies, including for Sony AAA titles and eSports broadcasters. Catherine's work includes mergers and acquisitions for digital distribution and digital intellectual property, raising capital and liquidity events for media company clients and advising media funds, hedge funds and media executives on strategic growth.

Prior to founding FanTrust, Ms. Warren was Chief Operating Officer of a broadcast tech company that she and colleagues took public on the Nasdaq, growing it to a \$300M market cap, with clients including CTV Television Network and FOX Broadcasting Company. Ms. Warren is a member of the international Academy of Television Arts & Sciences, serving on the Nominating Committee and as an Emmy judge; and is a longstanding Executive Board director of the United Nations flagship program, World Summit Awards for digital media, which represents the best media from 160 countries. She serves on the board of the national Bell Fund, Canada's largest private fund for digital broadcasting, with over \$200 million invested to date in media for all platforms.

Ms. Warren has a physics degree from Reed College and an MS from Columbia University's Graduate School of Journalism, where she did her original digital work at MIT's Media Lab, and won the Correspondent Fund Award to report at CERN, the European Centre for Particle Physics Research.

Timothy W. Hogarth

Mr. Hogarth is the President and Chief Executive Officer of The Pioneer Group Inc. and previously served as the Chairman and Chief Executive Officer of Pioneer Energy until it was acquired by Parkland Fuel Corporation on June 25, 2015, at which time Mr. Hogarth joined the board of directors of Parkland Fuel Corporation.

Mr. Hogarth serves on the board of various private corporations and non-profit organizations such as Canada Company, Conference of Defence Associations Institute, MerryGoRound Children's Foundation, Prince's Charities Canada (Operation Entrepreneur), Thirteenth (XIII) Regiment Foundation and the Burlington Community Foundation. Mr. Hogarth was a founding partner (via Pioneer Energy) of the Charter for Business Duke of Edinburgh's Award Programme, former Chair of Young Presidents Organization (Toronto Chapter), and former Vice Chair of Hamilton Health Sciences Foundation.

Mr. Hogarth is actively involved in his community and has served as Honorary Lieutenant-Colonel and Colonel of the Royal Hamilton Light Infantry and was the recipient of the Queen's Diamond Jubilee Medal by the Department of National Defense for his contributions to the Canadian Forces and Canada.

Mr. Hogarth received his Bachelor of Business Administration from Bishop's University and completed the Program for Management Development at Harvard Business School.

James Swayze

James Swayze is the Chief Executive Officer of Symbility Solutions Inc. in Toronto, Ontario, a technology company involved in providing secure cloud-based, mobile-enabled software to insurance companies. Mr. Swayze has been Chief Executive Officer of Symbility Solutions since May 31, 2004 and served as President of Symbility Solutions from May 31, 2004 to March 5, 2012.

Mr. Swayze brings almost 30 years' experience in the insurance industry to his role as Chief Executive Officer of Symbility Solutions. Before becoming Chief Executive Officer of Automated Benefits in 2004 and acquiring Symbility Solutions, Mr. Swayze held senior executive positions in North America and Europe with a number of global technology, financial services and insurance leaders. Mr. Swayze co-founded and served as President of Insource Ltd., a financial services marketing and product development consulting firm, where he led the company's growth and ultimate acquisition by General Electric (GE) Capital. Pursuant to the acquisition of Insource, Mr. Swayze led the development of GE Employers Reassurance Canada (GE ERC) as Senior Vice-President, Business Development where he was responsible for building the value of its Canadian life reinsurance division to more than \$1 billion from a start-up operation. Mr. Swayze also assumed the role of Vice President, Sales & Marketing, North America for GE ERC's parent company, GE Employers Reassurance Corp. Mr. Swayze is a frequent speaker at insurance industry conferences and events throughout North America. Mr. Swayze holds a Bachelor of Science degree in Mathematics and Statistics from the University of Western Ontario.

Damian Lee

Damian Lee is a thirty-year veteran of the film and television industry. He produced and directed over one hundred television sports specials before commencing a career in feature films. To date, Mr. Lee has written, produced and/or directed over fifty feature films, some of which have spawned profitable and entertaining sequels. *Ski School*, a perennial teen favorite, went into sequel, *Watchers* went into four sequels, and he took over the *Death Wish* franchise.

Lee has cast many notable actors in their first feature film roles including Jim Carrey, Hayden Christensen, Jason Priestly, Kim Coates and Nina Dobrev. As a producer, career highlights include *Woman Wanted* starring Holly Hunter and Kiefer Sutherland, which won Best Feature Film at the Slam Dunk Film Festival and Best Independent Feature Film at the Ajjiic International Film Festival; *Fun*, which won two Special Jury Awards at the Sundance Film Festival; *King of Sorrow* starring Kim Coates, which premiered at the World Film Festival in Montreal; *The Poet*, which won Best Director at the Staten Island Film Festival and Best Cinematography at the Boston International Film Festival; and *Sacrifice*, starring Cuba Gooding Jr., Christian Slater and Kim Coates.

In the past five years Lee has written and directed three films for Sony, including *A Dark Truth*, starring Andy Garcia, Forest Whitaker, Eva Longoria and Kim Coates, which won Best Picture at the Boston International Film Festival; *Breakout*, starring Brendan Fraser, Dominic Purcell and Ethan Suplee; and *A Fighting Man* starring Dominic Purcell, James Caan, Famke Janssen and Lou Gossett Jr.

Amory B. Schwartz

Amory B. Schwartz is an American with more than 20 years of experience in international media business development, concentrating on television and news media. Mr. Schwartz was the co-founder and Chief Executive Officer of NASN (the North American Sports Network), the European network formed in 2002 that was acquired by ESPN, Inc., in February 2007. Mr. Schwartz was responsible for all of NASN's business activities within Europe, with specific emphasis on rights acquisition and distribution. At the time of Mr. Schwartz's departure from the

business in 2008, NASN was available in nearly 20 million households in over 65 countries in Europe and the Middle East.

In 2010, Mr. Schwartz and his partners established The Outdoor Channel HD, the hunting and fishing-themed television network that is currently distributed in Europe and the Middle East, in partnership with AMC Chello Zone.

Prior to establishing NASN, Mr. Schwartz served several companies in senior positions, focusing on business strategy and execution. These roles included: serving as Vice President of Strategic Business at Parthus Technologies, a FTSE 250 company and a leading provider of platform-level semiconductor intellectual property solutions for the mobile Internet market; and as VP of Business and Legal Affairs at ProNet (the programming acquisition subsidiary of Nethold, and later Canal Plus).

Earlier in his career, Mr. Schwartz was a corporate and intellectual property associate in the New York and London offices of the law firm Debevoise & Plimpton. Amory graduated *magna cum laude* from Princeton University with an A.B., and received his J.D. from the Columbia University School of Law.

Wendy Bernfeld

Wendy Bernfeld, founder and Managing Director of Rights Stuff BV since 1999, is a passionate film buff specialized in content acquisition and distribution, licensing negotiations, and related strategy and rights advice, for traditional media (film, TV, Pay TV), digital media (Internet, IPTV, mobile/tablets, VOD, OTT, connected devices), and the business side of web, cross platform, transmedia and VR production and distribution.

Originally from Montreal and Toronto, and now in Europe since 1991, Ms. Bernfeld has over 30 years (with over 20 years in Europe) of experience in film/Pay TV/VOD channel startup and program buying, beginning originally as an entertainment lawyer and then crossing over to the business side in various international Pay TV networks. Her earlier in-house positions (before founding Rights Stuff BV) were as Senior Vice President Acquisitions/Special Projects for the Movie Network; Managing Director for Alliance Atlantis Communications Inc.; and finally, as Chief Executive Officer of Canal+ International Acquisitions.

Ms. Bernfeld has a Juris Doctor Law Degree (L.L.B., J.D.) from Queen's University. She is a member of the Law Society of Upper Canada as well as on the Roll of Solicitors in the United Kingdom. Earlier in her career, she practiced law with Blake Cassels & Graydon LLP and Silverstein & Selznick, prior to which she was one of ten honored appointees as Law Clerk to the Chief Justice of the Supreme Court in 1981-1982.

Peter Lamberti

Mr. Lamberti is a cable industry executive with over 20 years of experience in cable programming, finance, operations and business development, with a focus on launching international television platforms. Past experience includes serving as the Vice President of Corporate Finance for Crown Media Holdings, Inc. (which runs the Hallmark Channel) for ten years and serving as the Vice President of Corporate Finance for Rainbow Media Holdings LLC (which runs the AMC, IFC, Sundance and Wetv channels) for three years. Since 2011, Mr. Lamberti has been working as a media consultant for various media start-up ventures. Mr. Lamberti joined QYOU in June 2015 as the Chief Financial Officer of the Company.

Warren Barnes

Mr. Barnes holds a BS degree from California State University and an MBA from Pepperdine University. He has held numerous senior leadership positions in both public and private entities. Most recently, Mr. Barnes was President & CEO of Pivot Technology Solutions, a Canadian based, publicly traded IT Solutions Provider with over \$1.5 billion in annual revenue. Prior to that, he held Finance or Operations leadership roles in the IT industry as well as the Aerospace sector helping businesses drive growth through mergers and acquisitions, financial leadership and operational effectiveness.

Cease Trade Orders

To the best of the knowledge of the Company, no director or executive officer of our company is, as at the date of this Annual Information Form, or was within ten years before the date of this Annual Information Form, a director or chief executive officer or chief financial officer of any company (including our company) that: (a) was the subject of an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

Bankruptcy and Insolvency

To the best of the knowledge of the Company, no director or executive officer of our company: (a) is, as at the date of this Annual Information Form, or within 10 years before the date of this Annual Information Form, has been a director or executive officer of a corporation (including our company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Penalties or Sanctions

Except as described below, to the best of the knowledge of the Company, no director or executive officer of our company has been subject to: (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder in making an investment decision.

Over 10 years ago, in December 2001, Mr. Paterson reached a voluntary settlement with the Ontario Securities Commission in respect of administrative proceedings which included a suspension of his registration for two years. There were no allegations that Mr. Paterson violated any securities law, statute, regulation or policy statement.

Conflicts of Interest

Some of our existing directors or officers are also directors and officers of other companies and have other business interests which may prove to be of interest to us, which may be competitive to the interests of QYOU or which may be current or future strategic partners. It is possible, therefore, that a conflict may arise between their duties as directors or officers of our company and their duties as directors or officers of such other companies. We require that such individuals disclose all such conflicts in accordance with the requirements of the *Business Corporations Act* (Ontario) and that they govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

RISK FACTORS

An investment in our securities is subject to a number of risks which involve a high degree of uncertainty and must be considered highly speculative due to the nature of our business, the legal, political and economic climate in which we currently operate and the present stage of development of our business. These risks, including

those described below, could have a material adverse effect upon, among other things, the future operating results, potential earnings, business prospects and condition (financial or otherwise) of the Company. A prospective purchaser of such securities should carefully consider the risks and uncertainties described below as well as the other information contained in this Annual Information Form. The risks described herein are not the only risk factors facing the Company and should not be considered exhaustive. Additional risks and uncertainties not currently known to the Company or that the Company currently considers immaterial, may also materially and adversely affect the business, operations and condition (financial or otherwise) of the Company.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions of the Company's business prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned and the market price of our shares could decline causing you to lose all or part of your investment.

Risks Related to the Company

There is substantial doubt as to whether the Company will continue to operate as a going concern and if operations are discontinued, investors may lose all or part of their investment.

Our financial statements have been prepared on the going concern basis, which assumes that we will be able to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future. However, as at June 30, 2017, the Company had an accumulated deficit of \$14.6 million. We anticipate that we will incur increased expenses without realizing sufficient revenues (if any) to offset those expenses and we therefore expect to incur significant losses for the foreseeable future. Our ability to continue our operations is dependent on obtaining additional financing and generating future revenues, and no assurance can be given that we will successfully be able to do so in the future. This ability may be adversely impacted by uncertain market conditions, approval by regulatory bodies, and adverse results from operations.

We believe we will be able to acquire sufficient funds to cover planned operations through the twelve-month period ending June 30, 2018 from anticipated revenue growth during such period, plus other financing alternatives and strategic options currently being explored. The availability of such funds is not assured and, if available, the terms thereof are not determinable. The outcome of these matters cannot be predicted at this time. Accordingly, our auditor has indicated in our financial statements that these factors raise substantial doubt about our ability to continue as a going concern.

Importantly, the inclusion in our financial statements of a going concern opinion may negatively impact our ability to raise future financing and achieve future revenue. The threat of our ability to continue as a going concern will be removed only when, in the opinion of our auditor, our revenues have reached a level that is able to sustain our business operations. If we are unable to obtain additional financing from outside sources and eventually generate enough revenues, we may be forced to sell a portion or all of our assets, or curtail or discontinue our operations. If any of these happens, you could lose all or part of your investment. Our financial statements do not include any adjustments to our recorded assets or liabilities that might be necessary if we become unable to continue as a going concern.

The Company's securities may experience price volatility and investors may lose all or part of their investment.

There can be no assurance that an active market for our securities will be sustained. Securities of small and mid-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include global economic developments and market perceptions of the attractiveness of certain industries. There can be no assurance that continuing fluctuations in price will not occur. Those fluctuations could be based on various factors in addition to those otherwise described in this Annual Information Form, including:

- our operating performance and the performance of our competitors;
- the public's reaction to our press releases, our other public announcements and our filings with Canadian securities regulatory authorities;

- changes in earnings estimates or recommendations by research analysts who follow us or other companies in our industry;
- the number of shares available for future sale;
- the passage of legislation or other regulatory developments affecting us or our industry;
- the arrival or departure of key personnel;
- general economic, political and market conditions; and
- other developments affecting us, our industry or our competitors.

As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long term value of the Company. A decline in the value of our Common Shares could cause investors to lose some or all of their investment and may adversely impact our ability to attract and retain employees and raise capital. In addition, shareholders may initiate securities class action lawsuits if the market price of our Common Shares drops significantly, which may cause us to incur substantial costs and could divert the time and attention of our management.

The Company pays a fee for video content and may be adversely affected if access to such titles are restricted or if such fees are increased; its business may be influenced by the pricing models of content owners.

If license fees are increased, there can be no assurance that the Company will be able to pass through such increased rates to Pay-TV providers. Consequently, results of operations, financial performance and the condition of the Company may be adversely affected. There is no assurance that the Company will be able to secure such rights, licenses and content in the future on commercially reasonable terms, if at all.

The Company's business depends in large part upon Pay-TV providers, whose payments are dependent on the number of Pay-TV subscribers

The majority of the Company's subscriber base is reached through a small number of very significant Pay-TV providers who are all under long-term contracts. The value of its Common Shares may be adversely affected should the Company lose the revenue generated from such customers. The Company's success is ultimately dependent on packaging decisions made by Pay-TV providers and how many Pay-TV subscribers opt to purchase à la carte services versus themed or bundled packages that would include independent services such as those offered by the Company in at least one bundled package offered by Pay-TV providers. The obligations of Pay-TV providers under the Company's agreements are typically subject to changes in rules and policies of local broadcast authorities.

The extent to which the foregoing subscriber base will be maintained or grow is uncertain and dependent upon the ability of Pay-TV providers to deploy and expand their digital technologies, their marketing efforts and the packaging of their services' offerings. While the Company has entered into long-term agreements with these Pay-TV providers for the distribution of its products and services, there can be no assurance that the Company will be able to renew all of the contracts with these Pay-TV providers or that such contracts will be renewed on terms as favorable as the existing contracts, and, as a result, that the Company will be able to continue to rely on these Pay-TV providers to generate an important source of revenue for the Company in the future. Moreover, under certain of the Company's agreements, the revenues generated may vary depending on the number of services distributed by Pay-TV providers and the penetration rate of services with the subscriber base having access to Company's services.

The video entertainment industry is a rapidly evolving market, which makes it difficult to evaluate the Company's current business and future prospects

The market for online video content is undergoing rapid and continuous change and is subject to significant challenges. As a result, the future revenue and income potential of the Company's business is uncertain. Investors should consider the Company's business and prospects in light of the risks and difficulties encountered in this rapidly evolving market, which risks and difficulties include, among others:

- evolving business model;
- ability to build and retain viewership and increase viewer hours;
- ability to maintain relationships with customers;
- operation under an evolving digital media and entertainment industry licensing structure, including statutory and consent decree licenses that may change or cease to exist, which in turn may result in a significant increase in operating expenses; and
- ability to continue to secure the rights to content that attract viewers to the service on fair and reasonable economic terms.

Failure to successfully address these risks and difficulties, and other challenges associated with operating in a rapidly evolving market, could inhibit the implementation of the Company's business plan, significantly harm the Company's financial condition, operating results and liquidity and prevent the Company from sustaining profitability.

The Company faces competition from other content providers and that competition is likely to increase over time

The Company faces competition from other content providers in its pursuit to acquire additional content, which may reduce the amount of music content that the Company is able to acquire or license and may lead to higher acquisition prices. The Company's competitors may from time to time offer better terms of acquisition to content owners. Increased competition for the acquisition of digital rights to made-for-web video may result in a reduction in operating margins and may reduce the Company's ability to distinguish itself from competitors by virtue of its video library.

The Company competes for the time and attention of viewers with other content providers on the basis of a number of factors, including quality of experience, relevance, acceptance and perception of content quality, ease of use, price, accessibility, perception of ad load, brand awareness and reputation.

Many competitors may leverage their existing infrastructure, brand recognition and content collections to augment comparable content offerings. The growth of social media could facilitate other forms of new entry that will compete with the Company.

In addition, the Company also competes with providers of on-demand video media and entertainment which are purchased or available for free and playable on mobile devices, automobiles and in households and offer viewers an interactive experience. These forms of media may be purchased, downloaded and owned or accessed from subscription or free online on-demand offerings (e.g. YouTube).

The Company's current and future competitors may have more well-established brand recognition, greater financial, technical and other resources, more sophisticated technologies or more experience in the markets, both domestic and international, in which the Company competes.

To compete effectively, the Company must continue to invest significant resources in the development of its service to enhance the user experience of its viewers. There can be no assurance that the Company will be able to compete successfully for viewers in the future against existing or new competitors, and failure to do so could result in loss of existing or potential viewers, reduced revenue, increased marketing expenses or diminished brand strength, any of which could harm the Company's business.

The Company faces many risks associated with its long-term plan to expand its operations into international markets

A key element of the Company's growth strategy is to continue to expand its operations into international markets. Operating in international markets requires significant resources and management attention and will subject the Company to regulatory, economic and political risks that are different from those in Canada. As a result, there

can be no assurance that the Company's international expansion efforts will be successful. In addition, it will face risks in doing business internationally that could adversely affect its business, including:

- the need to modify its technology and sell its solutions in non-English or non-French speaking countries;
- the ability to comply with differing regulatory and technical requirements outside of North America;
- difficulties in integrating foreign operations and maintaining an enterprise-wide consistent corporate culture;
- potentially greater difficulty collecting accounts receivable and enforcing contracts;
- longer payment cycles;
- unexpected changes in regulatory requirements;
- difficulties and costs associated with understanding and complying with local laws, regulations and customs in foreign jurisdictions;
- political, economic and social instability;
- increased costs of adapting products and services to foreign countries;
- difficulties and costs related to eventual implementation of new infrastructures in foreign countries;
- the need to localize its service to foreign customers' preferences and customs;
- barriers such as quotas and local content rules;
- differing degrees of protection for intellectual property rights in some countries;
- potential adverse tax consequences associated with foreign operations and revenue;
- fluctuations in currency exchange rates;
- restrictions on the transfer of funds; and
- new and different sources of competition and international pricing pressure.

Furthermore, some of the Company's operations and sales are conducted or might be conducted in parts of the world that experience corruption to some degree. Violations of anti-corruption laws or regulations by the Company's partners or other sales channels participants, or allegations of such violations, could have a material adverse effect on its business, prospects, financial condition, results of operations and cash flows.

The Company's failure to successfully manage any of these risks could harm its existing and future international operations and could have a material adverse effect on its business, prospects, financial condition, results of operations and cash flows.

The Company is seeking to grow its business. If the Company does not effectively maintain and manage growth, its business, results of operations and financial condition could be adversely affected

The Company's success depends in part on its ability to implement its growth strategy and manage growth effectively. To manage the expected growth of the Company's operations and personnel, it will need to continue to improve its operational, financial and management controls and its reporting systems and procedures. Failure to effectively manage growth could result in difficulty in launching new products or enhancing existing products, declines in quality or user satisfaction, increases in costs or other operational difficulties, and any of these difficulties could have a material adverse effect on the Company's business, prospects, financial condition, results of operations and cash flows.

Furthermore, the Company's expansion and acquisitions may require it to incur significant costs or divert significant resources, and may limit its ability to pursue other strategic and business initiatives, which could have an adverse effect on its business, financial condition, prospects or results of operations.

There are risks associated with various acquisitions, business combinations and joint ventures

There can be no assurance that appropriate acquisitions or expansion opportunities will be identified or available, that the Company will have or be able to obtain sufficient financing on acceptable terms to fund any such acquisition or expansion, that any such acquisition or expansion will be consummated, or, if consummated, the timing thereof, or that any such acquisition or expansion can be successfully integrated into or with the Company's existing operations and business strategy. Any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company relies on third parties to provide hardware, software and related services necessary for the operation of its business

The Company relies on hardware, software and related services provided by third parties. The Company also incorporates and includes certain third-party hardware or software into and with its applications and service offerings and expects to continue to do so. The operation of its applications and service offerings could be impaired if errors occur in the third-party software that it uses. It may be more difficult for the Company to correct any defects in third-party hardware or software because the development and maintenance of the hardware and software is not within its control. Accordingly, the Company's business could be adversely affected in the event of any errors in this hardware or software. There can be no assurance that any third-party hardware suppliers or software licensors will continue to make their products available to the Company on acceptable terms, to invest the appropriate levels of resources in their products to maintain and enhance the Company's capabilities, or to remain in business. Any impairment in the Company's relationship with these third-party suppliers or licensors could harm its ability to maintain and expand the reach of the Company's service, which could harm its operating results, cash flow and financial condition.

The Company depends on key personnel to operate its business, and if the Company is unable to retain, attract and integrate qualified personnel, its ability to develop and successfully grow the business could be harmed

The Company's success depends largely upon the continued services of its executive officers and other key employees who have specialized technical knowledge regarding the online digital media business, IT systems and music and videos systems. If the Company loses the services of one or more of these employees, or fails to attract qualified replacement personnel, it could harm the Company's business and future prospects. In addition, from time to time, there may be changes in the executive management team resulting from the hiring or departure of executives, which could disrupt business. The Company's success is also highly dependent on its continuing ability to identify, hire, train, retain and motivate highly qualified personnel who have specialized technical knowledge regarding the online media business, IT systems and music and video systems.

Competition for highly skilled technical, management, marketing, sales and other employees is high in the industry in which the Company operates, and the Company may not be successful in attracting and retaining such personnel. Failure to attract and retain qualified executive officers and other key employees could have a material adverse effect on the Company's business, prospects, financial condition, results of operations and cash flows.

The Company may be adversely affected by liquidity risk and working capital deficiency

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due resulting in a working capital deficiency. The Company may not be able to raise additional capital to offset the working capital deficiency. The Company manages liquidity risk by continuously monitoring actual and budgeted cash flows under both normal and stressed conditions. In addition, the Board will review and approve the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on mergers, acquisitions or other major investments or investitures. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet the Company's liquidity requirements at any point in time.

The Company may be adversely affected by currency risk and exchange rate fluctuations

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. Most of Company's revenues and expenses are denominated in US dollars. However, a portion of its sales and operating costs are denominated in foreign currencies, including Euros. Currency exchange rates are determined by market factors beyond the control of the Company and may vary substantially during the course of a financial reporting period. For the purposes of financial reporting, additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the US dollar at the rate of exchange at each balance sheet date, the impact of which is reported as a foreign exchange gain or loss in the consolidated statement of comprehensive income of the Company. The Company's objective in managing foreign currency risk is to minimize net exposure to foreign currency cash flows, by transacting with third parties in US dollars and Euros to the maximum extent possible and practical, given that such transactions will act as natural economic hedges for each of these currencies. However, these hedging transactions could, in certain circumstances, prove economically ineffective and may not be successful in protecting the Company against exchange rate fluctuations, or the Company may in the future be required to provide cash and other collateral to secure its obligations with respect to such hedging transactions or be unable to enter into such transactions on favorable terms, or at all.

The Company may be adversely affected by economic and political instability in emerging countries where it operates

A portion of the Company's revenue comes from operations in countries with economic and political instability. As such, the Company is subject to political, economic and other uncertainties, all of which may be caused by many different factors, including high interest rates, changes in currency values, high levels of inflation and exchange controls. Foreign governments in such emerging countries may adopt monetary policies which include restrictions on the free disposition of funds deposited with banks, restrictions on the exchange of domestic currency and restrictions on transferring funds outside of these countries. There can be no assurance that the existing currency restrictions or future economic developments in these countries, over which the Company has no control, will not impair the Company's financial condition, ability to access revenues generated in such countries, results of operations and business prospects.

Rapid technological and industry changes could make the Company's products and services obsolete; the Company's success depends, in part, on its ability to develop and sell new products and services

The music and video entertainment industry is characterized by rapid technological change, frequent new product innovations, changes in customer requirements and expectations, and evolving industry standards. There is no assurance that one or more of the technologies utilized by the Company may not become obsolete, or that its products or services will be in demand when they are offered. Furthermore, the Company may not be able to successfully identify, develop and market new products and services opportunities in a timely manner. Competing products using new technologies, or emerging industry standards, could make the Company's technology obsolete. Further, the Company's competitors may have access to technologies not available to the Company, which may enable them to produce entertainment products of greater interest to consumers, or at a more competitive cost. Competitive or technological developments may require the Company to make substantial, unanticipated investments in new products and technologies despite the possibility of having insufficient resources to make such investments.

In addition, the Company's success depends in part on the ability of its personnel to develop cutting-edge media products and services and the ability to cross sell visual media to existing clients. The Company's business and operating results will be harmed if it fails to cross sell its products and services or fails to develop products and services that achieve widespread market acceptance or that fail to generate significant revenues or gross profits to offset development and operating costs.

The Company may need additional funding for its business plan and additional financing might not be available

The Company may need additional financing due to future acquisitions, changes in its business plan or failure of its business plan to succeed, including increasing marketing, distribution or programming costs or to refinance debt when due. The Company's actual funding requirements could vary materially from current estimates. Given the sensitivity of capital markets worldwide, there is a risk that the Company may not be able to obtain additional equity or debt financing on favorable terms or at all. While management believes that the Company possesses sufficient cash resources, access to capital markets and other liquidity sources to execute the Company's business plan, an inability to access financing at a reasonable cost could affect its ability to grow. In addition, in instances where the Company issues equity, such issuance will result in the then-existing shareholders of the Company sustaining dilution to their relative proportion of the equity in the Company. If the Company fails to obtain any necessary financing on a timely basis, its ability to execute its current business plan may be limited, and its business could be adversely affected. As a result, the Company could default on its commitments to creditors or others and may have to seek a purchaser for its business or assets.

Failure to generate sufficient cash revenues could materially adversely affect the Company's business

The Company's ability to be profitable and to have positive cash flow is dependent upon the ability to maintain broadcast and commercial customers who purchase its products and use its services and who therefore generate its cash revenues. See "Risk Factors – The Company's business depends in large part upon Pay-TV providers, whose payments are dependent on the number of Pay-TV subscribers". A material reduction in revenue would negatively impact the Company's financial position.

In addition, if the Company's revenue declines or grows more slowly than anticipated, or if its operating expenses are higher than expected, the Company may not be able to sustain or increase profitability, in which case the Company's financial condition will suffer and its value could decline. Failure to generate sufficient cash revenues could also cause the Company to go out of business.

If the Company cannot maintain its corporate culture as it grows, it could lose the innovation, teamwork and focus that significantly contribute to its business

The Company believes that a critical component of its success is its corporate culture, which the Company believes fosters innovation, encourages teamwork, cultivates creativity and promotes focus on execution. The Company has invested substantial time, energy and resources in building a highly collaborative team that works together effectively in a non-hierarchical environment designed to promote openness, honesty, mutual respect and pursuit of common goals. As the Company continues to develop the infrastructure of a public company and grow, it may find it difficult to maintain these valuable aspects of its corporate culture. Any failure to preserve the Company's culture could negatively impact its future success, including its ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue its corporate objectives.

Unfavourable economic conditions may affect the Company's business and financial results

The Company's operating results may vary based on changes in its industry or the global economy. Unfavorable economic conditions, including the impact of recessions, slow economic growth, economic and pricing instability, decrease of employment levels, increase of interest rates and credit market volatility, may affect the Company's business and financial results. As a result of such unfavorable economic conditions, entertainment services such as the Company's may be considered discretionary on the part of some of its current and prospective customers or viewers who may choose to use a competing free service. To the extent that overall economic conditions reduce spending on discretionary activities, the Company's ability to retain current customers and obtain new customers and viewers could be hindered, which could negatively impact its business, growth revenue and potential profitability. If economic conditions deteriorate, this could have a material adverse effect on the Company's business, prospects, financial condition, results of operations and cash flows.

The locations of the Company's users expose it to foreign privacy and data security laws and may increase its liability, subject it to non-uniform standards and require it to modify its practices

The Company's users are located in Canada, the US and around the world. As a result, the Company collects and processes the personal data of individuals who live in many different countries. Privacy regulators in certain of those countries have publicly stated that foreign entities (including entities based in Canada and the US) may render themselves subject to those countries' privacy laws and the jurisdiction of such regulators by collecting or processing the personal data of those countries' residents, even if such entities have no physical or legal presence there. Consequently, the Company may be obligated to comply with the privacy and data security laws of certain foreign countries.

The Company's exposure to Canadian, American, European and other foreign territories' privacy and data security laws impacts its ability to collect and use personal data, and increases its legal compliance costs and may expose the Company to liability. As such laws proliferate, there may be uncertainty regarding their application or interpretation, which consequently increases the Company's potential liability. Even if a claim of non-compliance against the Company does not ultimately result in liability, investigating or responding to a claim may present a significant cost. Future legislation may also require changes in the Company's data collection practices which may be expensive to implement.

Piracy is likely to have a negative impact on the potential revenue of the Company

A portion of the Company's revenue comes from the sale of its digital content over the Internet and wireless, cable and mobile networks, which is subject to unauthorized consumer copying and widespread dissemination without an economic return to the Company. Global piracy is a significant threat to the entertainment industry generally and to the Company. Unauthorized copies and piracy have contributed to the decrease in the volume of legitimate sales of music and video content and have put pressure on the price of legitimate sales. This may result in a reduction in the Company's revenue.

The Company's business is subject to the risks of natural catastrophic events and to interruption by man-made problems such as computer viruses or terrorism

The Company's systems and operations are vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins or similar events. For example, a significant natural disaster, such as an earthquake, fire or flood, could have a material adverse impact on the Company's business, operating results and financial condition, and insurance coverage may be insufficient to compensate the Company for losses that may occur. In addition, acts of terrorism could cause disruptions in the Company's business or the economy as a whole. The Company's servers may also be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with IT systems, which could lead to interruptions, delays, loss of critical data or the unauthorized disclosure of confidential customer data. The Company's business interruption insurance may be insufficient to compensate the Company for losses that may occur as a result of natural catastrophic events, computer viruses or terrorism. As the Company relies heavily on servers, IT and communications systems, the Internet and the Cloud to conduct its business and provide high quality service to its viewers, such disruptions could negatively impact the Company's ability to run its business, result in loss of existing or potential viewers and increased maintenance costs, which would adversely affect the Company's operating results and financial condition.

Customer concentration risk

For the twelve months ended June 30, 2017, the Company's top ten customers represented approximately 92% of sales, with two customers representing 65% of sales. This concentration of sales creates customer concentration risk to the business, and any changes to the agreements between the Company and such customers or the loss of such customers' business could have a materially adverse impact on the business, operations and results of the Company.

The Company could be subject to additional income tax liabilities

The Company is subject to provincial and federal income taxes in Canada and in numerous foreign jurisdictions. Significant judgment is required in evaluating and estimating worldwide income tax provision and accruals for these taxes. For example, the Company effective tax rates could be adversely affected by earnings being lower than anticipated in countries where it has lower statutory tax rates and higher than anticipated in countries where it has higher statutory tax rates, by losses incurred in jurisdictions for which it is not able to realize the related tax benefit, by changes in foreign currency exchange rates, by changes in the valuation of its deferred tax assets and liabilities, or by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations. The Company will also be subject to tax audits in various jurisdictions, and such jurisdictions may assess additional income tax liabilities against it.

The Company's reputation may be negatively impacted, which could have a material adverse effect on its business, financial condition and results of operations

The Company has generally enjoyed a good reputation among the public. The Company's ability to maintain existing customer relationships and to attract new customers depends to a large extent on its reputation. While the Company has put in place certain mechanisms to mitigate the risk that its reputation may be tarnished, the Company cannot be assured that it will continue to enjoy a good reputation nor can it be assured that events that are beyond its control will not cause its reputation to be negatively impacted. The loss or tarnishing of the Company's reputation could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Company may be adversely affected by litigation and other claims

Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Like most companies, in the course of its business the Company could be subject to the threat of litigation and may be involved in disputes with other parties in the future, which may result in litigation or other proceedings. The results of litigation or any other proceedings cannot be predicted with certainty. The Company is not currently involved in any disputes with other parties which it believes might result in litigation. Management is committed to conducting business in an ethical and responsible manner which it believes will reduce the risk of conflict and legal disputes with third parties. However, if the Company is unable to resolve future legal disputes favourably, it could have material adverse effects on its business, financial condition and results of operations.

The Company may be adversely affected by credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's primary credit risk relates to its bank accounts. The Company minimizes credit risk on cash by depositing with only reputable financial institutions. While the Company believes that it has limited credit risk on accounts receivable, business prospects, financial condition, results of operations and cash flows could be materially affected if a deterioration of economic or business conditions resulted in a weakening of the financial condition of a material number of its customers, causing them to default on their balances owing.

The Company may be adversely affected by 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.

The Company's business is subject to broadcast regulations in the jurisdictions in which it operates

Regulatory parameters over television broadcasting in Europe, North America and other international jurisdictions are constantly being revised and changes could have a material adverse impact on the Company's procedures, costs and revenues. To mitigate these risks, the Company monitors industry developments very closely through industry advisors.

The Company is a niche company with a first to market narrow product offering

As a niche Web video content provider with a narrow product offering, the Company at this time does not have the full diversification in services compared to other larger Web content companies. Therefore, the Company could be exposed to unforeseen changes in the Web content market which could adversely affect its future financial results.

Conflicts of interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in the industries in which the Company operates, and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each director is required to declare and refrain from voting on any matter in which such director may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (Ontario) and other applicable laws. See “Directors and Officers – Conflicts of Interest”.

Dividends are discretionary

The Company is not obligated to pay dividends on its First Preferred Shares, Second Preferred Shares or Common Shares. The payment of dividends is at the sole discretion of the Company’s Board and as at the date hereof, the Company has not paid dividends. In addition, in the future should the Company obtain credit facilities to finance its operations, such credit facilities may restrict its ability to pay dividends, and thus the Company’s ability to pay dividends on its shares will depend on, among other things, its level of indebtedness at the time of the proposed dividend and whether it is in compliance with such facilities. Any reduction or elimination of dividends could cause the market price of the Common Shares to decline and could further cause the Common Shares to become less liquid, which may result in losses to shareholders.

Future Sales of Common Shares by the Company

The Company may issue additional Common Shares in the future, which may dilute a shareholder’s holdings in the Company. The Company’s articles permit the issuance of an unlimited number of Common Shares and shareholders will have no pre-emptive rights in connection with such further issuances. The Company’s Board has the discretion to determine the terms of issue of further issuances of Common Shares. Also, additional Common Shares may be issued by the Company upon the exercise of Common Share purchase warrants, compensation options, Stock Options issued under the Stock Option Plan and the redemption of RSUs issued under the Company’s amended and restated RSU Plan.

The Company may be adversely affected by securities or industry research and reports

If securities or industry analysts do not publish research or reports about the Company, if they change their recommendations regarding the Company adversely, or if the Company’s operating results do not meet their expectations, the share price and trading volume could decline.

The trading market for the Company Shares could be influenced by the research and reports that industry or securities analysts publish about the Company. If one or more of these analysts cease coverage or fail to regularly publish reports, the Company could lose visibility in the financial markets, which in turn could cause the trading price or volume of the Common Shares to decline. Moreover, if one or more of the analysts downgrade the Company or its shares or if the Company’s operating results do not meet their expectations, the trading price of the Common Shares could decline.

Legal and accounting requirements and risk of non-compliance

As a publicly-listed company, the Company is subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is material. Failure to

comply with these requirements can have numerous adverse consequences including, but not limited to, the Company's inability to file required periodic reports on a timely basis, loss of market confidence, delisting of its securities and/or governmental or private actions against the Company. There can be no assurance that the Company will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis privately-held and larger public competitors.

Accounting policies and internal controls

The Company prepares its financial reports in accordance with International Financial Reporting Standards. In preparation of its financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance in this regard.

It may be difficult for shareholders to enforce within Canada any judgments obtained against the Company and to effect service of process against the Company's directors and officers who are not resident in Canada

The majority of the Company's subsidiaries and the majority of its assets are located outside of Canada. Accordingly, it may be difficult for shareholders to enforce within Canada any judgments obtained against the Company, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws or otherwise. Consequently, shareholders may be effectively prevented from pursuing remedies against the Company under Canadian securities laws.

The Company has subsidiaries incorporated in the US and Ireland, and certain directors and officers reside outside of Canada and substantially all of the assets of these persons are located outside of Canada. It may not be possible for shareholders to effect service of process against the Company's directors and officers who are not resident in Canada. In the event a judgment is obtained in a Canadian court against one or more of the directors or officers for violations of Canadian securities laws, it may not be possible to enforce such judgment against those directors and officers not resident in Canada. Additionally, it may be difficult for an investor, or any other person or entity, to assert Canadian securities law claims or otherwise in original actions instituted in the US, Ireland or another foreign jurisdiction. Courts in these jurisdictions may refuse to hear a claim based on a violation of Canadian securities laws on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in a foreign jurisdiction agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this AIF and within the Company's financial statements, no director or executive officer of QYOU and, to the knowledge of the directors and executive officers of QYOU, none of their respective associates or affiliates, nor any person who beneficially owns or exercises control or direction, directly or indirectly, over more than 10% of the Company's outstanding Common Shares, nor their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction within our three most recently completed financial years or in any proposed transaction which has materially affected or is reasonably expected to materially affect QYOU or any of its subsidiaries on a consolidated basis.

MATERIAL CONTRACTS

Except as follows, QYOU did not enter into any material contracts during the twelve months ended June 30, 2017 or before the twelve months ended June 30, 2017 that are still in effect, other than in the ordinary course of business:

- Amalgamation Agreement among the Company, QYOU Media Inc. (as it was then called) and 2561287 Ontario Ltd. dated February 13, 2017, pursuant to which the Company completed the Transaction and QYOU Media Inc. (as it was then called) and 2561287 Ontario Ltd. amalgamated to form QYOU Media, which became a wholly-owned subsidiary of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings material to QYOU to which we are a party, or that any of our property is or was the subject of, during our company's most recent financial year.

To the best of our company's knowledge, we are not currently a party to any regulatory investigation or proceeding or subject to any potential penalty, individually or in the aggregate, which is likely to have a material adverse effect on the business, operations or financial condition of our company as a whole.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our Common Shares is Computershare Investor Services Inc. at its principal office in Calgary, Alberta.

INTEREST OF EXPERTS

Ernst & Young LLP, the external auditors of the Company, reported on the fiscal 2017 audited consolidated financial statements. Ernst & Young LLP has advised the Company that they are independent of the Company within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

MNP LLP, former external auditors of the Company, reported on the audited financial statements of the Company for the twelve months ended June 30, 2016. MNP LLP has advised the Company that they are independent of the Company within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Alberta.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any of associate or affiliate of the Company.

ADDITIONAL INFORMATION

Additional information relating to our company may be found under our company's SEDAR profile at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under our equity compensation plans is contained in our management information circular dated June 23, 2017 prepared and filed in connection with our annual and special meeting of shareholders held on July 26, 2017.

Additional financial information is provided in our financial statements and management's discussion and analysis for the twelve months ended June 30, 2017.

We will, upon request to our Corporate Secretary at 441 King Street West, Suite 200, Toronto ON, M5V 1K4, provide to any person or company, the documents specified below:

- (a) when we are in the course of a distribution of our securities under a short form prospectus, or we have filed a preliminary short form prospectus in respect of a proposed distribution of our securities:
 - (i) one copy of our latest annual information form, together with one copy of any document or the pertinent pages of any document, incorporated therein by reference;
 - (ii) one copy of our comparative consolidated financial statements for the most recently completed financial year for which financial statements have been filed, together with the auditor's report thereon, and one copy of any interim financial statements for any period after its most recently completed financial year;
 - (iii) one copy of our information circular in respect of our most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate; and
 - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under subparagraphs (i) to (iii); or
- (b) at any other time, we shall provide to any person or company one copy of any of the documents referred to in subparagraphs (a)(i), (ii) and (iii) above, provided that we may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of our securities.