

QYOU Media Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2024 and 2023
[unaudited] [expressed in Canadian dollars]

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under Part 4, subsection 4.3(3)(a) of National Instrument 51-102 – *Continuous Disclosure Obligations*, if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of QYOU Media Inc. [the “Company”] have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

QYOU Media Inc.

Condensed consolidated interim statements of financial position

[unaudited] [expressed in Canadian dollars]

As at	September 30, 2024	December 31, 2023
	\$	\$
Assets		
Current assets		
Cash	874,367	736,713
Trade receivables [note 19]	6,649,606	3,639,332
Other receivables	1,342,487	2,187,548
Prepaid expenses	1,034,605	894,103
	9,901,065	7,457,696
Non-current assets		
Property and equipment, net [note 5]	108,302	162,127
Capitalized programming asset, net [note 6]	679,716	1,324,757
Right-of-use assets, net [note 7]	134,162	278,056
Security deposit	163,508	160,907
Intangible assets, net [notes 11]	1,725,085	1,122,157
Goodwill [notes 4 & 12]	214,557	214,557
	12,926,395	10,720,257
Liabilities		
Current liabilities		
Trade and other payables	8,833,069	7,160,182
Revolving credit facility [note 9]	182,632	94,155
Contingent consideration [note 13]	822,790	1,029,912
Deferred revenue	207,905	134,765
Lease liabilities [note 8]	104,053	206,729
Borrowings [note 10]	940,783	7,756
	11,091,232	8,633,499
Non-current liabilities		
Deferred tax liabilities	42,454	42,454
Lease liabilities [note 8]	54,211	106,577
Borrowings [note 10]	51,293	52,851
	11,239,190	8,835,381
Shareholders' equity		
Share capital [note 14]	54,636,533	52,310,553
Warrants [note 14]	5,067,710	4,464,929
Share-based payment reserve [note 14]	12,003,703	12,507,047
Foreign exchange translation reserve	67,897	(34,310)
Accumulated deficit	(67,847,316)	(66,444,074)
Equity attributable to shareholders' of the Company	3,928,527	2,804,145
Non-controlling interests [note 16]	(2,241,322)	(919,269)
	1,687,205	1,884,876
	12,926,395	10,720,257

Contingencies [note 17]

Subsequent events [note 22]

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

On behalf of the Board:

"Signed"

"Signed"

Condensed consolidated interim statements of loss and comprehensive loss

[unaudited] [expressed in Canadian dollars, except number of shares]

For the three and nine months ended September 30,	2024	2023	2024	2023
	\$	\$	\$	\$
REVENUE <i>[note 21]</i>	7,718,514	7,279,874	24,223,060	22,041,314
OPERATING EXPENSES				
Content and productions costs	4,508,486	4,475,466	13,020,365	13,351,309
Sales and marketing	305,810	810,461	2,930,239	2,471,880
Legal and consulting	225,014	404,938	570,792	1,287,140
Salaries and benefits	2,195,197	1,923,298	6,590,504	5,656,777
Share-based compensation <i>[note 15]</i>	290,206	519,169	724,655	1,816,855
General and administrative	391,468	426,368	1,339,047	1,485,711
Depreciation and amortization	364,628	387,774	1,331,807	807,019
Foreign exchange loss	46,529	149,850	99,110	3,282
Interest and other expense	39,936	94,263	179,271	38,351
Total operating expenses	8,367,274	9,191,587	26,785,790	26,918,324
Loss before income taxes	(648,760)	(1,911,713)	(2,562,730)	(4,877,010)
Income tax (recovery) expense	174,349	12,653	162,565	(14,096)
NET LOSS	(823,109)	(1,924,366)	(2,725,295)	(4,862,914)
Other comprehensive loss				
Item that may be reclassified subsequently to income:				
Exchange (gain) loss on translation of foreign operations	3,465	127,714	102,207	(29,013)
Total other comprehensive income	3,465	127,714	102,207	(29,013)
COMPREHENSIVE LOSS	(819,644)	(1,796,652)	(2,623,088)	(4,891,927)
Net loss attributable to:				
Equity owners of the Company	(270,291)	(1,755,400)	(1,403,242)	(4,547,906)
Non-controlling interests <i>[note 16]</i>	(552,818)	(168,965)	(1,322,053)	(315,008)
	(823,109)	(1,924,365)	(2,725,295)	(4,862,914)
Net loss per share - basic and diluted	(0.00)	(0.01)	(0.00)	(0.01)
Weighted average number of shares outstanding				
- basic and diluted	521,880,501	456,932,288	516,614,549	455,891,677

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statements of changes in shareholders' equity

For the six months ended June 30, 2024 and 2023

[unaudited] [expressed in Canadian dollars, except number of shares]

	Common shares #	Share capital \$	Warrants \$	Share-based payment reserve \$	Non-controlling interests \$	Foreign exchange translation reserve \$	Accumulated deficit \$	Total \$
Balance, December 31, 2022	452,087,472	49,344,015	4,011,555	11,906,601	(445,448)	52,341	(57,466,809)	7,402,255
Issuance of common shares and warrants, net of issuance costs [note 14]	30,000,000	1,454,647	453,374	35,403	—	—	—	1,943,424
Share-based compensation [note 15]	—	—	—	2,075,371	—	—	—	2,075,371
Restricted share units redeemed [note 15]	6,999,993	1,509,381	—	(1,509,381)	—	—	—	—
Share options exercised [note 15]	20,830	2,510	—	(947)	—	—	—	1,563
Acquisition of Maxamtech [note 4]	—	—	—	—	295,260	—	—	295,260
Comprehensive loss	—	—	—	—	(769,081)	(86,651)	(8,977,265)	(9,832,997)
Balance, December 31, 2023	489,108,295	52,310,553	4,464,929	12,507,047	(919,269)	(34,310)	(66,444,074)	1,884,876
Issuance of common shares and warrants, net of issuance costs [note 14]	26,299,571	1,056,954	602,781	41,026	—	—	—	1,700,761
Share-based compensation [note 15]	—	—	—	724,656	—	—	—	724,656
Restricted share units redeemed [note 15]	7,466,657	1,269,026	—	(1,269,026)	—	—	—	—
Comprehensive loss	—	—	—	—	(1,322,053)	102,207	(1,403,242)	(2,623,088)
Balance, September 30, 2024	522,874,523	54,636,533	5,067,710	12,003,703	(2,241,322)	67,897	(67,847,316)	1,687,205

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statements of cash flows

[unaudited] [expressed in Canadian dollars]

For the nine months ended September 30,

	2024	2023
	\$	\$
Operating activities		
Net loss	(2,725,295)	(4,862,914)
Adjustments to reconcile net loss to net cash used in operating activities:		
Unrealized foreign exchange (gain) loss	(116,440)	(30,035)
Depreciation and amortization	1,331,807	807,019
Share-based compensation	724,655	1,816,855
Income tax expense	162,565	14,096
Interest expense	19,360	32,918
	(603,348)	(2,222,061)
Changes in non-cash working capital items		
Trade receivables	(3,010,274)	2,133,759
Other receivables	845,061	(1,403,106)
Prepaid expenses	(140,502)	(563,202)
Security deposit	(2,601)	(24,233)
Trade and other payables	1,672,887	960,923
Deferred revenue	73,140	(246)
Cash provided used operating activities	(1,165,637)	(1,118,166)
Investing activities		
Capitalized programming asset	(219,682)	(499,631)
Purchase of property and equipment	(33,520)	(52,413)
Capitalized intangible asset	(742,634)	(569,235)
Contingent consideration payment	(241,346)	—
Acquisition of Maxamtech [note 4]	—	2,771
Cash used in investing activities	(1,237,182)	(1,118,508)
Financing activities		
Repayment of lease obligation [note 8]	(180,714)	(228,169)
Proceeds from borrowings [note 10]	933,027	—
Repayment of loan	(1,558)	(2,313)
Proceeds from exercise of options	—	1,565
Revolving credit facility [note 9]	88,477	652,267
Issuance of shares and warrants, net of issuance costs [note 13]	1,700,761	—
Cash provided by financing activities	2,539,993	423,350
Net change in cash	137,174	(1,813,324)
Effect of foreign exchange on cash	480	3,884
Cash, beginning of year	736,713	3,510,951
Cash, end of year	874,367	1,701,511

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[unaudited] [expressed in Canadian dollars, unless otherwise noted]

1. BUSINESS AND ORGANIZATION

QYOU Media Inc. ("QYOU" or the "Company") was incorporated pursuant to the Business Corporations Act (Alberta) on July 30, 1993 under the name "575161 Alberta Inc.". The registered and head office of the Company is 154 University Avenue, Suite 601, Toronto, ON M5H 3Y9. The Company is a global media company that, through its subsidiaries, curate, produce and distributes content created by social media stars and digital content creators.

The Company has the following subsidiaries:

Entity name	Country	Ownership percentage	Ownership percentage
		September 30, 2024	December 31, 2023
			%
QYOU Media Inc.	Canada	100	100
QYOU Productions Inc.	Canada	100	100
QYOU Limited	Ireland	100	100
QYOUTV International Limited	Ireland	100	100
QYOU USA Inc.	USA	100	100
QYOU Media India Private Ltd.	India	88	88
Chatterbox Technologies Private Ltd.	India	98	98
Maxamtech Digital Ventures Private Limited	India	51	51

Going Concern Uncertainty

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

The Company has not yet achieved profitable operations for the period ended September 30, 2024 and as at September 30, 2024, has an accumulated deficit of \$67,847,316 (December 31, 2023 – deficit of \$66,444,074). 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. As at September 30, 2024, the Company used \$1,165,637 in operating activities (December 31, 2023 - \$2,363,052) and had a working capital deficit of \$1,190,167 (December 31, 2023 - \$1,175,803).

The Company anticipates it has sufficient cash on hand to service its liabilities and generates sufficient revenue to fund operating costs for the immediate future. The application of the going concern assumption is dependent on the Company's ability to generate future profitable operations or obtain necessary financing. While the Company anticipates a positive cash flow position and has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in the future.

2. BASIS OF PRESENTATION**[a] Statement of Compliance**

These unaudited condensed consolidated interim financial statements ("financial statements") have been prepared by management using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022. These financial statements have been prepared in compliance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022.

The timely preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the financial

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[unaudited] [expressed in Canadian dollars, unless otherwise noted]

statements, and the reported amounts of revenue and expenses during the nine months ended September 30, 2024. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 29, 2024.

[b] Functional Currency and Presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of QYOU Media Inc.

The functional currencies of the Company's subsidiaries are as follows:

Name of Subsidiary	Jurisdiction of incorporation	Functional currency
QYOU Media Inc.	Canada	Canadian dollar
QYOU Productions Inc.	Canada	Canadian dollar
QYOU Limited	Ireland	Euro
QYOUTV International Limited	Ireland	Euro
QYOU USA Inc.	USA	US dollar
QYOU Media India Private Ltd.	India	Indian rupee
Chatterbox Technologies Private Ltd.	India	Indian rupee
Maxamtech Digital Ventures Private Limited	India	Indian rupee

[c] Basis of Consolidation

The interim financial statements incorporate the financial information of the Company and the subsidiaries over which the Company has control. An entity is controlled when the Company has the ability to direct the relevant activities of the entity, has exposure or rights to variable returns from its involvement with the entity and is able to use its power over the entity to affect its returns from the entity.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control as prescribed by IFRS 10 – Consolidated Financial Statements. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the unaudited consolidated interim statements of operations and comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intercompany assets and liabilities, equity, income, expenses and cash flows are eliminated in full on consolidation.

[d] Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make estimates and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, consistent with those disclosed in the audited consolidated financial statements for the years ended December 31, 2023 and 2022 and described in these financial statements. Actual results could differ materially from the amounts included in the financial statements.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[unaudited] [expressed in Canadian dollars, unless otherwise noted]

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies used in preparing these financial statements are unchanged from those disclosed in the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022, and have been applied consistently to all periods presented in these financial statements.

Accounting Policies Adopted During the Period

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments to IAS 1 specify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity must disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are to be applied retrospectively. The adoption of these amendments did not have a material impact on the consolidated interim financial statements.

4. BUSINESS COMBINATION

Maxamtech

On January 31, 2023, the Company subscribed for newly issued common shares of Maxamtech Digital Ventures Private Limited ("Maxamtech") for cash consideration of \$467,500, resulting in the Company owning 51% of the issued and outstanding common shares. Maxamtech is an India based venture creating technology and games for the mobile gaming industry and is part of the Company's international distribution and strategic partnership growth strategy. The share acquisition of Maxamtech qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Maxamtech have been included in the consolidated interim financial statements of the Company from the date of acquisition, which is the date the Company obtained control.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[unaudited] [expressed in Canadian dollars, unless otherwise noted]

The allocation of the total consideration to the fair value of the identifiable assets acquired and liabilities assumed as at the date of the acquisition was as follows:

	\$
Total cash consideration paid	467,500
Net identifiable assets acquired (liabilities assumed)	
Cash	470,269
Trade receivables	77,969
Other receivables	19,376
Property and equipment, net	7,052
Intangible assets - Platform Development	191,000
Deferred tax liability	(54,369)
Trade and other payables	(163,094)
	548,203
Purchase price allocation	
Net identifiable assets acquired	548,203
Non-controlling interest	(295,260)
Goodwill	214,557
	467,500
Net cash outflows	
Cash consideration paid	467,500
Cash acquired	(470,269)
	(2,769)

Non-controlling interest is recognized at the non-controlling interest's proportionate share of Maxamtech's fair value of identifiable net assets.

Goodwill arising from the acquisition reflects the benefits attributable to synergies, revenue growth and future market development. These benefits were not recognized separately from goodwill as they did not meet the recognition criteria for identifiable intangible assets. Goodwill is not deductible for income tax purposes. Goodwill is tested for impairment annually as at December 31 or more frequently if events or changes in circumstances indicate that they may be impaired.

QYOU Media Inc. has provided Maxamtech with an intercompany loan in the amount of \$330,000 as of December 31, 2023, fulfilling its commitment made at the time of acquisition. The Company also provided additional intercompany loans of \$2,400,000 to date.

The Company has the option, at its sole discretion, to acquire the remaining 49% of the shares of Maxamtech over the next three years (12% in 2024, 20% in 2025 and 17% in 2026). The purchase price for the shares is based on a fixed multiple of earnings before interest, taxes and depreciation based on a formula defined in the acquisition agreement. The option meets the definition of a derivative assets and will be revalued at each reporting period. As at September 30, 2024, the Company has determined that the options have a fair value of \$nil.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[unaudited] [expressed in Canadian dollars, unless otherwise noted]

5. PROPERTY AND EQUIPMENT

The Company's property and equipment are as follows:

	Computer hardware and equipment	Furniture and fixtures	Total
Cost	\$	\$	\$
As at December 31, 2022	372,561	327,057	699,618
Additions	34,558	59,598	94,156
Acquisition	6,371	681	7,052
Foreign exchange	(5,961)	(7,502)	(13,463)
As at December 31, 2023	407,529	379,834	787,363
Additions	10,233	23,287	33,520
Foreign exchange	6,830	2,550	9,380
As at September 30, 2024	424,592	405,671	830,263

	Computer hardware and equipment	Furniture and fixtures	Total
Accumulated depreciation	\$	\$	\$
As at December 31, 2022	279,638	275,147	554,785
Depreciation	62,529	18,782	81,311
Foreign exchange	(19,784)	8,924	(10,860)
As at December 31, 2023	322,383	302,853	625,236
Depreciation	48,396	39,076	87,472
Foreign exchange	7,827	1,426	9,253
As at September 30, 2024	378,606	343,355	721,961

	Computer hardware and equipment	Furniture and fixtures	Total
Net book value	\$	\$	\$
As at December 31, 2023	85,146	76,981	162,127
As at September 30, 2024	45,986	62,316	108,302

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[unaudited] [expressed in Canadian dollars, unless otherwise noted]

6. CAPITALIZED PROGRAMMING ASSET

The Company's capitalized programming asset are as follows:

Cost	\$
As at December 31, 2022	1,526,719
Additions	
<i>Original programming asset</i>	499,937
<i>Licensed content asset</i>	1,318,021
Effects of foreign exchange	(225,814)
As at December 31, 2023	3,118,863
Additions	
<i>Original programming asset</i>	—
<i>Licensed content asset</i>	235,457
Effects of foreign exchange	181,991
As at September 30, 2024	3,536,311
Accumulated amortization	\$
As at December 31, 2022	398,727
Amortization	
<i>Original programming asset</i>	735,189
<i>Licensed content asset</i>	690,219
Effects of foreign exchange	(30,029)
As at December 31, 2023	1,794,106
Amortization	
<i>Original programming asset</i>	337,593
<i>Licensed content asset</i>	574,023
Effects of foreign exchange	150,873
As at September 30, 2024	2,856,595
Net book value	\$
As at December 31, 2023	1,324,757
As at September 30, 2024	679,716

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[unaudited] [expressed in Canadian dollars, unless otherwise noted]

7. RIGHT-OF-USE ASSETS

The Company has four office leases with maturities ranging between 1 to 2 years.

The Company's right-of-use assets are as follows:

	\$
Balance – December 31, 2022	361,228
Additions	212,008
Depreciation	(285,915)
Effects of foreign exchange	(9,265)
Balance – December 31, 2023	278,056
Depreciation	(149,567)
Effects of foreign exchange	5,673
Balance – September 30, 2024	134,162

8. LEASE LIABILITIES

The Company's lease liabilities are as follows:

	\$
Balance – December 31, 2022	418,109
Additions	212,008
Add: Interest expense	42,553
Less: Lease payments	(317,255)
Effects of foreign exchange	(42,109)
Balance – December 31, 2023	313,306
Add: Interest expense	19,360
Less: Lease payments	(180,714)
Effects of foreign exchange	6,312
Balance – September 30, 2024	158,264
Current	104,053
Non-current	54,211

9. REVOLVING CREDIT FACILITY

	\$
Opening liability balance	694,890
Additional borrowings	776,926
Principal repayments	(1,401,748)
Accrued interest	37,839
Effects of foreign exchange	(13,752)
Balance - December 31, 2023	94,155
Additional borrowings	4,887,789
Principal repayments	(4,913,726)
Accrued interest	112,653
Effects of foreign exchange	1,761
Balance - September 30, 2024	182,632

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[unaudited] [expressed in Canadian dollars, unless otherwise noted]

On September 28, 2023 ("date of advance"), the Company finalized the terms of a revolving credit facility with Oxford Commercial Finance Corp. D/B/A FSW Funding and received loan proceeds of \$694,890 (\$515,000 USD). At any given time, the facility limit is the lesser of \$2,700,000 (\$2,000,000 USD) or 85% of the outstanding eligible trade receivables minus reserve payments of the Company's subsidiary QYOU USA Inc. ("QUSA"). As at September 30, 2024, \$182,632 (\$135,065 USD) of the \$574,677 (\$425,000 USD) facility limit was withdrawn.

	September 30, 2024		
	Available	Drawn	Undrawn
Revolving credit facility	574,677	182,632	392,045

The facility bears either an annual interest rate of the Wall Street Journal reported prime rate as at September 30, 2024 plus 4.5% or \$8,890 (\$6,500 USD) per month, whichever is greater. The initial term of the facility was 12 months from the closing date and the Company exercised its option to extend for another 12 months. Subsequent to period end, the Company terminated the revolving credit facility in October 2024, therefore fully paying the outstanding balance. As at September 30, 2024, \$574,677 (\$425,000 USD) or 15% of QUSA's trade receivables are being used as collateral for the facility.

The facility was recognized as a financial liability at amortized cost and using the effective interest rate of 25%. In addition, the Company incurred Facility Agreement costs of \$44,034 (\$33,293 USD) to obtain the facility.

10. BORROWINGS

On May 20, 2020 ("date of advance"), the Company received a loan for gross proceeds of \$206,700 (USD \$150,000) from the U.S. Small Business Administration under the Economic Injury Disaster Loan program. The loan bears annual interest at a rate of 3.75%. Monthly repayments of \$996 (USD \$731) will commence 12 months from the date of advance and the loan matures 30 years from the date of advance.

The benefit of the government loan received at below market rate of interest is treated as a government grant. The loan was recognized at fair value using the Company's incremental borrowing rate of 17%, \$58,955. The difference between the initial carrying amount and proceeds received is the value of the grant of \$147,745. The Company recognized in income the value of the grant as it incurred the related expenses for which the grant was intended to compensate. The full value of the grant had been recognized in income during the year ended June 30, 2020 as a deduction of the related operating expenses.

Between July 1 and September 23, 2024, the Company received loans for gross proceeds of \$897,003 from creditors. The loans bear monthly interest at a rate of 1% of the principal amount in arrears, and are due to be repaid in full between December 1, 2024 and March 1, 2025.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[unaudited] [expressed in Canadian dollars, unless otherwise noted]

The balance outstanding as at September 30, 2024 is as follows:

	\$
Balance - December 31, 2022	64,753
Interest and accretion expense	6,800
Payments	(6,966)
Effects of foreign exchange	(3,980)
Balance - December 31, 2023	60,607
Additional Borrowings	897,003
Interest and accretion expense	35,851
Payments	(15,148)
Effects of foreign exchange	13,763
Balance - September 30, 2024	992,076
Current	940,783
Non-current	51,293

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[unaudited] [expressed in Canadian dollars, unless otherwise noted]

11. INTANGIBLE ASSETS

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

	Brand QYOU	Brand Chatterbox	Customer relationships	Platform	Total
	\$	\$	\$	\$	\$
As at December 31, 2022	85,467	611,957	294,660	—	992,084
Additions	—	—	—	244,307	244,307
Acquisition - Maxamtech	—	—	—	191,000	191,000
Effects of foreign exchange	993	(17,933)	(8,635)	(45,674)	(71,249)
As at December 31, 2023	86,460	594,024	286,025	389,633	1,356,142
Additions	—	—	—	742,634	742,634
Effects of foreign exchange	195	18,999	9,148	74,557	102,899
As at September 30, 2024	86,655	613,023	295,173	1,206,824	2,201,675

	Brand QYOU	Brand Chatterbox	Customer relationships	Platform	Total
	\$	\$	\$	\$	\$
Accumulated amortization					
As at December 31, 2022	—	—	76,119	—	76,119
Amortization	—	—	48,998	26,723	75,721
Impairment of intangible asset	86,283	—	—	—	86,283
Effects of foreign exchange	177	—	(3,579)	(736)	(4,138)
As at December 31, 2023	86,460	—	121,538	25,987	233,985
Amortization	—	—	36,299	163,524	199,823
Effects of foreign exchange	195	—	41,415	1,172	42,782
As at September 30, 2024	86,655	—	199,252	190,683	476,590

	Brand QYOU	Brand Chatterbox	Customer relationships	Platform	Total
	\$	\$	\$	\$	\$
Net book value					
As at December 31, 2023	—	594,024	164,487	363,646	1,122,157
As at September 30, 2024	—	613,023	95,921	1,016,141	1,725,085

12. GOODWILL

A summary of the Company's goodwill is as follows:

	\$
Balance – December 31, 2022	—
Acquisition - Maxamtech	214,557
Balance - December 31, 2023	214,557
Balance - September 30, 2024	214,557

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13. CONTINGENT CONSIDERATION

The contingent consideration is classified as Level 3 in the fair value hierarchy. The contingent consideration fair value is based on the present value of the estimated likely obligation. The Company recorded no gain or loss on the remeasurement of contingent consideration (December 31, 2023 – nil), and as at September 30, 2024, the fair value of the contingent consideration was \$822,790 (December 31, 2023 - \$1,029,912). The Company uses a scenario-based model to independently assess individual earnouts and calculate the fair value of the earnout based on probabilities of success attributable to each individual scenario. The significant assumptions used in making the estimates are revenue growth rate and discount rate. A 10% change in the discount rate used in the valuation of the contingent consideration as at September 30, 2024 would change the valuation of the liability by approximately \$1,440 (2023 – approximately \$1,440).

Subsequent to period end, the Company fully paid the second contingent consideration, in the amount of \$480,000 (INR 29,258,105) and received an additional 1% of the shares of Chatterbox.

The contingent consideration as at September 30, 2024:

	\$
Balance - December 31, 2023	1,029,912
Payment of contingent consideration	(241,346)
Effects of foreign exchange	34,224
Balance - September 30, 2024	822,790
Current	822,790
Non-current	—

14. SHARE CAPITAL

	Common shares #	Share capital \$	Warrants #	Warrants \$	Compensation options #	Compensation options amount within share-based payment reserve \$
Balance, December 31, 2022	452,087,472	49,344,015	36,200,780	4,011,555	5,195,121	1,614,998
Issuance of common shares and warrants, net of issuance costs [c]	30,000,000	1,454,647	30,000,000	453,374	1,695,561	35,403
RSUs redeemed [a]	6,999,993	1,509,381	—	—	—	—
Share options exercised [b]	20,830	2,510	—	—	—	—
Compensation options and warrants expired	—	—	(20,560,780)	—	(3,212,817)	(1,266,780)
Balance, December 31, 2023	489,108,295	52,310,553	45,640,000	4,464,929	3,677,865	383,621
Issuance of common shares and warrants, net of issuance costs [e]	26,299,571	1,056,954	26,299,571	602,781	1,789,970	41,026
RSUs redeemed [d]	7,466,657	1,269,026	—	—	—	—
Balance, September 30, 2024	522,874,523	54,636,533	71,939,571	5,067,710	5,467,835	424,647

[a] During the twelve months ended December 31, 2023, 6,999,993 restricted share units were redeemed for 6,999,993 common shares.

[b] During the twelve months ended December 31, 2023, 20,830 share options were exercised for proceeds of \$2,510. Upon the exercise of the share options, 20,830 common shares were issued.

[c] On October 19, 2023, the Company completed a non-brokered private placement offering under the listed issuer financing exemption (LIFE) and issued a total of 30,000,000 units at a price of \$0.07 per share. The total gross proceeds from the issuance was \$2,100,000. Each unit is comprised of one common share of the Company and

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one common share purchase warrant exercisable to purchase one common share at a price of \$0.10 (a "10 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 until October 19, 2025. The fair value of each 10 Cent Warrant is \$0.02 per warrant, calculated using the Black-Scholes options pricing model with a market price per common share of \$0.07 on the date of grant, a risk-free interest rate of 4.88%, an expected annualized volatility of 71.98% and expected dividend yield of 0%.

Total transaction costs consisted of \$156,576 in cash and issuance of 1,695,561 compensation warrants to the agents in connection with the transaction. Each compensation warrant is exercisable into one common share at a price of \$0.10 until October 19, 2025. Total fair value of the compensation warrants was determined to be \$35,403. The fair value of the compensation warrants was determined using the Black-Scholes options pricing model with a market price per common share of \$0.07 on the date of grant, a risk-free interest rate of 4.88%, an expected annualized volatility of 71.98% and expected dividend yield of 0%.

[d] During the nine months ended September 30, 2024, 7,466,657 restricted share units were redeemed for 7,466,657 common shares.

[e] On January 26, 2024, the Company completed a non-brokered private placement offering under the listed issuer financing exemption (LIFE) and issued a total of 26,299,571 units at a price of \$0.07 per share. The total gross proceeds from the issuance was \$1,840,970. Each unit is comprised of one common share of the Company and one common share purchase warrant exercisable to purchase one common share at a price of \$0.10 (a "10 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 until January 26, 2026. The fair value of each 10 Cent Warrant is \$0.02 per warrant, calculated using the Black-Scholes options pricing model with a market price per common share of \$0.07 on the date of grant, a risk-free interest rate of 4.06%, an expected annualized volatility of 75.71% and expected dividend yield of 0%.

Total transaction costs consisted of \$37,584 in cash and issuance of 1,789,970 compensation warrants to the agents in connection with the transaction. Each compensation warrant is exercisable into one common share until January 26, 2026 at a price of \$0.10. Total fair value of the compensation warrants was determined to be \$41,026. The fair value of the compensation warrants was determined using the Black-Scholes options pricing model with a market price per common share of \$0.07 on the date of grant, a risk-free interest rate of 4.06%, an expected annualized volatility of 75.71% and expected dividend yield of 0%.

The following is a summary of the Company's warrants outstanding as at September 30, 2024:

Expiry Date	Exercise Price	Number Outstanding
	\$	#
November 17, 2024	0.20	15,640,000
October 19, 2025	0.10	30,000,000
January 26, 2026	0.10	26,299,571
	0.12	71,939,571

The following is a summary of the Company's warrants outstanding as at December 31, 2023:

Expiry Date	Exercise Price	Number Outstanding
	\$	#
November 17, 2024	0.20	15,640,000
October 19, 2025	0.10	30,000,000
	0.13	45,640,000

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The following is a summary of the Company's compensation options outstanding as at September 30, 2024:

Expiry Date	Exercise Price	Number Outstanding
	\$	#
November 17, 2024	0.20	1,982,304
October 19, 2025	0.10	1,695,561
January 26, 2026	0.10	1,789,970
	0.14	5,467,835

The following is a summary of the Company's compensation options outstanding as at December 31, 2023:

Expiry Date	Exercise Price	Number Outstanding
	\$	#
November 17, 2024	0.20	1,982,304
October 19, 2025	0.10	1,695,561
	0.13	3,677,865

15. SHARE-BASED COMPENSATION

The Company has established a share option plan and restricted share unit ("RSU") plan for directors, officers, employees and consultants of the Company. The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in these plans and the term, vesting periods, and the exercise price of share options granted to individuals under the share option plan.

Each share option converts into one common share of the Company on exercise and on receipt of exercise price. Each RSU converts into one common share of the Company on the date of vesting at \$nil exercise price. Share options may be exercised at any time from the date of vesting to the date of their expiry.

[i] Share options

Changes in the number of share options during the period ended September 30, 2024:

	Number of options	Weighted average exercise price
	#	\$
Outstanding as at December 31, 2022	33,171,833	0.19
Granted	8,650,000	0.20
Forfeited	(462,904)	0.14
Exercised	(20,830)	0.08
Outstanding as at December 31, 2023	41,338,099	0.18
Granted	710,000	0.04
Forfeited	(232,906)	0.09
Expired	(4,645,829)	0.07
Outstanding as at September 30, 2024	37,169,364	0.19
Exercisable as at September 30, 2024	28,149,087	0.19

There were 710,000 share options granted for the nine months ended September 30, 2024. The fair value of share options granted during the period ended September 30, 2024 were determined at the date of grant using the Black Scholes option pricing model using the following inputs:

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	September 30, 2024	December 31, 2023
Grant date share price	\$0.04	\$0.12
Exercise price	\$0.04	\$0.13
Expected dividend yield	--	--
Risk free interest rate	3.09%	3.22%
Expected life	5 years	5 years
Expected volatility	99%	108%

The following table is a summary of the Company's share options outstanding as at September 30, 2024:

Options outstanding			Options exercisable	
Exercise price	Number outstanding	Weighted average remaining contractual life [years]	Exercise price	Number exercisable
\$	#	#	\$	#
0.04	710,000	4.840	0.04	29,660
0.05	7,622,903	0.830	0.05	7,622,903
0.13	8,319,799	3.280	0.13	3,483,859
0.18	4,350,000	1.320	0.18	3,987,508
0.21	1,891,660	2.520	0.21	1,169,037
0.28	3,425,000	2.150	0.28	2,506,556
0.30	8,550,002	1.420	0.30	7,474,512
0.36	2,000,000	1.700	0.36	1,625,052
0.37	300,000	1.660	0.37	250,000
0.19	37,169,364	1.907	0.19	28,149,087

The following table is a summary of the Company's share options outstanding as at December 31, 2023:

Options outstanding			Options exercisable	
Exercise price	Number outstanding	Weighted average remaining contractual life [years]	Exercise price	Number exercisable
\$	#	#	\$	#
0.050	7,622,903	1.580	0.050	6,757,281
0.060	2,000,000	0.450	0.060	2,000,000
0.075	2,837,489	0.160	0.075	2,837,488
0.125	8,348,551	4.030	0.125	1,958,284
0.180	4,350,000	2.070	0.180	3,171,901
0.210	1,904,155	2.200	0.210	839,415
0.275	3,425,000	2.900	0.275	1,915,850
0.300	8,550,001	2.170	0.300	5,862,117
0.360	2,000,000	2.450	0.360	1,250,040
0.370	300,000	2.410	0.370	193,750
0.176	41,338,099	2.400	0.167	26,786,126

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[iii] RSUs

Changes in the number of RSUs during the period ended September 30, 2024 were as follows:

	Number of RSUs #	Number exercisable #
Outstanding as at December 31, 2022	11,716,658	—
Vested	—	6,999,993
Granted	3,050,000	—
Forfeited	—	—
Redeemed	(6,999,993)	(6,999,993)
Outstanding as at December 31, 2023	7,766,665	—
Vested	—	7,466,657
Granted	13,000,000	—
Forfeited	—	—
Redeemed	(7,466,657)	(7,466,657)
Outstanding as at September 30, 2024	13,300,008	—

During the periods ended September 30, 2024 and 2023, the Company recognized the share-based compensation expense associated with share options and RSUs issued under the share options and RSU plans as follows:

For the three and nine months ended September 30,	2024	2023	2024	2023
	\$	\$	\$	\$
Share options	114,336	312,098	436,196	1,088,492
RSUs	175,870	207,071	288,459	728,363
Share-based compensation expense	290,206	519,169	724,655	1,816,855

16. NON-CONTROLLING INTEREST

The Company has an 88% (2023 – 88%) ownership interest in QYOU India and an 51% (2023 – 51%) ownership interest in Maxamtech.

Reconciliation of non-controlling interest is as follows:

	QYOU India	Maxamtech	Total
	\$	\$	\$
Balance — December 31, 2022	(445,448)	—	(445,448)
Acquisition of Maxamtech	—	295,260	295,260
Share of net loss for the period	(309,749)	(459,332)	(769,081)
Balance - December 31, 2023	(755,197)	(164,072)	(919,269)
Share of net loss for the period	(592,484)	(729,569)	(1,322,053)
Balance - September 30, 2024	(1,347,681)	(893,641)	(2,241,322)

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The following is a summary of stand-alone financial results of QYOU India and Maxamtech:

	As at September 30, 2024		As at December 31, 2023	
	QYOU India	Maxamtech	QYOU India	Maxamtech
	\$	\$	\$	\$
Current assets	2,484,848	163,584	2,623,664	194,840
Non-current assets	815,979	966,521	1,495,852	432,647
Current liabilities	1,784,285	320,553	1,495,351	166,087
Non-Current liabilities	—	359	—	354

	For the three and nine months ended September 30, 2024		For the three and nine months ended September 30, 2023	
	QYOU India	Maxamtech	QYOU India	Maxamtech
	\$	\$	\$	\$
Revenue (three months ended)	1,015,302	15,392	1,509,590	696
Revenue (nine months ended)	3,880,224	328,401	5,957,709	2,196
Net loss (three months ended)	(2,638,181)	(482,115)	(2,351,862)	(96,870)
Net loss (nine months ended)	(4,937,368)	(1,488,917)	(1,668,482)	(227,559)

17. CONTINGENCIES

In the ordinary course of business, from time to time the Company is involved in various claims related to operations, rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these financial statements.

18. RELATED PARTY TRANSACTIONS

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

For the nine months ended September 30,	2024	2023
	\$	\$
Salaries, benefits, commissions and consulting fees	2,141,729	2,099,537
Share-based payments	297,430	1,007,425
	2,439,159	3,106,962

Included in trade and other payables is \$220,020 (September 30, 2023 - \$187,551) owing to executives for bonus, expense reimbursement and sales commissions.

19. FINANCIAL INSTRUMENTS**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 significant customers who wish to trade on credit terms. As at September 30, 2024, two customers represented 33% (December

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[unaudited] [expressed in Canadian dollars, unless otherwise noted]

31, 2023 – 2 customers represented 25%) of the outstanding trade receivable balance. As at September 30, 2024, the Company recorded a provision of \$53,224 for expected credit loss (December 31, 2023 - \$116,143).

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 aging of trade receivables is as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Current	2,824,360	1,946,518
31 to 60 days	2,334,677	998,052
61 to 90 days	983,097	597,724
> 90 days	560,696	213,181
	6,702,830	3,755,475
Less: credit loss impairment	53,224	116,143
Total trade receivables	6,649,606	3,639,332

The movement in the allowance of impairment of trade receivables during the period is as follows:

	\$
Outstanding as at December 31, 2022	113,740
Net remeasurement of loss allowance	2,403
As at December 31, 2023	116,143
Net remeasurement of loss allowance	(62,919)
As at September 30, 2024	53,224

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 as of September 30, 2024:

	Carrying amount	Total contractual cash flows	Year 1	Year 2	Year 3	Year 4	Year 5 and beyond
	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	8,833,069	8,833,069	8,833,069	—	—	—	—
Lease liabilities	158,264	171,893	114,942	56,951	—	—	—
Contingent consideration	822,790	837,327	837,327	—	—	—	—
Revolving credit facility	182,632	189,132	189,132	—	—	—	—
Borrowings	992,076	984,971	695,317	11,176	11,176	11,176	256,126

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Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

Foreign Currency risk

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company's primary exposure with respect to foreign currencies is from USD and Indian Rupee denominated cash and other payables. A 1% change in the foreign exchange rates would change the valuation of foreign currency denominated cash and other payable as at September 30, 2024 by approximately \$9,300 (December 31, 2023 – approximately \$13,500).

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 exposed to cash flow interest rate risk on its revolving credit facility. A 1% change in the interest rates would not result in any significant impact to the financial statements.

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, 2024 and 2023.

Fair values

The carrying values of cash, trade receivables, other receivables, revolving credit facility, trade and other payables approximate the fair values due to the short-term nature of these items. The risk of material change in fair value is not considered to be significant due to a relatively short-term nature. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs, which are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The contingent consideration is recognized as Level 3 (Note 12) and recorded at fair value through profit and loss.

20. CAPITAL MANAGEMENT

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

The Company policy on dividends is to retain cash to keep funds available to finance operations and growth. Capital structure is managed within guidelines approved by the Board of Directors. The Company makes adjustments to its capital structure based on changes in economic conditions and planned requirements. The Company has the ability to adjust its capital structure by issuing new equity or debt.

21. SEGMENT INFORMATION

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, with appropriate aggregation. The chief operating decision maker is the 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. 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 India. Revenue and assets by geography are presented below:

As at and for three and nine months ended September 30, 2024

	Canada	USA	India	Total
Revenue (three months ending September 30, 2024)	7,605	4,042,816	3,668,093	7,718,514
Revenue (nine months ending September 30, 2024)	94,712	13,467,632	10,660,716	24,223,060
Current assets	149,438	4,383,185	5,368,442	9,901,065
Non-current assets	2,353,795	25,664	645,871	3,025,330

As at and for three and nine months ended September 30, 2023

	Canada	USA	India	Total
Revenue (three months ending September 30, 2023)	—	3,740,591	3,539,283	7,279,874
Revenue (nine months ending September 30, 2023)	—	10,908,191	11,133,123	22,041,314
Current assets	821,358	4,400,677	6,330,291	11,552,326
Non-current assets	359,081	38,690	3,025,307	3,423,078

As at September 30, 2024, two customers (2023 - one) represented 10% or more of total revenue. As at September 30, 2024, the two customer generated \$6,415,598 or 26% of total revenue (September 30, 2023 - \$3,721,273 or 17%) and had outstanding \$2,151,779 or 33% of total account receivables (September 30, 2024 - \$432,640 or 9%).

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22. SUBSEQUENT EVENTS

During October 2024, the Company finalized the terms of a loan agreement with Maximcash Solutions LLC and received loan proceeds of \$1,000,000 USD. The term of the loan is 12 months from the closing date. The principal balance, financing fees and applicable interest are to be fully repaid in 26 biweekly installments.

On October 31, 2024, 2,950,000 RSUs were redeemed for 2,950,000 common shares. Of the total, none were redeemed by related parties.

On November 17, 2024, 15,640,000 20 Cent Warrants expired.

On November 22, 2024, 1,050,005 RSUs were redeemed for 1,050,005 common shares. Of the total, 633,336 were redeemed by related parties.