



QYOU MEDIA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023

November 29th, 2024

QYOU Media Inc.

Management's Discussion and Analysis

As at September 30, 2024 and 2023

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 and nine months ended September 30, 2024 and 2023. This MD&A was prepared as of November 29, 2024 and should be read in conjunction with the Corporation's audited consolidated financial statements for the years ended December 31, 2023 and 2022, and the notes related thereto (the "Annual Financial Statements") and the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 and 2023 (the "Interim Financial Statements").

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.

Forward-Looking Statements

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

Company Overview

The Company was incorporated pursuant to the Business Corporations Act (Alberta) on July 30, 1993 under the name "575161 Alberta Inc." On April 10, 2014, the Company amended its articles to change its name to "Galleria Opportunities Ltd." Effective March 13, 2017, the Company completed a reverse takeover transaction (the "Transaction") pursuant to which QYOU Media Holdings Inc. became a wholly owned subsidiary of the Company and the security holders of QYOU Media Holdings Inc. became security holders of the Company. QYOU Media Holdings Inc. is the entity resulting from the amalgamation of QYOU Media Inc. (as it was then called) and 2561287 Ontario Ltd. (then a wholly owned

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subsidiary of the Company) on March 13, 2017 as part of the Transaction. Subsequently, on June 30, 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 Inc. and its subsidiaries.

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.

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.

On September 20, 2018, QYOU Media India Private Limited ("QYOU India") was incorporated to serve the rapidly growing Indian market focusing on television, over-the-top (OTT) and mobile offerings targeted at the youth of India. Effective June 1, 2020, the Company increased its ownership interest in 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 to 12% (June 30, 2019 – 18%). In June 2022, the Company injected cash of \$1,272,515 in exchange for 100% of Compulsorily Convertible Preference Shares ("CCPS").

On June 14, 2021, the Company acquired 97% of the outstanding common shares of Chatterbox Technologies Private Limited ("Chatterbox"), an award-winning influencer marketing company based in India. During the three months ended June 30, 2022, the Company acquired an additional 1% of the shares of Chatterbox in connection with the first contingent consideration payment, resulting in a decrease of the ownership interest held by non-controlling shareholders to 2%.

Effective July 1, 2021, the Company amalgamated QYOU Media Inc. and a wholly-owned subsidiary QYOU Media Holdings Inc. into QYOU Media Inc.

On January 31, 2023, the Company subscribed newly issued common shares of Maxamtech Digital Ventures Private Limited ("Maxamtech"), an India based venture creating technology and games for the mobile gaming industry, resulting in the Company owning 51% of the issued and outstanding common shares.

Description of the Business

QYOU operates in India and the United States producing and distributing content created by social media stars and digital content creators. Founded and created by industry veterans from Lionsgate, MTV, Disney and Sony, QYOU's millennial and Gen Z-focused content reaches more than one billion consumers around the world every month.

In the United States, via QYOU USA Inc., we create and manage influencer marketing campaigns for major film studios, game publishers and other consumer brands and categories. This content is distributed via various large scale social platforms including TikTok, YouTube, Instagram, Snapchat and X.

In India, via the Company's television broadcast brand, The Q, and via additional digital channels (The Q Kahaniyan, QGameX, QToonz and RDC Movies), we curate, produce and distribute premium content via television for cable and satellite carriers, OTT, connected TV, mobile and app-based platforms. With a growing library of over 1,300 programs, the channels reach an estimated potential audience of over 800 million and are viewed weekly by over 115 million television and digital homes via partners including DD Free Dish, and via OTT, mobile, app based and smart TV platforms including JioTV, Snap, Samsung TV Plus, Xiaomi MiTV and various smart TV OEM manufacturers. Our India based influencer marketing division, Chatterbox, is among India's leading influencer marketing platforms connecting brands and social media influencers. Maxamtech operates the direct-to-consumer app *QGamesMela*, via its proprietary platform, *Gaming 360*.

2024 Financing

On January 26, 2024, the Company completed the listed issuer financing exemption ("LIFE") offering and issued 26,299,571 units as part of a private placement offering at a price of \$0.07 per unit. 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

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purchase warrant exercisable to purchase one common share at a price of \$0.10. One warrant is exercisable to purchase one common share in the capital of the Company until January 26, 2026.

Principal Purposes of Net Proceeds	Net Proceeds Allocated	Actual Use of Funds	Available Funds
Build out of Maxamtech and <i>QGamesMela</i> Gaming Business	\$ 350,000	\$1,091,037	\$ (741,037)
General working capital purposes	\$1,350,761	\$ 609,724	\$ 741,037
TOTAL	\$1,700,761	\$1,700,761	\$ Nil

2023 Financing

On October 19, 2023, the Company completed the listed issuer financing exemption ("LIFE") offering and issued 30,000,000 units as part of a private placement offering at a price of \$0.07 per unit. The total gross proceeds from the issuance was \$2,100,000. 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. One warrant is exercisable to purchase one common share in the capital of the Company until October 19, 2025.

Principal Purposes of Net Proceeds	Net Proceeds Allocated	Actual Use of Funds	Available Funds
Build out of Maxamtech and <i>QGamesMela</i> Gaming Business	\$ 500,000	\$ 1,308,963	\$ (808,963)
General working capital purposes	\$1,443,424	\$ 634,461	\$ 808,963
TOTAL	\$1,943,424	\$1,943,424	\$ Nil

Maxamtech Acquisition

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 financial statements of the Company from the date of acquisition, which is the date the Company obtained control.

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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.

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.

MD&A – Financial Highlights

To supplement our consolidated financial statements, which are prepared and presented in accordance with International Financial Reporting Standards ("IFRS"), we present Earnings Before Income Tax Depreciation and Amortization ("Adjusted EBITDA") which is a non-IFRS financial measure. The presentation of non-IFRS financial measurement are not intended to be considered in isolation from, or as a substitute for, or superior to, operating loss or net income (loss) or any other performance measures derived in accordance with IFRS or as an alternative to net cash provided by operating activities or any other measures of cash flows or liquidity.

We define Adjusted EBITDA as revenue minus operating expenses excluding non-cash or material non-recurring operating expenses including but not limited to stock-based compensation, gain or loss on remeasurement of contingent consideration, impairment of goodwill, remeasurement of derivatives, depreciation and amortization.

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Adjusted EBITDA is used as an internal measure to evaluate the performance of our operating segments. We believe that information about this non-IFRS financial measure assists investors by allowing them to evaluate changes in operating results of our business separate from non-operational factors that affect operating loss and net loss, thus providing insights into both operations and other factors that affect reported results. A limitation of the use of Adjusted EBITDA as a performance measure is that it does not reflect the periodic costs of certain amortizing assets used in generating revenue in our business. Furthermore, this measure may vary among companies; thus Adjusted EBITDA as presented herein may not be comparable to similarly titled measures of other companies.

Significant Events for the three months ended September 30, 2024

- a) The Company recorded the second consecutive positive quarterly Adjusted EBITDA, driven by strong revenue growth at influencer marketing business units and strategic operating cost control across the Company. The positive Adjusted EBITDA in the past two quarters has partially offset the Adjusted EBITDA loss in the first quarter. The Company started harnessing meaningful return on investment made in new strategic relationships in the social media space.
- b) The Company continued its year-over-year growth of revenue by \$438,640 or 6%, primarily driven by strong revenue growth at QUSA.

Selected Financial Highlights

The following table presents selected financial information for the three months ended September 30, 2024 and 2023:

For the three months ended September 30,	2024	2023	Change	Change
	\$	\$	\$	%
Revenue	7,718,514	7,279,874	438,640	6%
Content and production costs	4,508,486	4,475,466	(33,020)	-1%
Other operating expenses	3,164,018	3,714,915	550,897	15%
Total expenses	7,672,504	8,190,381	517,877	6%
Adjusted EBITDA	46,010	(910,507)	956,517	105%
Total non-cash and non-recurring items	654,834	906,943	252,109	28%
Interest & Taxes	214,285	106,916	(107,369)	-100%
Net loss	(823,109)	(1,924,366)	1,101,257	57%
Loss per share, basic and diluted	(0.00)	(0.01)		

Overall Financial Performance for the three months ended September 30, 2024 and 2023

Revenue

For the three months ended September 30, 2024, revenue increased by \$438,640 or 6% compared to prior year. The increase in revenue is primarily due to strong growth in the influencer marketing business units in the United States and India.

Expenses

For the three months ended September 30, 2024, content and production costs increased by \$33,020 or 1% compared to the same period prior year, primarily driven by production costs associated with QUSA's significant revenue growth.

Other operating expenses decreased by \$550,0897 or 15%, primarily due to the strategic cost control in the gaming segment and digital channels while continuing investment in relationships in the social media space. The business is well poised to take advantage of rapid growth in influencer marketing services. The Company also made concerted effort to control general and administrative costs via operation efficiencies to manage the business downturn due the unfavorable global macro-economic environment.

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Adjusted EBITDA

For the three months ended September 30, 2024 compared to the same period prior year, Adjusted EBITDA significantly improved by 105% from (\$910,507) to \$46,010 driven by strong revenue growth in the influencer marketing business units and strategic operating cost control across the Company. The Company started harnessing meaningful return on investment made in new strategic relationships in the social media space.

Non-cash and Non-recurring Items

For the three months ended September 30, 2024, non-cash or non-recurring items decreased by \$252,109 or 28% compared to the same period prior year, primarily driven by strategic decision to focus on core business of the influencer marketing business.

Interest and Taxes

For the three months ended September 30, 2024, interest and taxes was \$214,285 driven by tax provision for the consolidated business.

Net Loss

For the three months ended September 30, 2024, net loss improved by \$1,101,257 or 57% compared to the same period prior year, most significantly driven by strong revenue growth and strategic operating cost control offset by increase in workforce and other operating expenses associated with building the relationships in the social media space.

Cash

For the three months ended September 30,	2024 \$	2023 \$
Cash provided by (used in) operating activities	(656,974)	183,691
Cash provided by (used in) investing activities	528	(198,526)
Cash provided (used) by financing activities	521,102	(79,826)
Effect of foreign exchange on cash	(845)	1,891
Cash and cash equivalents, beginning of period	1,010,556	1,794,281
Cash and cash equivalents, end of period	874,367	1,701,511

The Company concluded the three months ended September 30, 2024 with cash of \$874,367 (2023 - \$1,701,511).

Cash used in operating activities for the three months ended September 30, 2024 was \$656,974 compared to \$183,691 provided by operating activities in the three months ended September 30, 2023. The increase in cash used in operating activities is primarily due to strategic investment in relationships in the social media space.

Cash provided by investing activities for the three months ended September 30, 2024 was \$528 compared to \$198,526 used in the three months ended September 30, 2023. The decrease in the cash used in investing activities is primarily driven by strategic re-direction of investment into cash positive business units.

Cash provided by financing activities for the three months ended September 30, 2024 was \$521,102 compared to \$79,826 used in the three months ended September 30, 2023, mainly driven by the loans received during the period.

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Review of Operations for the Three Months Ended September 30, 2024 and 2023

For the three months ended September 30,	2024	2023	Change	Change
	\$	\$	\$	%
Revenue	7,718,514	7,279,874	438,640	6%
OPERATING EXPENSES				
Content and productions costs	4,508,486	4,475,466	(33,020)	-1%
Sales and marketing	305,810	810,461	504,651	62%
Legal and consulting	225,014	404,938	179,924	44%
Salaries and benefits	2,195,197	1,923,298	(271,899)	-14%
General and administrative	391,468	426,368	34,900	8%
Foreign exchange loss	46,529	149,850	103,321	69%
Total operating expenses	7,672,504	8,190,381	517,877	6%
Adjusted EBITDA	46,010	(910,507)	956,517	105%
Share-based compensation	290,206	519,169	228,963	44%
Depreciation and amortization	364,628	387,774	23,146	6%
Interest and other expenses	39,936	94,263	54,327	58%
Loss before income taxes	(648,760)	(1,911,713)	1,262,953	66%
Income tax expense (recovery)	174,349	12,653	(161,696)	-1278%
Net loss	(823,109)	(1,924,366)	1,101,257	57%

The following discussion includes an explanation of the primary factors in changes in operations for the three months ended September 30, 2024 and 2023. Less significant changes are not articulated.

Revenue

For the three months ended September 30, 2024, revenue increased by \$438,640 or 6% compared to the same period prior year. The increase in revenue is primarily due to strong revenue growth in the influencer marketing business units in the US and India.

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.

For the three months ended September 30, 2024, content and production costs increased by \$33,020 or 1% compared to the same period prior year, primarily driven by the increase in production costs associated with strong revenue growth at QUSA. As a percentage of total operating expenses, content and production costs were 59% during the period, compared to 55% for the same period prior year. As a percentage of sales, content and production costs were 58% in 2024 versus 61% in prior year, which represents an improvement in gross margins from 39% to 42%.

Operating Costs

Selling, general and administrative costs represented 9% of total operating expenses for the period ended September 30, 2024 compared to 15% in the same period prior year. Selling, general and administrative costs decreased by \$539,551 or 44% compared to the same period prior year, mainly driven by strategic cost control in gaming user acquisition offset by operation efficiencies achieved as the Company made concerted effort to control operating costs to manage the business downturn due the unfavorable global macro-economic environment.

Legal and consulting costs decreased by \$179,924 or 44% for the period ended September 30, 2024 compared to the same period prior year. Legal and consulting costs will fluctuate from period to period based on the nature of the transactions the Company undertakes.

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Salaries and benefits costs increased by \$271,899 or 14% for the period ended September 30, 2024 when compared to the same period prior year. The increase in salaries and benefit costs is due to strategic investment in the workforce to support rapid growth of operations in all operating business units.

General and administrative costs decreased by \$34,900 or 8% for the three months ended September 30, 2024 compared to the same period prior year, mainly driven by operation efficiencies achieved as the Company made concerted effort to control operating costs to manage the business downturn due the unfavorable global macro-economic environment.

Foreign Exchange Loss

Foreign exchange during the period ended September 30, 2024 was a loss of \$46,529 compared to \$149,850 in the same period prior year. The change in foreign exchange loss is a result of fluctuating exchange rates from transactions incurred in currencies other than the functional currency of the Company or its subsidiaries.

Adjusted EBITDA

For the three months ended September 30, 2024 compared to the same period prior year, Adjusted EBITDA significantly improved by 105% to \$46,010 driven by strong revenue growth in the influencer marketing business units and strategic operating cost control across the Company. The Company started harnessing meaningful return on investment made in new strategic relationships in the social media space.

Share-Based Compensation

Share-based compensation decreased by \$228,963 or 44% for the period ended September 30, 2024 compared to the same period prior year. The decrease directly related to exercised, expired, cancelled or redeemed options and RSUs during the period.

Depreciation and Amortization

Depreciation and amortization decreased by \$23,146 or 6% for the period ended September 30, 2024 compared to the same period prior year. The decrease is primarily due to fully depreciated original and licensed content programming assets.

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Review of Operations for the Nine Months ended September 30, 2024 and 2023

For the nine months ended September 30,	2024	2023	Change	Change
	\$	\$	\$	%
Revenue	24,223,060	22,041,314	2,181,746	10%
OPERATING EXPENSES				
Content and productions costs	13,020,365	13,351,309	330,944	2%
Sales and marketing	2,930,239	2,471,880	(458,359)	-19%
Legal and consulting	570,792	1,287,140	716,348	56%
Salaries and benefits	6,590,504	5,656,777	(933,727)	-17%
General and administrative	1,339,047	1,485,711	146,664	10%
Foreign exchange loss	99,110	3,282	(95,828)	2920%
Total operating expenses	24,550,057	24,256,099	(293,958)	-1%
Adjusted items				
Adjusted EBITDA	(326,997)	(2,214,785)	1,887,788	85%
Share-based compensation	724,655	1,816,855	1,092,200	60%
Depreciation and amortization	1,331,807	807,019	(524,788)	-65%
Interest and other expenses	179,271	38,351	(140,920)	-367%
Loss before income taxes	(2,562,730)	(4,877,010)	2,314,280	47%
Income tax expense (recovery)	162,565	(14,096)	(176,661)	-1253%
Net loss	(2,725,295)	(4,862,914)	2,137,619	44%

The following discussion includes an explanation of the primary factors in changes in operations for the nine months ended September 30, 2024 and 2023. Less significant changes are not articulated.

Revenue

For the nine months ended September 30, 2024, revenue increased by \$2,187,746 or 10% compared to the nine months ended September 30, 2023, driven by significant revenue growth in the influencer marketing business.

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.

For the nine months ended September 30, 2024, content and production costs decreased by \$330,944 or 2% as compared to the nine months ended September 30, 2023. As a percentage of total operating expenses, content and production costs were 53% compared to 55% in the same period prior year. As a percentage of sales, content and production costs were 54% versus 61% in the same period prior year, which represents an improvement in gross margins from 39% to 46%.

Operating Costs

Selling, general and administrative costs represented 17% of total operating expenses for the nine months ended September 30, 2024 compared to 16% for the same period prior year. Selling, general and administrative costs increased by \$311,695 or 8% compared to the same period prior year, mainly driven by strategic investment in gaming user acquisition in the first two quarters offset by operation efficiencies achieved as the Company made concerted

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effort to cut back general and administrative costs to manage operational risk associated with the unfavorable global macro-economic environment.

Legal and consulting costs decreased by \$716,348 or 56% for the nine months ended September 30, 2024 to \$570,792 compared to \$1,287,140 for the nine months ended September 30, 2023. Legal and consulting costs will fluctuate from period to period based on the nature of the transactions the Company undertakes.

Salaries and benefits costs increased by \$933,727 or 17% for the nine months ended September 30, 2024 when compared to \$5,656,777 for the nine months ended September 30, 2023. The increase in salaries and benefit costs is due to investment in workforce to support rapid growth of operations in the strategically important operating business units.

General and administrative costs decreased by \$146,664 or 10% for the nine months ended September 30, 2024 compared to \$1,485,711 for the nine months ended September 30, 2023, mainly driven by operation efficiencies achieved as the Company made concerted effort to control operating costs to manage the business downturn due the unfavorable global macro-economic environment.

Foreign Exchange Loss

Foreign exchange during the nine months ended September 30, 2024 was a loss of \$99,110 compared to a loss of \$3,282 in the same period prior year. The change in foreign exchange gain or loss is a result of fluctuating exchange rates from transactions incurred in currencies other than the functional currency of the Company or its subsidiaries.

Adjusted EBITDA

For the nine months ended September 30, 2024 compared to the same period prior year, Adjusted EBITDA significantly improved by 85%, driven by strong revenue growth in the influencer marketing business units and strategic operating cost control across the Company. The Company started harnessing meaningful return on investment made in new strategic relationships in the social media space. The Company recorded the second consecutive positive quarterly Adjusted EBITDA partially offsetting the Adjusted EBITDA loss in the first quarter.

Share-Based Compensation

Share-based compensation decreased by \$1,092,200 or 60% for the nine months ended September 30, 2024 when compared to the nine months ended September 30, 2023 directly related to options exercised, expired or cancelled and RSUs redeemed during the period.

Depreciation and Amortization

Depreciation and amortization increased by \$524,788 or 65% for the nine months ended September 30, 2024 to \$1,331,807 compared to \$807,019 for the nine months ended September 30, 2023 due amortization expenses of original and licensed programming assets at QYOU India.

Review of Financial Condition as at September 30, 2024

The following is a comparison of the financial position of the Company as at September 30, 2024, to the financial position of the Company as at December 31, 2023.

Cash

Cash increased by \$137,654 or 19% to \$874,367 as at September 30, 2024, compared to \$736,713 as at December 31, 2023. The Company raised net proceeds of \$1,700,761 via the private placement under the LIFE regulations in January 2024. During the third quarter, the Company received loans to bridge temporary working capital shortfall. The use of cash is primarily due to strategic investment in the gaming business, digital channels, contents and relationships in the social media space. Refer to "Liquidity and capital resources" section for the detailed discussion provided. Here again we are comparing it to prior year.

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Trade and Other Receivables

Trade and other receivables increased by \$2,165,213 or 37% as at September 30, 2024, compared to as at December 31, 2023, driven by QUSA's record breaking sales.

Property and Equipment

Property and equipment decreased by \$53,825 or 33% as at September 30, 2024, compared to as at December 31, 2023. The decrease is attributed to depreciation expense.

Intangible Asset

A summary of the Company's intangible assets is 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
Acquisition - Maxamtech	—	—	—	—	—
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

Right of Use Assets

Right of use assets decreased by \$143,894 or 52% as at September 30, 2024 compared to as at December 31, 2023. The decrease is attributed to depreciation expense.

Goodwill

The Company recognized goodwill on the acquisition of Maxamtech in 2023. Goodwill as at September 30, 2024 was \$214,557.

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Trade and Other Payables

Trade and other payables increased by \$1,672,887 or 23% as at September 30, 2024, compared to as at December 31, 2023.

Contingent Consideration

The Company recognized a contingent consideration on the acquisition of Chatterbox that represents the potential of future earn out payments that were negotiated as part of the share purchase agreement. 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 in October 2024.

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	—

Lease Liabilities

Current portion of lease liabilities decreased by \$102,676 or 50% and the non-current portion of lease liabilities decreased by \$52,366 or 49% over the balance as at December 31, 2023. The decrease is due to lease payments made during the year.

Share Capital and Warrants

- a) During the nine months ended September 30, 2024, 7,466,657 RSUs were redeemed for 7,466,657 common shares.
- b) During the nine months ended September 30, 2024, the Company completed the issuance of 26,299,571 units as part of the private placement under the LIFE regulations at a price of \$0.07 per share. 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").

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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 Chief Executive Officer 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 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 customer) represented 10% or more of total revenue. As at September 30, 2024, the two customers 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, 2023 - \$432,640 or 9%).

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.

	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Total Revenue	7,718,514	8,277,457	8,227,089	5,521,585	7,279,874	7,714,991	7,046,449	7,806,983
Operating Expenses	8,367,274	8,822,067	9,596,449	10,588,034	9,149,774	9,149,775	8,576,963	11,361,863
Net loss attributable to:								
Equity owners of the Company	(270,291)	(204,882)	(928,069)	(4,429,359)	(1,755,400)	(1,370,909)	(1,421,597)	(4,014,729)
Non-controlling interest	(552,818)	(341,357)	(427,878)	(454,073)	(168,965)	(64,839)	(81,204)	387,051
Net loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)

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Liquidity and Capital Resources

	As at September 30, 2024	As at December 31, 2023
	\$	\$
Current assets	9,901,065	7,457,696
Current liabilities	11,091,232	8,633,499
Working capital	(1,190,167)	(1,175,803)
Total assets	12,926,395	10,720,257
Total liabilities	11,239,190	8,835,381
Total shareholders' equity	1,687,205	1,884,876

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, capital raised through equity and debt financings. QYOU must generate sufficient revenue from operations to avoid adverse impact to QYOU's ability to pay current liabilities.

As of September 30, 2024, the Company had working capital deficit of \$1,190,167 compared to working capital deficit of \$1,175,803 as of December 31, 2023. The decline in working capital is primarily due to significant investments made to the gaming and channel businesses in the first two quarters offset by the increase in collection of trade receivable and capital raised in January 2024.

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

Going Concern Uncertainty

The Company has not yet achieved profitable operations for the three months ended September 30, 2024. 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 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 by the second quarter of the fiscal year 2024 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.

Commitments

As at September 30, 2024, 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.

Material Accounting Policies and Critical Accounting Estimates

We describe our significant accounting policies and critical accounting estimates in Note 2 and Note 3 of the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022.

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Financial Instruments and Risk Management

The Company's financial instruments consist of cash and cash equivalents, trade receivables, other receivables, borrowings, contingent consideration 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.

For the three months ended September 30, 2024, 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.

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 not result in significant impact to the financial statements. The Company mitigates the risk via currency hedging if deemed required.

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.

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 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.

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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

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:

	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

Geopolitical Risk

During the three months ended September 30, 2024, escalation of geopolitical tensions has resulted in uncertainties in all emerging economies including India. The Company mitigates geopolitical risk by monitoring India's economic policy and its implications to the Indian operating business units.

Fair Values

The carrying values of cash, trade receivables, other receivables, borrowings and 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 carrying value of borrowings approximate the fair value and change risk of material change in fair value is not considered to be significant. 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.

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- 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.

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.

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 526,874,528 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:

	As at November 29, 2024
	#
Share Options	41,338,099
Restricted Share Units	9,300,003
Warrants	56,299,571
Compensation Options	5,467,835

Subsequent Events

During October 2024, the Company fully paid off the outstanding balance on its revolving credit facility with Oxford Commercial Finance Corp. D/B/A FSW Funding and subsequently closed the account, terminating the associated revolving credit facility.

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 bi-weekly 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.

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.

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Auditors

MNP LLP

Investor Relations

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