

NOTE TO READER: This amended MD&A was refiled to correct a typographical error on page 1. The date of this MD&A should have been stated as October 28, 2019.



QYOU MEDIA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended June 30, 2019 and 2018

October 28, 2019

QYOU Media Inc.

Management's Discussion and Analysis

As at June 30, 2019 and 2018

The purpose of this Management's Discussion and Analysis ("**MD&A**") is to provide the reader with an overview of the consolidated financial position, operating results, and cash flows of QYOU Media Inc. ("**QYOU**" or the "**Company**") for the years ended June 30, 2019 and June 30, 2018. This MD&A was prepared as of October 28, 2019 and should be read in conjunction with the Corporation's audited consolidated financial statements for the years ended June 30, 2019 and 2018, and the notes related thereto (the "**Financial Statements**"). The Financial Statements were prepared in accordance with generally accepted accounting principles in Canada for publicly accountable enterprises, as set out in the CPA Canada Handbook – Accounting, which incorporates International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"].

All amounts are expressed in Canadian dollars unless otherwise noted. Certain amounts included in this MD&A are rounded, to make reading easier. References in this MD&A to the "Company", "QYOU", "we", "us" or "our" means QYOU and its subsidiaries.

This MD&A includes forward looking statements and assumptions ("see Forward-looking Statements"). The Company's continuous disclosure documents are available on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements in this MD&A constitute "forward-looking statements" that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of the Company, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. These statements reflect QYOU's current views regarding future events and operating performance and are based on information currently available to QYOU, and speak only as of the date of this MD&A. These forward-looking statements involve a number of known and unknown risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Those assumptions and risks include, but are not limited to, the future cost structure, availability of additional financing as and when required, future sales and marketing activities, increased penetration into certain markets through strategic partnerships, the impact of the introduction of new products, agreements and partnerships, the ability of management to leverage sales opportunities, increase in the size of certain markets, expected increases in revenue, expected revenue from certain contracts, third party contractual performance, customer rollout plans for specific products, expected increase in gross margins, treatment under governmental regulatory regimes, ability to recover certain taxes, general business, economic, competitive, political and social uncertainties, dependence on key personnel, and fluctuations in foreign currency exchange rates. There can be no assurance that forward-looking statements will be accurate as many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including factors described in this MD&A and those discussed in QYOU's publicly-available disclosure documents, as filed by QYOU on SEDAR (www.sedar.com) and updated herein. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated or expected. Accordingly, readers should not place undue reliance on forward-looking statements. All subsequent forward-looking statements, whether written or oral, attributable to QYOU or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Unless required by applicable securities laws, QYOU does not intend and does not assume any obligation to update these forward-looking statements.

Company Overview

The Company was incorporated pursuant to the *Business Corporations Act* (Alberta) on July 30, 1993 under the name "575161 Alberta Inc." On April 10, 2014, the Company amended its articles to change its name to "Galleria Opportunities Ltd." 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 as part of the Transaction. Throughout this MD&A, 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. In connection with the Transaction, the Company 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

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"Common Shares") resumed trading on the facilities of the TSX Venture Exchange (the "TSXV") under the symbol "QYOU". Following the Transaction, the Company now carries on the business of QYOU Media and its subsidiaries.

The Company is a global media company that, through its subsidiaries, carries on the business of curating, licensing, programming, and packaging the "best-of-web" short form internet video for multiscreen distribution to video content providers including traditional cable and satellite to Internet Protocol television, over-the-top providers and mobile carriers.

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 addition, as part of the Asset Purchase, QYOU Limited acquired all of the issued and outstanding shares of QYOUTV International Limited, a corporation established under the laws of the Republic of Ireland in August 2014, which became a wholly-owned indirect subsidiary of QYOU Media as a result.

Prior to the Asset Purchase, from November 2013 through May 2015, BFPS developed a library of internet-curated content and related production services and a Pay-TV linear channel capable of broadcasting curated content. Following the Asset Purchase, QYOU Media outsourced its production services to BFPS, and accordingly the video production business remained within BFPS as a going concern.

An additional wholly-owned indirect subsidiary of QYOU, QYOU USA Inc. ("**QYOU USA**"), was established in August 2015 under the laws of the State of Delaware to undertake new production and coordinate the sourcing of content procurement both from BFPS and other suppliers. As of January 1, 2018 the company ceased utilizing the services of BFPS and began producing all content via its own QYOU USA subsidiary. In addition, QYOU USA is examining the marketing potential in the United States of its products.

On November 16, 2017, QYOU Productions Inc. ("**QYOU Productions**"), a corporation established under the federal laws of Canada, was created as a wholly-owned indirect subsidiary of QYOU. QYOU Productions was established to produce Heads Up Daily ("**HUD**"), a new daily show of curated esports content. The first licensing partners for the series are Super Channel's Ginx ESports TV Canada and Sony Pictures Television AXN Spin.

On September 20, 2018, QYOU Media India Private Ltd. ("**QYOU India**") was incorporated to serve the rapidly growing Indian market focusing on mobile offerings targeted at the youth of India. The Company has 82% ownership interest in QYOU India resulting in 18% ownership interest held by non-controlling shareholders.

Description of the Business

QYOU is a content licensing, production and distribution company focused on the curation and programming of premium short-form made-for-web (i.e. YouTube-style) video content for multi-screen distribution. Its low cost, multi-platform content offerings are designed primarily for millennials and gen-z audiences, and are distributed globally via satellite, cable, over-the-top ("**OTT**"), mobile carriers and other content distribution partners, 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. In response, broadcasters have expanded their services, reaching customers' smart phones and other mobile devices where, once authenticated, they are allowed access to content on multiple devices as part of their subscription service.

QYOU is offered as a linear channel ("**The Q**"), via subject specific and localized programs, as video-on-demand, via mobile apps and by other means of content distribution based on customer requirements. 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, custom show development, and influencer marketing services.

Significant Events in the period

On April 30, 2019, the Company completed a short form prospectus offering and issued 38,335,250 units of the Company at a price of \$0.06 per unit for aggregate gross proceeds of \$2,300,115. Each Unit is comprised of one

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common share of the Company, one-half of one common share purchase warrant (10 Cent Warrant) and a second one-half of one common share purchase warrant (12 Cent Warrant). Each 10 Cent Warrant is exercisable to purchase one common share in the capital of the Company (a "10 Cent Warrant Share") at a price of \$0.10 per 10 Cent Warrant Share for a period of six months following the closing of the offering. Each 12 Cent Warrant is exercisable to purchase one common share in the capital of the Company (a "12 Cent Warrant Share") at a price of \$0.12 per 12 Cent Warrant Share for a period of two years following the closing date.

In March 2019, the Company partnered with TOYA, one of the top five cable network operators in Poland, to bring Q Polska 24/7 linear stream of curated digital first content from top creators in the region to Polish homes.

In December 2018, the Company partnered with Airtel Digital TV, the DTH arm of Bharti Airtel ("Airtel") to launch the Q India's digital-first content to Airtel Digital TV customers.

In October 2018, the Company launched Q India mobile app on the Google Play Store targeting 300M+ smartphone audience in India.

In September 2018, Andy Kaplan, former president of Sony Pictures Worldwide Networks, was appointed non-executive chairman of QYOU India Private Limited. Mr. Kaplan will work with management to aid in the growth of operations and revenues in India.

In September 2018, HUD was launched in Europe on the Sony Pictures Television pay-TV channel AXN Spin.

In September 2018, the Company reached an agreement to terminate the programming services agreement for TBD multicast network ("TBD") with Sinclair Digital Group LLC.

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

Selected ANNUAL INFORMATION

	Year Ended June 30,		
	2019	2018	2017
	\$	\$	\$
Revenues	4,718,148	5,565,348	4,185,067
Net loss attributable to equity owners of the Company	(6,092,192)	(7,213,174)	(6,768,317)
Net loss per share attributable to equity owners of the Company	(0.06)	(0.09)	(0.13)
Total assets	3,745,131	5,301,128	4,873,463
Total non-current liabilities	-	-	-

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Selected Financial Highlights

The following table presents selected interim financial information for the three months and years ended June 30, 2019 and 2018:

	Three months ended June 30,		Year Ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenues	1,487,649	730,279	4,718,148	5,565,348
Content and production costs	1,508,265	611,982	4,242,487	3,354,452
Other operating expenses	1,623,931	2,032,089	6,738,262	9,284,780
Income tax expense	(94,125)	(139,290)	(139,290)	139,290
Total Expenses	3,038,071	2,504,781	10,841,459	12,778,522
Net loss	(1,550,422)	(1,774,502)	(6,123,311)	(7,213,174)
Loss per share, basic and diluted	(0.01)	(0.02)	(0.06)	(0.09)

	As at June 30,	As at June 30,
	2019	2018
	\$	\$
Cash	305,095	1,069,248
Total assets	3,745,131	5,301,128
Total liabilities	1,744,251	2,269,914

Overall Financial Performance

Three months ended June 30, 2019

- For the three months ended June 30, 2019, revenue was \$1,487,649 as compared to \$730,279 for the three months ended June 30, 2018, an increase of \$757,370 or 104%. The increase in revenue is primarily due to a significant increase in our Influencer Marketing business.
- For the three months ended June 30, 2019, content and production costs increased by \$896,283 or 146% compared to the three months ended June 30, 2018, primarily due to amortization of programming costs.
- For the three months ended June 30, 2019, other operating expenses decreased by \$408,158 or 20% compared to the three months ended June 30, 2018, primarily due to decreases in overall expenses and a large refund in SG&A related to HST credit offset by impairment loss.
- For the three months ended June 30, 2019 net loss decreased by \$224,080 or 13%.

Year ended June 30, 2019

- For the year ended June 30, 2019, revenue was \$4,718,148 compared to revenue of \$5,565,348 for 2018, representing a decrease of \$847,200 or 15%. Revenue decreased due to loss of linear channel revenue for QYou Limited as a result of the previously announced loss of the Sinclair contract.
- For the year ended June 30, 2019, direct content and production costs increased \$888,035 or 26% and other operating expenses decreased \$2,546,518 or 27%, as compared to the same period in 2018.
- The net loss for the year ended June 30, 2019 decreased by \$1,089,863 or 15% as compared to the year ended June 30, 2018. The change in net loss was due primarily due to lower operating expenses.
- The Company concluded the year ended June 30, 2019 with cash of \$305,095 (June 30, 2018 – \$1,069,248). Cash used in operating activities for the year ended June 30, 2019 was \$3,960,765 compared to cash used for the year ended June 30, 2018 of \$4,711,672. Cash used from investing activities for the year ended June 30, 2019

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was \$1,014,330 compared to cash acquired for the year ended June 30, 2018 of \$2,017,018.

- Cash from financing activities of \$4,276,795 for the year ended June 30, 2019 (year ended June 30, 2018 – \$5,264,568) arose due to :
 - A short form prospectus offering on a bought deal basis completed on July 19, 2018 (the "Offering"). Pursuant to the Offering, the company issues 15,500,000 units of the Company (the "Units") at a price of \$0.20 per unit and an additional 1,012,500 common share purchase warrants at a price of \$0.004 per warrant, for aggregate gross proceeds of \$3,104,050. Each unit was comprised of one common share in the capital of the Company (each, a "Common Share") and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one Common Share at a price of \$0.37 per share until July 19, 2020. Transaction costs of the Offering consisted of \$596,953 in cash and the issuance of 1,426,000 compensation units to the underwriters in the Offering.
 - A short form prospectus offering on a bought deal completed on April 30, 2019, the Company completed a short form prospectus offering and issued 38,335,250 units of the Company at a price of \$0.06 per unit for aggregate gross proceeds of \$2,300,115. Each Unit is comprised of one common share of the Company, one-half of one common share purchase warrant (10 Cent Warrant) and a second one-half of one common share purchase warrant (12 Cent Warrant). Each 10 Cent Warrant is exercisable to purchase one common share in the capital of the Company (a "10 Cent Warrant Share") at a price of \$0.10 per 10 Cent Warrant Share for a period of six months following the closing of the offering. Each 12 Cent Warrant is exercisable to purchase one common share in the capital of the Company (a "12 Cent Warrant Share") at a price of \$0.12 per 12 Cent Warrant Share for a period of two years following the closing date. Transaction costs of the Offering consisted of \$530,418 in cash and issuance of compensation units with a fair value of \$98,556 to the underwriters in the Offering, with a fair value of \$0.037 determined using Black Scholes model.

Operating Segments

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

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

As at June 30, 2019 and for the year then ended					
	Canada	USA	Ireland	Intercompany	Total
Revenue	900,000	3,005,455	812,693	-	4,718,148
Current assets	20,675,935	6,851,244	18,380,583	(43,395,264)	2,512,498
Non-current assets	1,059,684	81,025	91,924	-	1,232,633
As at June 30, 2018 and for the year then ended					
	Canada	USA	Ireland	Intercompany	Total
Revenue	900,000	1,951,033	2,714,315	-	5,565,348
Current assets	16,889,430	7,069,989	19,166,670	(40,423,782)	2,702,307
Non-current assets	1,378,185	116,589	1,104,047	-	2,598,821

As at June 30, 2019, five [2018 – two] customers represented 10% or more of total revenue.

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Review of Operations for the three months and years ended June 30, 2019 and 2018

	Three months ended June 30,		Change \$	%	Year ended June 30,		Change \$	%
	2019 \$	2018 \$			2019 \$	2018 \$		
REVENUE	1,487,649	730,279	757,370	104%	4,718,148	5,565,348	(847,200)	-15%
OPERATING EXPENSES								
Content and productions costs	1,508,265	611,982	896,283	146%	4,242,487	3,354,452	888,035	26%
Sales and marketing	583,736	726,973	(143,237)	-20%	2,031,921	2,463,915	(431,994)	-18%
Legal and consulting	102,008	383,228	(281,220)	-73%	1,463,129	2,033,764	(570,635)	-28%
Salaries and benefits	229,320	416,091	(186,771)	-45%	1,032,504	1,882,374	(849,870)	-45%
Stock-based compensation	94,998	454,230	(359,232)	-79%	892,198	1,187,848	(295,650)	-25%
Impairment loss	725,045	—	725,045		725,045	—	725,045	
General and administrative	(217,109)	367,628	(584,737)	-159%	439,624	1,620,943	(1,181,319)	-73%
Depreciation	32,894	33,730	(836)	-2%	138,975	78,410	60,565	77%
Foreign exchange loss	71,765	(385,340)	457,105	-119%	8,760	6,012	2,748	46%
Interest and other expenses	1,274	35,549	(34,275)	-96%	6,106	11,514	(5,408)	-47%
Total operating expenses	3,132,196	2,644,071	488,125	18%	10,980,749	12,639,232	(1,658,483)	-13%
Loss before income taxes	(1,644,547)	(1,913,792)	269,245	-14%	(6,262,601)	(7,073,884)	811,283	-11%
Income tax (recovery) expense	(94,125)	(139,290)	45,165		(139,290)	139,290	(278,580)	
NET LOSS	(1,550,422)	(1,774,502)	224,080	-13%	(6,123,311)	(7,213,174)	1,089,863	-15%

The following discussion includes an explanation of the primary factors in changes in operations for the three months and years ended June 2019 and 2018. Additional, less significant changes are not articulated.

Revenue

For the three months ended June 30, 2019, total revenue increased by \$757,370 or 104% compared to the three months ended June 30, 2018 as a result of increased Influencer Marketing business and offset in part by the loss of linear channel revenue for QYou Limited for the cancelled Sinclair business.

For the year ended June 30, 2019, total revenue decreased by \$847,200 or 15% compared to the same period in 2018. The decrease in revenue is primarily due to loss of linear channel revenue for QYou Limited (Sinclair). Along with the discontinuation of daily production of the esports program HUD.

Five customers individually representing greater than 10% of the Company's revenue represented 60% of total revenue recognized for the year ended June 30, 2019, as compared to two customers representing 61% of revenue for the year ended June 30, 2018.

Content and Production Costs

Production costs represent the costs of sales of earning the Company's revenue and is comprised of content development, production expenses and channel delivery expenses. As of June 30, 2019, the Company's linear channel, The Q, has created more than 5,000 hours of original programming as part of an active library and presented globally.

In 2015, QYOU Media entered into an operating lease with M7 Group SA for satellite, transponder and technical services (the "M7 Lease"). This agreement gives QYOU the ability to distribute its content throughout all of Europe, the Middle East and Africa. Additionally, the Company uses a third party to deliver content via Internet Protocol (IP).

For the three months and year ended June 30, 2019, content and production costs increased by \$896,283 and \$888,035 or 146% and 26% as compared to the three months and year ended June 30, 2018, as a result of amortization of programming costs. As a percentage of total operating expenses, content and production costs were 48% and 39% for the three months and year ended June 30, 2019 compared with 23% and 27% for the same periods in 2018.

Selling, General and Administrative Costs

Selling, general and administrative expenses are comprised of sales and marketing, salaries and benefits, legal and consulting, stock-based compensation and general and administrative.

Selling, general and administrative costs represented 25% and 53% of the Company's total operating expenses for the three months and year ended June 30, 2019 compared to 89% and 73% for the three months and year ended June

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30, 2018, respectively. For the three months and year ended June 30, 2019, selling, general and administrative costs decreased by \$1,555,197 or (66%) and \$3,329,468 or (36%) over the three months and year ended June 30, 2018.

During the three months and year ended June 30, 2019, sales and marketing costs decreased by \$143,237 or (20%) and \$431,994 or (18%) compared to three months and year ended June 30, 2018 primarily due to lower spending as the Company refocuses its corporate growth strategy through international distribution and strategic partnerships, new production formats and influencer marketing business development.

During the three months and year ended June 30, 2019, salaries and benefit costs decreased by \$186,771 (45%) and \$849,870 (45%) compared to three months and year ended June 30, 2018 primarily due to lower headcount during the three months and year ended June 30, 2019, as compared to the three months and year ended June 30, 2018.

Legal and consulting costs decreased by \$281,220 or (73%) and \$570,635 or (28%), for the three months and year ended June 30, 2019 compared to the three months and year ended June 30, 2018, primarily due to a focused effort to minimize outside legal costs.

Stock-based compensation decreased by \$359,232 or (79%) and \$295,650 or (25%), for the three months and year ended June 30, 2019 compared to the three months and year ended June 30, 2018.

General and administrative costs for the three months and year ended June 30, 2019 decreased by \$584,737 or (159%) and \$1,181,319 or (73%) compared to the three months and year ended June 30, 2018 primarily due to the recognition of HST Refund.

Impairment Loss

Impairment loss for the three months and year ended June 30, 2019 was \$725,045 and \$725,045, respectively, compared to nil and nil, due to write off of application development costs.

Foreign Exchange Gain/Loss

Foreign exchange (gain) loss during the three months and year ended June 30, 2019 was \$71,765 and \$8,760 compared to a foreign exchange (gain) loss of (\$385,340) and \$6,012 for the three months and year ended June 30, 2018, respectively. The change in foreign exchange gain/loss is a result of fluctuating exchange rates from transactions incurred in currencies other than the functional currency of the Company or its subsidiaries.

Stock Based Compensation

The Company recognized \$94,998 and \$892,198 of share-based compensation expense related to stock options and restricted share units ("RSUs") during the three months and year ended June 30, 2019 compared to \$454,230 and \$1,187,848 for the three months and year ended June 30, 2018, respectively.

Review of Financial Condition as at June 30, 2019

The following is a comparison of the financial position of the Company as at June 30, 2019 to the financial position of the Company as at June 30, 2019.

Cash

Cash as at June 30, 2019 was \$305,905 compared to \$1,069,248 as at June 30, 2018, representing a decrease of \$764,153. Refer to "Liquidity and capital resources" section for the detailed discussion provided.

Trade and Other Receivables

Trade and other receivables decreased by \$378,000 or 28% as at June 30, 2019 over the balance as at June 30, 2018. The decrease is primarily due to timing of payments received from customers.

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Property and Equipment

Property and equipment decreased by \$123,772 or 38% as at June 30, 2019 over the balance as at June 30, 2018. The decrease can be attributed to depreciation expense of \$138,975, offset by foreign exchange translation adjustments and additions of \$15,662.

Capitalized Programming Asset

The Company produces its own films. Current productions are considered library productions immediately subsequent to their initial availability for licensing as they are considered completed.

Current productions are amortized using the declining balance method at rates of 60% in year 1, 30% in year 2 and 10% in year 3. Amortization is included in the consolidated statement of loss and comprehensive loss under content and productions costs.

Capitalized programming asset decreased by \$152,523, for the year ended June 30, 2019 compared to June 30, 2018. The decrease can be attributed to additions of \$998,668 offset by amortization of \$1,151,191.

Application Development Costs and Intangible assets

Pursuant to the Asset Purchase, July 15, 2015, the Company acquired certain assets from Black Forest Production Services, USA, ["BFPS"] including the rights to the "QYOU" brand and related intellectual property and assumed net liabilities of \$56,454 for a cash payment of \$25,000. Accordingly, a value of \$81,454 [59,114 euros] was allocated to the "QYOU" brand.

The Company, through its wholly-owned indirect Irish subsidiary, 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.

Capitalized application development costs were costs incurred for the development of a customized mobile application for the Company's curated videos. The mobile application was launched in January 2019 and amortization of the capitalized application development commenced upon launch of the mobile application. As at June 30, 2019, there were indications that the mobile application was impaired due to nominal revenues generated from the application to date resulting in the full net book value being recognized as impairment loss.

Trade and Other Payables

Trade and other payables decreased by \$373,651 or 19% as at June 30, 2019 over the balance as at June 30, 2018. The decrease can be attributed primarily to timing of the payments to vendors and income tax recovery of \$139,290 related to 2018 income tax expense.

Deferred Revenue

Deferred revenue decreased by \$152,012 or 58% as at June 30, 2019 over the balance as at June 30, 2018. The decrease in deferred revenue is the portion of the obligations fulfilled towards these contracts for the year ended June 30, 2019.

Share Capital and Warrants

The increase in share capital of \$3,985,906 and in warrants of \$274,777 during the year ended June 30, 2019 was due to:

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

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

Transaction costs of the Offering consisted of \$596,953 in cash and the issuance of 1,426,000 compensation units to the underwriters in the Offering. Each compensation unit is exercisable to acquire one Common Share and one-half of one Common Share purchase warrant at an exercise price of \$0.20 per compensation unit for a period of two years from the date of issuance. Total fair value of the compensation units was \$104,555 and was determined using the Black-Scholes option pricing model with a market price per compensation unit of \$0.20, a risk-free interest rate of 1.93%, an expected annualized volatility of 65% and expected dividend yield of 0%.

The Offering also included a subscription by director of the Company for 1,000,000 for \$200,000.

- [b] On February 27, 2019, the Company issued an aggregate of 5,350,000 restricted share units ("RSU's") of the Company to certain of its existing directors, officers, employees and consultants pursuant to the Company's restricted share unit plan. A portion of the RSUs granted vest immediately, while the remainder vest over a four-year period and are conditional upon the individuals' employment with the Company. Upon vesting, each RSU is redeemable for one Common Share. The fair value of each RSU granted is \$0.08 per share; determine using the closing price of the Common Shares on the date of grant (February 27, 2019).
- [c] On April 30, 2019, the Company completed a short form prospectus offering (the "Offering") on a best-efforts basis and issued 38,335,250 units of the Company at a price of \$0.06 per unit, for aggregate gross proceeds of \$2,300,115. Each Unit is comprised of one common share of the Company, one-half of one common share purchase warrant (a "10 Cent Warrant") and a second one-half of one common share purchase warrant (a "12 Cent Warrant").

In connection with the Offering, the Company also granted the agents 2,680,000 compensation options, each compensation option exercisable into one unit until November 21, 2019 at a price of \$0.37. The fair value of the Compensation Options was determined to be \$98,556 based on the Black Scholes options pricing model and has been recorded as a reduction of share capital.

The fair value of the warrants was determined using closing price of the Common Shares of the date of grant (April 30, 2019). Each 10 Cent Warrant is exercisable to purchase one common share in the capital of the Company at a price of \$0.10 per 10 Cent Warrant Share for a period of six months following the closing of the offering. Each 12 Cent Warrant is exercisable to purchase one common share in the capital of the Company at a price of \$0.12 per 12 Cent Warrant Share for a period of two years following the closing date. Their fair value is determined using the Black Scholes model and the fair value of each 10 Cent Warrant is \$0.01 per warrant, \$0.02 per 12 Cent Warrant; determined using the closing price of the Common Shares on the date of grant (April 30, 2019).

Transaction costs of the Offering consisted of \$530,418 in cash and issuance of compensation units with a fair value of \$98,556 to the underwriters in the Offering, with a fair value of \$0.037 determined using Black Scholes model.

The Offering also included a subscription by a director of the Company for 1,000,000 Units for \$60,000.

- [d] For the year ended June 30, 2019, 500,000 restricted stock units ("RSUs") were redeemed for 500,000 Common Shares and accordingly, \$187,000 was transferred from contributed surplus to share capital.

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Previous Financings

July 2018 Prospectus

Principal Purposes of Net Proceeds	Intended use of Proceeds	Actual use of Proceeds
	\$	\$
Production Cost for Content Creation	500,000	561,774
Content Licensing	350,000	95,766
Channel Delivery	250,000	153,679
General and Administration	550,000	496,577
Total	1,650,000	1,307,796

The variances did not have any impact on the Company's ability to achieve its business objectives and milestones.

April 2019 Prospectus

Principal Purposes of Net Proceeds	Intended use of Proceeds	Actual use of Proceeds
	\$	\$
Continued build-out India operations	624,037	120,078
Production Cost for Content Creation	156,009	62,609
Content Licensing	78,005	74,351
Channel Delivery	78,005	173,340
General and Administration	156,009	339,497
Total	1,092,065	769,875

The variances did not have any impact on the Company's ability to achieve its business objectives and milestones.

Selected Unaudited Consolidated Quarterly Financial Information

The following table presents selected unaudited consolidated quarterly financial information for each of the eight quarters indicated, as prepared in accordance with IFRS.

	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenue	1,487,649	601,269	916,527	1,712,703	730,279	1,745,738	1,574,393	1,514,938
Operating Expenses	3,132,196	2,572,677	2,299,508	2,976,368	3,130,070	3,852,444	3,291,726	2,850,992
Net loss attributable to:								
Equity owners of the Company	(1,534,873)	(1,841,256)	(1,407,939)	(1,308,123)	(2,539,082)	(2,106,706)	(1,717,333)	(1,336,054)
Non-controlling interest	(15,549)	(10,574)	(4,997)	—	—	—	—	—
Net loss per share - basic and diluted	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.03)	(0.03)	(0.02)

Liquidity and Capital Resources

	As at June 30, 2019	As at June 30, 2018
	\$	\$
Current Assets	2,512,498	2,702,307
Current Liabilities	1,744,251	2,269,914
Working Capital	768,247	432,393
Total Assets	3,745,131	5,301,128
Total Liabilities	1,744,251	2,269,914
Total Shareholders' Equity	2,000,880	3,031,214

Working capital is defined as current assets less current liabilities.

QYOU's capital requirements consist primarily of working capital necessary to fund operations and support a growing business. Sources of funds available to meet these requirements include existing cash balances, cash flow from operations and capital raised through equity financings. QYOU must generate sufficient revenue from operations to

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attract additional investment from the capital markets; failure to do so would adversely impact QYOU's ability to pay current liabilities.

The Company has not incurred any long-term debt or declared any cash dividend since its inception.

As of June 30, 2019, the Company had a working capital balance of \$768,247 compared to a working capital balance of \$432,393 as at June 30, 2018. The increase is primarily due to decrease in trade and other payables and deferred revenue.

Cash Flow Activity

For the year ended June 30, 2019, cash used in operations was \$3,960,765, compared to \$4,711,672 for the year ended June 30, 2018. The decrease in cash used was primarily due to lower net loss for the year.

For the year ended June 30, 2019, cash used in investing activity was \$1,014,330, predominately related to capitalization of content and production costs.

Cash from financing activities for the year ended June 30, 2019 was \$4,276,795, which represents net cash received from the Offering.

Liquidity and Cash Resource Requirements

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

Going concern uncertainty

As at June 30, 2019, the Company has not yet achieved profitable operations, and has an accumulated deficit of \$27.9 million. Whether, and when, the Company can attain profitability and positive cash flows from operations has material uncertainty, which may cast significant doubt upon the Company's ability to continue as a going concern. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so. While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in the future. The Company will need to raise capital in order to fund its operations. This need may be adversely impacted by uncertain market conditions, approval by regulatory bodies, and adverse results from operations. The outcome of these matters cannot be predicted at this time.

Commitments

As at June 30, 2019, the Company is committed under operating leases, primarily relating to office and studio space, for the following minimum annual rentals:

	\$
2019	155,199
2020	7,444
Thereafter	-
	<u>162,643</u>

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than those described under commitments above.

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Transactions between Related Parties

The related party transactions entered into by the Company during the year ended June 30, 2019 were comprised of the following:

On June 5, 2017, the Company agreed to loan Curt Marvis, the Chief Executive Officer of the Company, an aggregate principal amount of US\$150,000, as evidenced by a promissory note issued by Mr. Marvis to the Company, which bears interest at a rate of 3% per annum (the “Officer Loan”). As at June 30, 2019, the carrying value of the Officer Loan, inclusive of principle and interest was US\$158,875 [June 30, 2018 – US\$154,375] or C\$207,920 [June 30, 2018 – C\$203,281]. The Company paid consulting fees of \$258,004 to Curt Marvis for services rendered for the year ended June 30, 2019 [2018 – \$217,696].

BFPS and the Company are considered to be related parties for accounting purposes as a result of common share ownership and because an officer of the Company also acts as a director of BFPS. On January 2018 BFPS ceased to exist and all employees and payroll was moved to QYou USA Inc.

BFPS provided outsourced production services, on a cost plus basis, for the Company’s videos under the terms of a production services contract. Total production costs incurred by the Company that were provided by BFPS for the year ended June 30, 2019 was Nil [2018 – \$323,645].

As at June 30, 2019, the total amount due to BFPS was Nil [2018 – \$58,837] and was included in “Trade and other payables”. The Company’s payment terms to BFPS was due upon receipt and non-interest bearing.

During the year ended June 30, 2018, BFPS paid certain operating expenses of the Company, which include salaries for certain employees as well as related expenses in the amount of \$1,112,263. These amounts were reimbursed by the Company.

Compensation expense for the Company’s key management personnel for the year ended June 30, 2019 and June 30, 2018 is as follows:

	2019	2018
	\$	\$
Salaries, benefits and consulting fee	1,472,727	1,504,611
Shared base payments	244,154	398,032

Significant Accounting Policies and Critical Accounting Estimates

We describe our significant accounting policies and critical accounting estimates in Note 2 to the Financial Statements.

Changes in Accounting Policy

The following new accounting standards were applied or adopted during the period ended June 30, 2019:

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

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

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

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

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

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

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

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

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

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

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

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade receivables.

The Corporation adopted the simplified approach to impairment for trade and other receivables by recognizing lifetime expected losses on initial recognition and on adoption of IFRS 9. The Corporation does not have any past history of impairment losses resulting from credit losses as the Corporation has a limited number of high profile customers and detailed customer financial analysis is performed prior to signing a customer. Therefore, the Corporation does not expect to incur any losses on trade and other receivables as a result of credit risk.

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

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statement of income (loss) and comprehensive income (loss).
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in the consolidated statement of income (loss) and comprehensive income (loss). Any gain or loss on derecognition is recognized in the consolidated statement of income (loss) and comprehensive income (loss).
Debt investments at FVOCI	Subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in the consolidated statement of income (loss) and comprehensive income (loss). Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of income (loss) and comprehensive income (loss).
Equity investments at FVOCI	Subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of income (loss) and comprehensive income (loss) unless the dividend clearly represents a

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	recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to the consolidated statement of income (loss) and comprehensive income (loss), even upon derecognition.
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The following shows the change in classification of the Company's financial assets on adoption of IFRS 9:

Financial assets	Classification under IAS 39	Classification under IFRS 9
Cash	Loans and receivable	Amortized cost
Trade receivables	Loans and receivable	Amortized cost
Other receivables	Loans and receivable	Amortized cost

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

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

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

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

Content and program revenue and influencer marketing revenue

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

Licensing revenue

The Company also generates subscriber revenue from pay television distributors.

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

Disclosure requirements

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

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

[iii] IFRS 16, Leases [“IFRS 16”]

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

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unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. Effective July 1, 2019, the Company will be adopting IFRS 16 using the modified retrospective method and, based on the work performed to date expects that there will be an increase to assets of \$49,263 and a corresponding increase in liabilities of \$49,263 to record a right-of-use asset and a corresponding lease liability on its consolidated statements of financial position. Post adoption, the Company expects a decrease to operating costs and an increase to finance costs associated with the interest accretion on the lease liability and depreciation expense related to the right-of-use asset.

[iv] IFRIC 23, Uncertainty over Income Tax Treatment ["IFRIC 23"]

In June 2017, the IASB issued IFRIC 23, which clarifies the accounting for uncertainties in income taxes. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. The requirements are applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which the Company first applies them, without adjusting comparative information. Full retrospective application is permitted, if the Company can do so without using hindsight. The Company has evaluated the expected impact of IFRIC 23 on the Company's financial statements and determined that there will be no material impact from the adoption of IFRIC 23.

Financial Instruments and Risk Management

The Company's financial instruments consist of cash, trade receivables, other receivables, trade and other payables and their carrying value approximates fair value due to their immediate or short-term maturity. The Company does not use derivative financial instruments to manage existing exposures.

The nature and extent of risks arising from financial instruments, and their related risk management, are described in the Company's management discussion and analysis and consolidated financial statements for the year ended June 30, 2019. In the year ended June 30, 2019, there was no material change to the nature of risks arising from or classification of financial instruments, or related risk management objectives.

Risks and Uncertainties

The results of operations and financial condition of the Company are subject to a number of risks and uncertainties, and are affected by a number of factors outside of the control of management. An investment in the Company's securities involves risks. Before making an investment decision with respect to our securities, you should carefully consider the risks and uncertainties described elsewhere in this MD&A and those described under the heading "Risk Factors" in the Company's annual information form and in other publicly available disclosure documents filed by the Company on SEDAR (www.sedar.com). The risks and uncertainties described in the documents referred to in the preceding sentence and in other documents filed by us with Canadian securities regulatory authorities are not the only ones we may face. Those risks and uncertainties, together with additional risks and uncertainties not currently known to us or that we may deem immaterial, could impair our business, financial condition and results of operations. The market price of our securities could decline if one or more of these risks and uncertainties develop into actual events, and you may lose all or part of your investment.

Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates. The Company is not exposed to foreign currency exchange risk as it has minimal sales and purchase contracts denominated in currencies other than the functional currency of the Company and its subsidiaries.

Since the Company's reporting currency is Canadian dollars and the Company has significant US operations and European operations with US dollars and Euros as the functional currency, the Company is exposed to foreign currency fluctuations on its reported amounts of US and European assets and liabilities. As at June 30, 2019, the Company had net liabilities [excluding intercompany balances] of €495,962 [2018 – €660,189] denominated in Euros and net liabilities of \$70,340 [2018 – \$79,274] denominated in US dollars. A 10% change in exchange rates between US dollars, Euros

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and Canadian dollar would result in \$83,039 [2018 – \$111,844] of additional net liabilities recorded on the consolidated statements of financial position. All such changes are recorded to other comprehensive income (loss).

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. The Company is not exposed to interest rate risk as at June 30, 2019.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as at June 30, 2019.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at June 30, 2019, two customer represented 59.2% [June 30, 2018 – 70.8%] of the outstanding trade receivable balance.

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The Company has nil provision for expected credit losses as at June 30, 2019 and 2018 that was recognized during the year.

The aging of trade receivables is as follows:

	2019	2018
	\$	\$
Current	575,554	475,603
1 to 30 days	208,963	548,866
31 to 60 days	35,530	54,270
> 60 days	175,496	294,804
Total trade receivables	995,543	1,373,543

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

The Company is obligated to the following contractual maturities of undiscounted cash flows:

Carrying amount	Total contractual cash flows	Contractual cash flows			
		Year 1	Year 2	Year 3 and beyond	
\$	\$	\$	\$	\$	
Trade and other payables	1,633,614	1,633,614	1,633,614	-	-

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Disclosure of Equity and Outstanding Share Data

The Company's authorized share capital currently consists of an unlimited number of First Preferred Shares, Second Preferred Shares and Common Shares. As of the date hereof, there are 136,819,060 Common Shares, nil First Preferred Shares and nil Second Preferred Shares issued and outstanding. As of the date hereof, the Company also has issued and outstanding (i) Common Share purchase warrants to acquire an aggregate of up to 54,868,300 Common Shares; (ii) compensation options to acquire an aggregate of up to 6,156,220 Common Shares; (iii) stock options to acquire an aggregate of up to 11,379,062 Common Shares; and (iv) 9,275,000 RSUs, each redeemable for one Common Share on the vesting thereof.

Subsequent Events

In October 2019, the Company completed a private placement for aggregate gross proceeds of \$1,700,000. The Company issued a total of 34,000,000 units at a price of \$0.05 per Unit. Each Unit is comprised of one common share in the capital of the Company, one-half of common share purchase warrant exercisable at \$0.06 per share until September 30, 2020 and an additional one-half of one common share purchase warrant exercisable at \$0.10 per share unit September 30, 2021.

On October 15, 2019 the Company announced that it intends to extend the term of warrants that are due to expire on October 30, 2019 until March 31, 2020. These warrants were issued in connection with the Company's short form prospectus offering completed on April 30, 2019. Under the offering, the Company issued units comprised of one common share of the Company, one-half of one common share purchase warrant (each such whole common share purchase warrant, a "10 Cent Warrant") and a second one-half of one common share purchase warrant (each such whole common share purchase warrant, a "12 Cent Warrant"). Each 10 Cent Warrant is exercisable to purchase one common share in the capital of the Company at a price of \$0.10 per 10 Cent Warrant Share until October 30, 2019. The Company intends to extend the expiry date of the 10 Cent Warrants until March 31, 2020. At this time, the Company does not intend to amend the terms of the 12 Cent Warrants.

Investor Information

Stock Exchange Listing

The Common Shares of the Company are listed on the TSXV under the symbol "QYOU".

Transfer Agent and Registrar

Computershare Investor Services Inc.

Auditors

MNP LLP

Investor Relations

If you have inquiries, please visit our website at www.theqyou.com or contact:

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