



QYOU MEDIA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended September 30, 2020 and 2019

November 27, 2020

QYOU Media Inc.

Management's Discussion and Analysis

As at September 30, 2020 and 2019

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 three months ended September 30, 2020 and 2019. This MD&A was prepared as of November 27, 2020 and should be read in conjunction with the Corporation's audited consolidated financial statements for the years ended June 30, 2020 and 2019, and the notes related thereto (the "Annual Financial Statements"), the unaudited condensed consolidated interim financial statements for the three months ended September 30, 2020 and 2019 (the "Interim Financial Statements") and with the annual management discussion and analysis for the year ended June 30, 2020.

The Interim Financial Statements have been prepared by management in accordance with generally accepted accounting principles in Canada, as set out in the Chartered Professional Accountant of Canada Handbook – Accounting which incorporates International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board, using International Accounting Standard 34 - Interim Financial Reporting ["IAS 34"]. IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the amount of revenue and expenses incurred during the reporting period. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods

All amounts are expressed in Canadian dollars unless otherwise noted. 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

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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 "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.

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.

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 were 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. Effective June 1, 2020, the Company increased its ownership interest in QYOU Media India Private Limited ("QYOU India") to 88% (June 30, 2019 – 82%). The Company received the additional interest in exchange for funding the operations of QYOU India since its inception, resulting in a decrease of the ownership interest held by non-controlling shareholders 12% (June 30, 2019 – 18%).

Description of the Business

QYOU Media operates in India and the United States producing and distributing content created by social media stars and digital content creators. In India, we curate, produce and distribute premium content including television networks and VOD for cable and satellite television, OTT and mobile platforms. In the United States, we manage influencer marketing campaigns for major film studios and brands. Founded and created by industry veterans from Lionsgate, MTV, Disney and Sony, QYOU Media's millennial and Gen Z-focused content reaches more than 650 million consumers around the world.

The Q India is an advertiser supported Hindi language channel and VOD provider delivering hit digital programming from social media stars and leading digital video creators targeting Young Indian audiences. With a growing library of over 800 programs, it now reaches an audience of over 610 million via 50 million television homes with partners including TATA Sky, Airtel DTH & SitiNetworks; 380 million OTT users via platforms including ShemarooMe, MX Player, ZEE5, and Dish Watcho; and 180 million users on mobile and digital platforms including JioTV, Airtel Xstream, and SNAP with its first move towards reaching connected TV's via Amazon Fire TV.

The Company's Influencer Marketing division utilizes digital and social media stars to promote third party brands and has primarily been engaged with major studios to promote their theatrical motion picture releases. Due to the closure of theaters as a result of Covid-19 the company has pivoted and expanded its Influencer Marketing campaigns in FY 2021 to include Premium Video On Demand (PVOD), Subscription Video On Demand (SVOD) and fashion apparel clients.

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Impact of COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19," has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Significant Events in the three months ended September 30, 2020

- a) The issuance of 60,666,399 units as part of a private placement (the "Offering") at a price of \$0.03 per Unit. The total gross proceeds from the issuance was \$1,820,002. Each Unit is comprised of one common share of the Company, one-half of one common share purchase warrant exercisable to purchase one common share of the Company at a price of \$0.05 (a "5 Cent Warrant").
- b) The issuance of 634,750 common shares due to exercise of compensation options and warrants.

SELECTED FINANCIAL HIGHLIGHTS

The following table presents selected interim financial information for the three months September, 2020 and 2019:

	Period Ended September 30,	
	2020	2019
	\$	\$
Revenue	390,950	563,733
Content and production costs	685,417	802,400
Other operating expenses	854,866	1,475,110
Total expenses	1,540,283	2,277,510
Net loss	(1,149,333)	(1,713,777)
Loss per share, basic and diluted	(0.00)	(0.01)

	As at September 30, 2020	As at June 30, 2020
	\$	\$
Cash	271,896	63,504
Total assets	1,976,313	1,670,203
Total liabilities	3,040,139	3,410,602

Overall Financial Performance

For the three months ended September 30, 2020, revenue decreased by \$172,783 or 31% compared to the equivalent period in the prior year, primarily due to the loss of business due to COVID-19.

For the three months ended September 30, 2020, content and production costs decreased by \$116,983 or 15% compared to the three months ended September 30, 2019, primarily due to the loss of business due to COVID-19.

For the three months ended September 30, 2020, other operating expenses decreased by \$620,244 or 42% compared to the three months ended September 30, 2019, primarily due to the impact of COVID-19, resulting in the slowdown of all business operations.

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For the three months ended September 30, 2020, net loss decreased by \$564,444 or 33% compared to the equivalent period in the prior year, due to a larger decrease in operating expenses results of the slowdown of all business operations due to COVID-19.

The Company concluded the period ended September 30, 2020 with cash of \$271,896 (2020 – \$63,504).

Cash used in operating activities for the three months ended September 30, 2020 was \$1,332,259 compared to cash used for the three months ended September 30, 2019 of \$718,091. The increase in cash used in operating activities is primarily due to increase in trade and other receivables and payments made for trade and other payables outstanding.

Cash used in investing activities for the three months ended September 30, 2020 was \$16,104 compared to cash used in the three months ended September 30, 2019 of \$nil. Cash used in investing activities was higher for the three months ended September 30, 2020 due to purchase of property and equipment.

Cash provided by financing activities for the three months ended September 30, 2020 was \$1,579,399 compared to cash provided in the three months ended September 30, 2019 of \$968,355. The increase in cash provided by financing activities is primarily due to the Company raising more funds through the issuance of shares and warrants in the three months ended September 30, 2020 relative to the three months ended September 30, 2019.

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 production, marketing and distribution of content across broadcast and digital media. 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 four geographical areas, being Canada, United States of America, Ireland and India. Revenue and assets by geography are presented below:

	As at and for the period ended September 30, 2020					
	Canada	USA	Ireland	India	Intercompany	Total
Revenue	—	285,419	78,671	26,860	—	390,950
Current assets	22,801,935	7,963,788	19,432,963	18,900	(48,975,838)	1,241,748
Non-current assets	528,589	90,940	90,213	24,823	—	734,565

	As at and for the period ended September 30, 2019					
	Canada	USA	Ireland	India	Intercompany	Total
Revenue	—	379,712	184,021	—	—	563,733
Current assets	21,509,404	7,535,339	19,020,683	34,500	(47,235,112)	864,814
Non-current assets	592,523	108,297	94,505	10,064	—	805,389

For the period ended September 30, 2020, one (2019 – four) customer represented 10% or more of total revenue.

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REVIEW OF OPERATIONS FOR THE THREE MONTHS SEPTEMBER 30, 2020 AND 2019

	Three months ended September 30,		Change	
	2020	2019		
	\$	\$	\$	%
REVENUE	390,950	563,733	(172,783)	-31%
OPERATING EXPENSES				
Content and productions costs	685,417	802,400	(116,983)	-15%
Sales and marketing	233,045	467,617	(234,572)	-50%
Legal and consulting	153,846	298,164	(144,318)	-48%
Salaries and benefits	139,717	311,698	(171,981)	-55%
Share-based compensation	143,395	188,516	(45,121)	-24%
General and administrative	80,546	156,730	(76,184)	-49%
Depreciation	71,604	43,085	28,519	66%
Foreign exchange gain	(350)	(31)	(319)	1029%
Interest and other expenses	33,063	9,331	23,732	254%
Total operating expenses	1,540,283	2,277,510	(737,227)	-32%
NET LOSS	(1,149,333)	(1,713,777)	564,444	-33%

The following discussion includes an explanation of the primary factors in changes in operations for the three months ended September 30, 2020 and 2019. Additional, less significant changes are not articulated.

Revenue

For the three months ended September 30, 2020, revenue decreased by \$172,783 or 31% compared to the equivalent period in the prior year, primarily due to the loss of business due to COVID-19.

One customer individually representing greater than 10% of the Company's revenue represented 68% of total revenue recognized for the three months ended September 30, 2020, as compared to four customers representing 75% of revenue for the three months ended September 30, 2019.

Content and Production Costs

Content and 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 September 30, 2020, 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.

For the three months ended September 30, 2020, content and production costs decreased by \$116,983 or 15% as compared to the three months ended September 30, 2019. The decrease is due to the Company refocusing its corporate growth strategy through international distribution and strategic partnerships, new production formats and influencer marketing business development. As a percentage of total operating expenses, content and production costs were 44% for the three months ended September 30, 2020 compared with 35% for the equivalent period in 2019.

Selling, General and Administrative Costs

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

During the three months ended September 30, 2020, sales and marketing costs decreased by \$234,572 or 50% compared to three months ended September 30, 2019 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.

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During the three months ended September 30, 2020, salaries and benefit costs decreased by \$171,981 or 55% compared to three months ended September 30, 2019 as a result of the impact of COVID-19 during the three months ended September 30, 2020, as compared to the three months ended September 30, 2019.

Legal and consulting costs decreased by \$144,318 or 48% for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Legal and consulting costs will fluctuate from period to period based on the nature of the transactions the Company undertakes.

General and administrative costs for the three months ended September 30, 2020 decreased by \$76,184 or 49% compared to the three months ended September 30, 2019 as a result of the impact of COVID-19 during the three months ended September 30, 2020, as compared to the three months ended September 30, 2019.

Share-based Compensation

Share-based compensation decreased by \$45,121 or 24%, for the three months ended September 30, 2020 compared to the three months ended September 30, 2019, due to the vesting of granted options.

Depreciation

Depreciation increased by \$28,519 or 66% for the three months ended September 30, 2020 compared to the three months ended September 30, 2019, primarily due to the adoption of IFRS 16 and related depreciation of right-of-use assets.

REVIEW OF FINANCIAL CONDITION AS AT SEPTEMBER 30, 2020

The following is a comparison of the financial position of the Company as at September 30, 2020 to the financial position of the Company as at June 30, 2020.

Cash

Cash as at September 30, 2020 was \$271,896 compared to \$63,504 as at June 30, 2020, representing increase of \$208,392 or 328%, primarily due to proceeds from issuance of shares and warrants offset by cash used in operations.

Trade and Other Receivables

Trade receivables increased by \$152,501 or 28% and other receivables increased by \$13,640 or 6%, as at September 30, 2020 over the respective balances as at June 30, 2020. The increases are primarily due to normal business activities.

Property and Equipment

Property and equipment decreased by \$2,739 or 4% as at September 30, 2020 over the balance as at June 30, 2020. The decrease can be attributed to depreciation expense of \$19,115 and foreign exchange impact, partially offset by additions of \$16,104.

Intangible asset

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

A summary of the Company's intangible asset is as follows:

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	Brand name
Cost	\$
As at June 30, 2019	88,003
Foreign exchange	2,471
As at June 30, 2020	90,474
Foreign exchange	1,927
As at September 30, 2020	92,401

Trade and Other Payables

Trade and other payables decreased by \$222,882 or 9% as at September 30, 2020 over the balance as at June 30, 2020. The decrease can be attributed primarily to the timing of payments to vendors.

Deferred Revenue

Deferred revenue decreased by \$3,949 or 31% as at September 30, 2020 over the balance as at June 30, 2020. The decrease in deferred revenue is the portion of the obligations fulfilled towards these contracts for the period ended September 30, 2020.

Lease liability

Lease liability decreased by \$54,290 or 9% as at September 30, 2020 over the balance as at June 30, 2020, primarily due lease payments.

Borrowings

Borrowings decreased by \$89,342 or 26% as at September 30, 2020 over the balance as at June 30, 2020, primarily due to the repayment of a loan for \$100,847 offset by accrued interest on remaining loans.

Share Capital and Warrants

The increase in share capital of \$1,403,298 and warrants of \$204,801 during the three months ended September 30, 2020 was due to:

[a] During the three months ended September 30, 2020, the Company completed the issuance of 60,666,399 units of the Company (the "Units") as part of a private placement at a price of \$0.03 per Unit. The total gross proceeds from the issuance was \$1,820,002. Each Unit is comprised of one common share of the Company, one-half of one common share purchase warrant exercisable to purchase one common share at a price of \$0.05 (a "5 Cent Warrant").

Each 5 Cent Warrant is exercisable to purchase one common share in the capital of the Company at a price of \$0.05 per 5 Cent Warrant Share until June 30, 2022. The fair value of each 5 Cent Warrant is \$0.01 per warrant; calculated using the Black-Scholes options pricing model with a market price per common share of \$0.035 on the date of grant, a risk-free interest rate of 0.24%, an expected annualized volatility of 76% and expected dividend yield of 0%.

Total transaction costs for the Offering consisted of \$161,145 in cash and issuance of 5,549,973 compensation options to the agents in connection with the Offering. Each compensation option is exercisable into one Unit until June 30, 2022 at a price of \$0.05. Total fair value of the compensation options was determined to be \$89,386. The fair value of the compensation units was determined using the Black-Scholes options pricing model with a market price per compensation unit of \$0.035, a risk-free interest rate of 0.24%, an expected annualized volatility of 76% and expected dividend yield of 0%.

[b] During the three months ended September 30, 2020, 115,500 compensation options were exercised for proceeds of \$5,775. Upon exercise of the compensation options the Company issued 115,500 common shares, 57,750 6 Cent Warrants, and 57,750 10 Cent Warrants. During the three months ended September 30, 2020, 519,250 6 Cent Warrants were exercised for proceeds of \$31,155.

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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.

	Sept. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sept. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenue	390,950	364,280	887,898	986,341	563,733	1,487,649	601,269	916,527
Operating Expenses	1,540,283	2,195,034	1,946,120	2,931,285	2,277,510	3,132,196	2,572,677	2,299,508
Net loss attributable to:								
Equity owners of the Company	(1,097,955)	(1,728,663)	(1,008,261)	(1,826,070)	(1,696,256)	(1,534,873)	(1,841,256)	(1,407,939)
Non-controlling interest	(51,378)	(102,091)	(49,961)	(118,874)	(17,521)	(15,549)	(10,574)	(4,997)
Net loss per share - basic and diluted	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)

LIQUIDITY AND CAPITAL RESOURCES

	As at September 30, 2020	As at June 30, 2020
	\$	\$
Current Assets	1,241,748	864,814
Current Liabilities	2,513,934	2,789,807
Working Capital (deficiency)	(1,272,186)	(1,924,993)
Total Assets	1,976,313	1,670,203
Total Liabilities	3,040,139	3,410,602
Total Shareholders' equity (deficiency)	(1,063,826)	(1,740,399)

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

As of September 30, 2020, the Company had a working capital deficiency of \$1,272,186 compared to a working capital deficiency of \$1,924,933 as at June 30, 2020. The change is primarily due to increase in cash, trade receivables and decrease in trade and other payables.

Cash Flow Activity

Cash used in operating activities for the three months ended September 30, 2020 was \$1,332,259 compared to cash used for the three months ended September 30, 2019 of \$718,091. The increase in cash used in operating activities is primarily due to increase in trade and other receivables and payments made for trade and other payables outstanding.

Cash used in investing activities for the three months ended September 30, 2020 was \$16,104 compared to cash used in the three months ended September 30, 2019 of \$nil. Cash used in investing activities was higher for the three months ended September 30, 2020 due to purchase of property and equipment.

Cash provided by financing activities for the three months ended September 30, 2020 was \$1,579,399 compared to cash provided in the three months ended September 30, 2019 of \$968,355. The increase in cash provided by financing activities is primarily due to the Company raising more funds through the issuance of shares and warrants in the three months ended September 30, 2020 relative to the three months ended September 30, 2019.

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

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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 September 30, 2020, the Company has not yet achieved profitable operations, and has an accumulated deficit of \$35,362,597, net loss of \$1,149,333 and working capital deficiency of \$1,272,186. 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, COVID-19, approval by regulatory bodies, and adverse results from operations. The outcome of these matters cannot be predicted at this time.

COMMITMENTS

As at September 30, 2020, the Company did not have any commitments other than those reported in the financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS BETWEEN RELATED PARTIES

The related party transactions entered into by the Company during the year ended September 30, 2020 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"), and was originally intended to become due on June 5, 2019. The Company extended the term of the promissory note to January 31, 2021. As at September 30, 2020, the carrying value of the Officer Loan, inclusive of principle and interest was \$217,926 (US\$163,375) (June 30, 2020 – \$221,114 or US\$162,250).

Compensation expense for the Company's key management personnel for the three months ended September 30, 2020 and 2019 is as follows:

	2020	2019
	\$	\$
Salaries, benefits and consulting fees	270,540	375,724
Share based payments	131,204	160,735
	<u>401,744</u>	<u>536,459</u>

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

We describe our significant accounting policies and critical accounting estimates in Note 3 to the Financial Statements.

Changes in Accounting Policy

New standards, amendments and interpretations adopted by the Company

IFRS 3 Business combinations

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

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The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The amendment adoption did not have a significant impact on the Company's financial statements.

IAS 1 Presentation of financial statements

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across International Financial Reporting Standards and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The amendment adoption did not have a significant impact on the Company's financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

In the three months ended September 30, 2020, 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 exposed to foreign currency exchange risk as it has sales and 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, Indian operations and European operations with US dollars, Indian Rupee and Euros as the functional currency, the Company is exposed to foreign currency fluctuations on its reported amounts of US, India and European assets and liabilities. As at September 30, 2020, the Company had net liabilities of €95,483 (excluding intercompany balances) (2020 – €117,568) denominated in Euros, net liabilities of \$358,780 (excluding intercompany balances) (2019 – \$682,118) denominated in US dollar and net liabilities of ₹14,271,688 (excluding intercompany balances) (2020 – ₹16,097,042) denominated in Indian Rupees. A 10% change in exchange rates between US dollars, Euros, Indian rupees and Canadian dollar would result in \$88,657 of additional net liabilities recorded on the consolidated statements of financial position (2020 – \$139,992). 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 September 30, 2020.

QYOU Media Inc.

Management's Discussion and Analysis

As at September 30, 2020 and 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 September 30, 2020.

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 September 30, 2020, two customers represented 92.1% (June 30, 2020 – 76.5%) 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 September 30, 2020 and June 30, 2020 that was recognized during the period.

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.

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 261,556,041 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:

Share options	22,673,959
Compensation options	12,049,321
RSUs	17,275,000
Warrants	73,098,003

SUBSEQUENT EVENTS

In October 2020, 16,350,000 warrants with an exercise price of \$0.06 per warrant were exercised in exchange for 16,350,000 common shares of the Company.

In October 2020, 180,619 compensation options with an exercise price of \$0.05 per option were exercised in exchange for 180,619 common shares and 90,309 warrants with an exercise price of \$0.05 per warrant.

In October 2020, 89,381 warrants with an exercise price of \$0.05 per warrants were exercised in exchange for 89,381 common shares of the Company.

**QYOU Media Inc.
Management's Discussion and Analysis
As at September 30, 2020 and 2019**

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: shareholder@qyoutv.com