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QYOU Media Inc.

QYOU-TSXV: $0.38
Rating: Speculative Buy
Target: $1.10

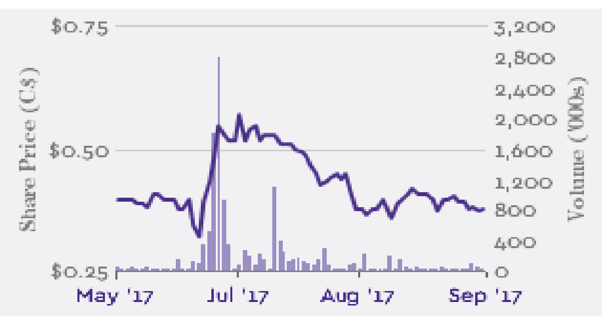
Estimates	2017E	2018E	2019E
Revenue (MM)	$7.5	$15.4	$25.0
Adjusted EBITDA (MM)	($2.7)	$4.9	$8.1
Adjusted EBITDA %	-	31.8%	32.4%
Adjusted EPS	($0.04)	$0.06	$0.10

Valuation	2017E	2018E	2019E
Price/Sales	3.4x	1.6x	1.0x
EV/EBITDA	-	4.4x	1.8x
P/E	-	6.3x	3.8x

Stock Data	
Price (01/26/16):	$0.38
52-Week Range:	C$0.32-C$0.59
Potential Return	189%
Avg Daily Vol (3 Mo) ('000):	201
Shr. O/S-Basic (MM):	66
Market Cap. ($MM):	$25
Cash (MM):	$3
Debt (MM):	$0
Enterprise Value ($MM):	$22
Dividend	-
Dividend Yeild	-
Fiscal Year End	Dec-31

Insider Ownership	
Insiders	11.0%

QYOU Medai curates and packages premium "Best-of-the-Web" video content for multiscreen distribution targeting the millennial and Gen-Z market through global content providers on any device. As of March 2017, QYOU had created ~5,000 hours of orginal programming.



Source: FactSet

Providing Access to the Sought After Millennial Market

September 11, 2017

Initiating Coverage with a Speculative Buy Rating and $1.10 Target Price.

QYOU Media curates and packages premium "Best-of-the-Web" video content for multiscreen distribution targeting the millennial and Gen-Z market through global content providers on any device. As at March 2017, QYOU had created ~5,000 hours of original programming.

Millennials Watch TV...Just Increasingly Not on TV: The availability of fixed/mobile broadband has resulted in the proliferation of online delivery services creating affordable, flexible offerings that offer viewers easy-to-consume content on their terms. The bulk of digital audiences are millennial or Gen-Z viewers who have grown up on a diet of online video via social media platforms which combine all the action and 'wow' factor in less time while being highly entertaining. There is a misconception that millennials do not watch TV. In fact the average person 18-to-34 spends 2 hours and 45 minutes watching TV per day and almost another hour and 23 minutes watching via a connected device. QYOU's products provide broadcasters an opportunity to adapt their content to appeal to the tastes and interests of these millennial viewers.

Marquee Customers: QYOU has been successful in attracting lead customers. QYOU provides content to Sinclair's TV station, "TBD", which will be available over-the-air in 81 U.S. markets by the end of 2017. With Tata Sky, QYOU is providing content to 17M connections while with Ericsson, QYOU's content has been added to Ericsson's new delivery platform which is being rolled out to over 40 service providers.

Strong Recurring Revenue: We are forecasting QYOU to generate revenue of $7.5MM in 2017 and $15.4MM in 2018. With the typical contract 2-4 years in length, 70-80% of QYOU's revenue is recurring on an annual basis. Based on our forecast, QYOU will be EBITDA positive in Q1/18 and will generate $4.9MM in EBITDA in 2018 up from negative $2.7MM in 2017.

Under Valued: QYOU is trading at 4.4x and 1.8x 2018E and 2019E EV/EBITDA in a sector that typically trades at 8.0x-12.0x. We believe that as revenue ramps in 2H17 and as the company becomes EBITDA positive in Q1/18, this valuation discrepancy will disappear.

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Investment Thesis

QYOU (TSV: QYOU) finds and licenses videos from around the world in a range of genres, including comedy, action, music and dance and sport, packaging them for linear and on-demand TV and video channels, playlist-driven mobile apps, custom shows and influencer marketing campaigns. QYOU currently has a library of over 5,000+ hours of content. QYOU was founded in Los Angeles in late 2013 and was launched in October 2014 by a group of media executives. QYOU is incorporated under the *Business Corporation Act* (Ontario) with operations in Los Angeles and Dublin with approximately 25 employees.

We believe that QYOU is creating content for the highly sought-after millennial audience through its multi-platform offering. Recent contracts with large industry players suggest the network effect will propel viewership and awareness exponentially higher.

Curating for the Next Generation

While significant opportunities still exist in the linear television market the increased availability of fixed and mobile broadband has resulted in a proliferation of online delivery and Internet TV offerings including Netflix, Amazon, YouTube, ITunes, Hulu and Crave TV to name a few. Zenith estimates that at the end of 2016 the average daily TV consumption per person worldwide was 170 minutes compared to 140 minutes through the Internet (mobile and desktop) with the gap between the two expected to shrink to only 7 minutes by the end of 2018. Today, Statista estimates that Americans 18-24 years watch 14 hours and 31 minutes of programming on TV compared to 26 hours and 28 minutes in 2011.

QYOU's "best of-the-web' premium content which features web series, short films, fashion, comedy, sports and other viral content is built to allow broadcasters to target the next generation consumer in the millennial and Gen-Z segment. QYOU creates content for multiscreen audiences on any device by selecting content for the next generation consumer from content platforms such as YouTube, Vimeo and Daily Motion and uses its proprietary technology/experts to search for premium 'best-of-the-web" content. Content is licensed on a non-exclusive basis from artists, generally at US$1/play. Curation is done to produce videos, formats and shows that the millennial and Gen-Z segment actually watch and not from algorithms picking clips. Content is then distributed to its mobile and TV apps, linear channels on a 24/7 basis, video-on-demand and is used to create custom shows for specific regions and playlists.

Marquee Lead Customers – Sinclair, Tata Sky, Ericsson

QYOU has been successful in attracting material lead customers recently in Sinclair Broadcasting, Tata Sky and Ericsson.

With **Sinclair Broadcasting,** QYOU provides content to Sinclair's linear TV station, TBD, which is available over-the-air and through the TBD app in 81 U.S. markets by the end of 2017. QYOU generates revenue from fees for operating the channel and through a share of the EBITDA generated from the channel under a three year contract. To see the channel, check out TBD.com.

QYOU recently announced a transaction with India based **Tata Sky** to provide its content to 17M Tata Sky connections (satellite and OTT customers via Tata Sky app) in India. Tata Sky was launched in 2006 and is a joint venture between conglomerate Tata Sons and 21st Century Fox. Tata holds ~21% of the satellite market in India, behind only Dish TV which holds ~25% of the market share. As part of the agreement QYOU will feature content from local creators in India and provide some of the most popular online videos in the country to create targeted localized shows for the Indian market. QYOU generates revenue from this relationship by receiving fees to transmit its signal as well as from a 50/50 ad-share model.

QYOU's agreement is exclusive to Tata within the satellite market and prevents the company from entering a similar agreement with the other five satellite operators in India. However, the contact does not prevent QYOU from entering into similar agreements with cable, IPTV and mobile operators within the country. The mobile broadband market in India has been exploding and at the end of April 2017 the number of active wireless subscribers stood at 1.17B compared to 867.0MM five years ago. The 140MM subscribers added in the market over the past year has been unprecedented and India is expected to add ~385mm net wireless additions over the next five years compared to only ~25MM in the US market (Source: PWC). This strong growth in mobile broadband in India has resulted in Indians accessing the Internet 80% of the time through their mobile devices. With 64% of the population to be aged 20-35 by 2021 there are strong future sales opportunities for QYOU.

QYOU recently announced a distribution relationship with **Ericsson** that would bring its content to Ericsson's Unified Delivery Network (UDN) ecosystem. Ericsson will deliver QYOU's content over UDN to existing customers and will also introduce QYOU's content to perspective customers looking to target the millennial market. Revenue from the service will be generated from selling advertising and will be shared between QYOU, Ericsson and the service provider. Ericsson has signed on over 40 service providers (i.e. NTT DoCoMo, Vodafone, Telstra, SingTel and Telefonica) which we believe will provide QYOU with a material global sales channel.

Strong Recurring Revenue Stream – Healthy EBITDA margins

With the ramp up of the Sinclair and Tata Sky contracts in 2H17 we are forecasting revenue in 2017 of $7.5MM compared to $2.6M in 2016 and for this to further ramp in 2018 to $15.4MM. Given QYOU's contracts are typically 2-4 years in length a portion of the 2018 increase relates to recurring revenue, which on an annual basis is typically 70-80%. In addition, 2018 growth is expected to be driven by two additional sales of "TBD Style" networks similar to Sinclair and from the sale of an additional 12 new program and format sales (i.e. Q-Sports shows) and from an increased focus on the influencer marketing segment. For 2019 we are forecasting revenue to increase to $25.0MM from the sale of an additional "TBD Style" network sales and from the sale of 10 additional new programs and program sales.

In 2017 we are forecasting an EBITDA loss of $2.7MM and significant improvement from an EBITDA loss of $5.7MM in 2016. We are forecasting QYOU to be EBITDA positive in Q1/18 and for the company to generate positive EBITDA of $4.9MM in 2018, growing to $8.1MM in 2019. In addition to the strong revenue growth which drives EBITDA growth, we expect QYOU's gross margins will increase from 50% to 74% in 2018 and to 75% in 2019 as production costs should moderate as the cost to develop its 5,000 hour library is behind them. As a result, we are forecasting healthy gross margins in 2018E and 2019E of 32.1% and 40.6%, respectively.

Target Price and Valuation

In valuing QYOU we are using a forward EV/EBITDA multiple approach. There are currently no direct comparables to QYOU. The closest comparable to QYOU would be Stingray Digital which curates music globally on multiple platforms and trades at 14.2x forward EV/EBITDA.

Media production and distribution companies such as DHX Media, Entertainment One and Lions Gate Entertainment would be the next closest comparables and trade at forward EV/EBITDA multiples 10.8x, 8.6x and 15.6x, respectively. Further, Kew Media recently completed its qualifying transaction by acquiring 6 production and distribution companies in Canada and currently trades at 6.5x EV/EBITDA. In addition, the large cap diversified media companies in the U.S. (Disney, Time Warner, 21st Century Fox, CBS and Viacom) trade at an average of 9.5x.

In valuing QYOU we are using a 9.0x 2019E EV/EBITDA multiple which equates to $1.10 per share. Our target multiple is at the low-end of the range of the comp group with the exception of Entertainment

One and Kew Media. In our opinion Entertainment One trades at the low-end of the range due the wide range of entities within the company and concerns over whether management and shareholder goals are aligned. Kew Media, we believe, trades at the low-end as the company has reported only one full quarter since completing its qualifying transaction and is not yet fully followed by the street. We also believe that the QYOU target multiple is justified given that 70-80% of its annual revenue is recurring in nature.

QYOU currently trades at 4.4x and 1.8x 2018E and 2019E EV/EBITDA and similar to Kew Media, we view the lack of investor knowledge as the main reason for its low valuation. We believe that as revenue begins to ramp up in 2H17 from its lead customers Sinclair Broadcasting and Tata Sky and as the company moves to become EBITDA positive in Q1/18, this valuation discrepancy will disappear.

A 1.0x multiple point change in our target multiple would change our target price by +/- $0.11.

We are initiating coverage with a $1.10 one-year target price and a Speculative Buy rating.

Figure 1. QYOU Media Comparables

Company	Y/E	Cur	Price	Market Cap (MM)	EV (MM)	EPS CY1	EPS CY2	Rev (MM) CY1	Rev (MM) CY2	EBITDA (MM) CY1	EBITDA (MM) CY2	P/E CY1	P/E CY2	EV/Rev CY1	EV/Rev CY2	EV/EBITDA CY1	EV/EBITDA CY2
QYOU Media	**June**	CAD	**$0.38**	**$25**	**$22**	$ (0.04)	$ 0.06	**$7.5**	**$15.4**	**$ (2.7)**	**$4.9**	-	6.3x	3.0x	1.4x	-	4.4x
Stingray Digital	Mar	CAD	$ 9.33	$ 324	$ 539	$ 0.51	$ 0.52	$118	$127	$ 38	$ 43	18.3x	17.9x	4.6x	4.3x	14.2x	12.5x
DHX Media Ltd.	June	CAD	$ 6.77	$ 955	$ 1,590	$ 0.39	$ 0.49	$483	$520	$ 147	$ 168	17.4x	13.8x	3.3x	3.1x	10.8x	9.5x
Lions Gate Entertainment	Mar	USD	$ 30.38	$ 2,466	$ 9,585	$ 1.30	$ 1.50	$4,226	$4,546	$ 614	$ 699	23.4x	20.2x	2.3x	2.1x	15.6x	13.7x
Corus Entertianment	Aug	CAD	$ 9.27	$ 1,743	$ 3,812	$ 1.34	$ 1.20	$1,790	$1,701	$ 617	$ 610	6.9x	7.7x	2.1x	2.2x	6.2x	6.2x
Entertainment One	Dec	GPB	$ 2.49	$ 736	$ 1,488	$ 0.12	$ 0.15	$1,173	$1,258	$ 173	$ 192	20.7x	16.6x	1.3x	1.2x	8.6x	7.7x
												17.1x	**14.6x**	**2.2x**	**2.1x**	**10.3x**	**9.3x**
Conglomerates																	
Walt Disney Company	Sept	USD	$ 97.07	$ 76,909	$ 173,965	$ 5.85	$ 6.49	$55,942	$59,227	$17,306	$18,459	16.6x	15.0x	3.1x	2.9x	10.1x	9.4x
Time Warner Inc.	Dec	USD	$100.20	$ 185,971	$100,483	$ 6.12	$ 6.52	$30,857	$32,339	$ 8,797	$ 9,334	16.4x	15.4x	3.3x	3.1x	11.4x	10.8x
Twenty-First Century Fox	June	USD	$ 25.79	$ 11,554	$ 63,526	$ 2.02	$ 2.30	$29,774	$31,466	$ 7,504	$ 8,079	5.8x	5.0x	2.1x	2.0x	8.5x	7.9x
CBS Corporation	Dec	USD	$ 59.42	$ 23,649	$ 33,376	$ 4.45	$ 5.12	$13,660	$14,262	$ 3,183	$ 3,519	13.3x	11.6x	2.4x	2.3x	10.5x	9.5x
Viacom Inc.	Sep	USD	$ 27.27	$ 10,880	$ 21,989	$ 3.85	$ 4.02	$13,169	$13,406	$ 3,050	$ 3,193	7.1x	6.8x	1.7x	1.6x	7.2x	6.9x
												11.8x	**10.8x**	**2.5x**	**2.4x**	**9.5x**	**8.9x**

Source: FactSet, Clarus Securities

Millennials Watch TV…Just Not on TV

There is no denying that the way we consume video content has changed dramatically over the last few years. The availability of high-speed fixed Internet and mobile broadband has enabled consumers to access video away from traditional cable/satellite networks and are increasingly facing a competitive and converging marketplace in which social media platforms and virtual platforms are fighting for a slice of TV viewership. This is the ecosystem in which QYOU operates.

The bulk of digital audiences are millennial or Gen-Z viewers who have grown up on a diet of online video via social media platforms such as YouTube, Vimeo and Daily Motion which combine all the action and 'wow' factor in less time while being highly entertaining.

The popularity of short-form video is in part due to increasing availability of fixed and mobile broadband which has made it easier to watch clips on the go using mobile devices. Currently an estimated 96% of the households in the U.S. have access to fixed broadband while in the European Union (EU) 98% of households have access to fixed broadband (Source: Boston Consulting Group). In the U.S., 98% of the U.S. population has access to mobile broadband while in the EU 96% of the population has access (Source: FCC, European Commission).

Many social media platforms now have the reach that can rival linear TV. Nielson estimates that in the U.S. consumers spend more than 1 billion hours watching YouTube, while Americans watch 1.25 billion hours of traditional TV.

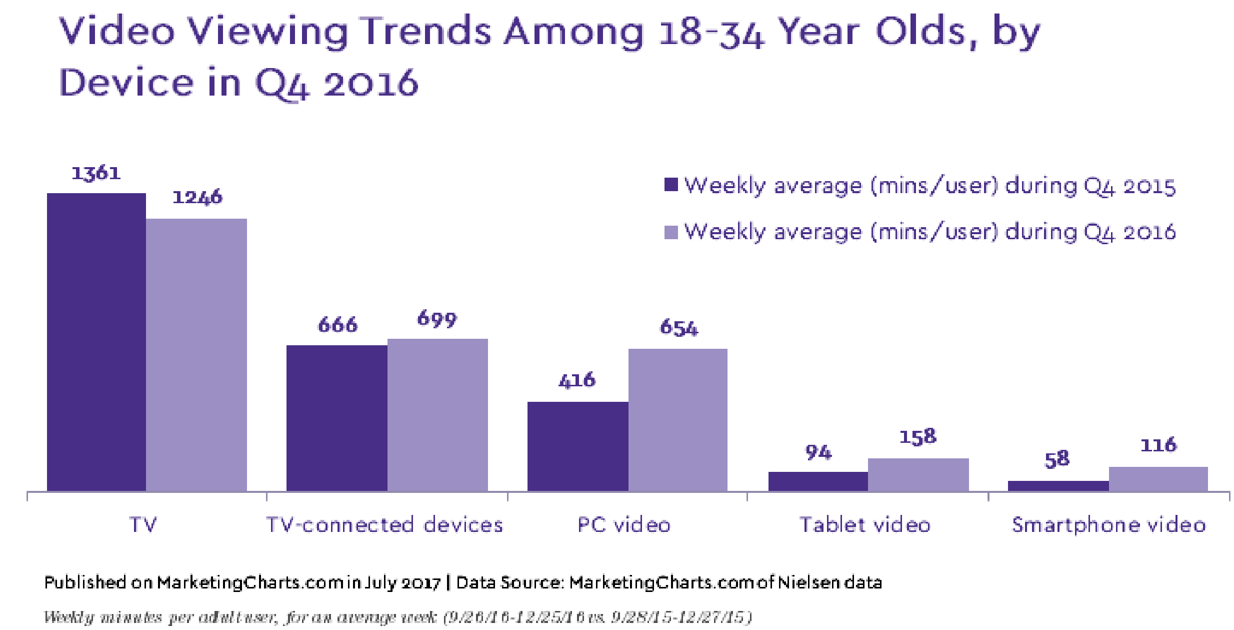
Many social media platforms rely on algorithms to provide content that is most interesting or relevant to the user. However, ReelSEO estimates that only 5% of the more than 350MM available videos on YouTube drive 95% of all views, making it harder for viewers to find hidden gems because they have not surfaced or been promoted. While algorithms are important and useful, people often crave something different from the status quo.

For TV providers this presents an opportunity to be more creative with their programming and it is now possible to use the content that digital savvy audiences are watching online and apply this to linear programming by curating shows that showcase the best online video has to offer.

There is a misconception that millennials do not watch TV. In fact, Nielsen's most recent "Total Audience Report" for Q4 2016 estimates that Americans aged 18-34 watched 1,246 minutes of traditional TV per week, down 8%, however, due to the availability of high-speed broadband, consumption of digital video has been rising. At the end of Q4 2016, millennials watched 699 minutes per week on a TV-connected device, 654 video minutes per week on a PC, 158 minutes of video via a tablet and 116 minutes of video via a smartphone (Figure 2) .

For TV providers, convergence can work both ways. While younger audiences are increasing watching TV online, TV providers have an opportunity to adapt their content to appeal to the tastes and interests of these viewers.

Figure 2. Video Viewing Trends Among 18-34 Year Olds by device

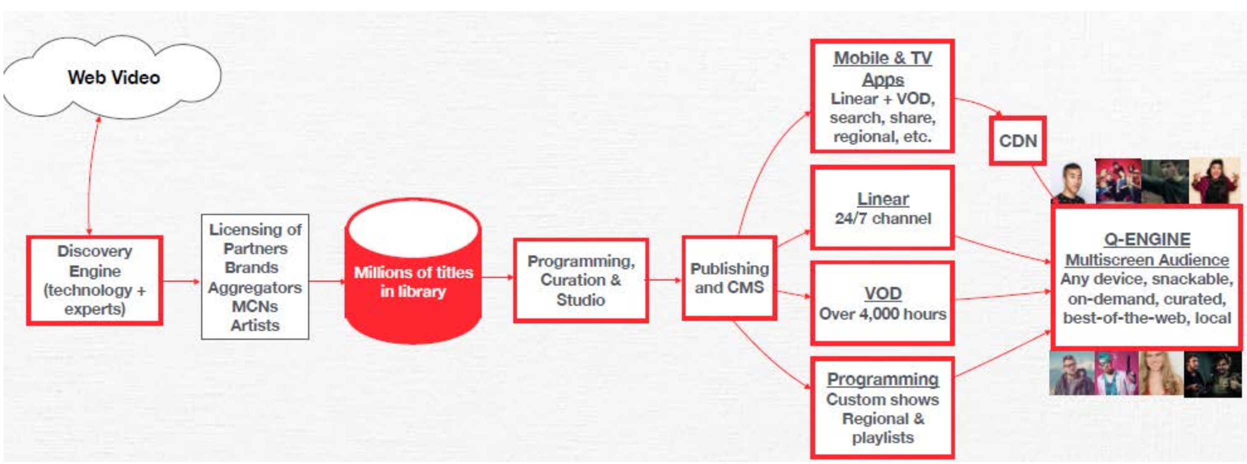


Source: Nielsen

Q-Engine: Powers Multiscreen Experiences

QYOU's "best of-the-web' premium content which features web series, short films, fashion, comedy, sports and other viral content is built to allow broadcasters to target the next generation consumer in the millennial and Gen-Z segment. QYOU creates content for multiscreen audiences on any device by selecting content from content platforms such as YouTube, Legendary Digital and Jukin and uses its proprietary technology/experts to search for premium 'best-of-the-web" content. Content is licensed on a non-exclusive basis from artists, generally at US$1/play. Curation is done to produce videos, formats and shows that the millennial and Gen-Z segment actually watch and not from algorithms picking clips. Content is then distributed to its mobile and TV apps or linear channels on a 24/7 basis. Video-on-demand and used to create custom shows for specific regions and playlists.

Figure 3: Q-Engine: Proprietary Stack



Source: QYOU Media

Sinclair Broadcast Group – Partners with a TV Goliath

In December 2016 QYOU announced a major agreement with Sinclair Broadcast Group (SBG). Baltimore based SBG has an enterprise value of ~US$6.7B, owns 173 TV stations, operates in 81 markets and has a market of 44.0MM TV households. In May 2017 SBG announced that it was acquiring Tribune Media (TM) for an equity value of ~US$3.9B which operates 42 TV stations in 33 markets. When closed in Q4/17, a combined Sinclair/Tribune is expected to reach 72% of the US TV households.

Under the agreement Sinclair and QYOU launched an ad-funded free-to-air channel known as "TBD", broadcast via multicast, cable and streaming with a target reach of 50.0MM households initially with the channel expected to reach more than 75.0MM households within the first 12 months. TBD content will have programming targeted toward cord cutters and millennials with content from YouTube, Twitch, Vimeo, Daily Motion and Fail Army. Sinclair is using TBD as one of its tools within its digital asset strategy to leverage its broadcast assets to engage millennials and grab a share of Internet advertising.

SBG has been a large proponent of the new ATSC 3.0 standard (Advanced Television Systems Committee). ATSC 3.0 is a new network distribution technology which will help provide for the more efficient use of spectrum, allow broadcasters to deliver content to mobile devices and will enable targeted advertising. With targeted advertising, advertisers should be more efficient in reaching their audience and ultimately allow SBG to capture a greater share of the ad dollars in the market. ATSC 3.0 is expected to be rolled out in the first half of 2018 and requires mobile handsets to be shipped with antennas enabled to capture the signal. Ultimately it is expected that smart TVs, tablets and mobile phones will be shipped with the technology.

While the SBG deal is significant, we believe that QYOU can replicate the TBD style partnership model to launch advertising funded free-to-air channels in international markets.

To see the channel, check out TBD.com.

Tata Sky – India Could Have Significant Upside

QYOU recently announced that it had reached an agreement to bring its content to 17.0M Tata Sky connections (satellite and OTT customers via Tata Sky app) in India. Tata Sky is a satellite TV provider in India launched in 2006 and is a joint venture between Tata Sons and 21st Century Fox. Tata holds ~21% of the satellite market in India, behind only Dish TV which holds ~25% of the market share (Source: Telecom Regulatory Authority in India). As part of the agreement QYOU will feature content from local creators in India and provide some of the most popular online videos in the country to create targeted localized shows for the Indian market.

QYOU's agreement is exclusive to Tata within the satellite market and prevents the company from entering a similar agreement with the other five satellite operators within in India. The contract however, does not prevent QYOU from entering into similar agreements with cable, IPTV and mobile operators within the country which we believe create great future sales opportunities, particularly on the mobile side given the strong growth in mobile broadband in India which has resulted in Indians' accessing the Internet 80% of the time through their mobile devices (Source: StatsCounter GlobalStats) and with 64% of the population to be aged 20-35 by 2021.

The mobile broadband market in India has been exploding. At the end of April 2017 the number of active wireless subscribers stood at 1.17B compared to 867.0MM five years ago (Figure 4), however the 140MM subscribers seen in the past year has been unprecedented.

Figure 4: India Wireless Market Has Been Exploding (MM)

	Apr-13	Apr-14	Apr-15	Apr-16	Apr-17
Wireless Subscribers	867	907	973	1,034	1,175
Net Additions	-54	40	66	61	140

Source: Telecom Regulatory Authority of India

This year-over-year growth is coming from the explosion of wireless broadband subscribers which now stands at 266.0MM, up 132.0MM over the prior year. This growth in wireless broadband has been driven by aggressive pricing by Reliance with the launch of its Jio 4G service in early 2016 which has an added 113.0MM wireless broadband customers. (Figure 5). As a result of Jio's pricing plans data prices per GB have declined 48% in India year-over-year (Source: Kleiner Perkins). Reliance Jio is controlled by the Reliance Industries, an Indian based conglomerate with an enterprise value of ~US$91.0B.

Figure 5: India Wireless Broadband Subscribers (MM)

Operator	Apr-16	Apr-17	Change
Reliance Jio	16	113	97
Bharti Airtel	37	52	15
Vodafone	28	40	12
Idea Cellular	23	24	1
BSNL	10	22	11
Other	19	16	(4)
	134	266	132

Source: Telecom Regulatory Authority of India

The growth in India's wireless market is forecasted to lead globally in mobile broadband net additions over the next five years with ~385MM net additions compared to ~25MM over the same period in the US market (Source: PwC).

Ericsson Relationship – Opportunity to Gain Global Distribution

QYOU recently announced a distribution relationship with Ericsson (NASQ: ERIC) that would bring its content to Ericsson's Unified Delivery Network (UDN) ecosystem. Ericsson will deliver QYOU's content over UDN to existing customers and will also introduce QYOU's content to perspective customers looking to target the millennial market. Revenue from the service will be generated from selling advertising and will be shared between QYOU, Ericsson and the service provider.

Ericsson's UDN platform facilitates the collaboration between content and service providers to create turnkey and value-added services. The UND network connects content providers with last-mile network providers and places the content closer to the edge of the network for greater performance rather than optimizing delivery through points of presence outside of the last mile. Ericsson UDN ecosystem includes 40 service providers (i.e. NTT DoCoMo, Vodafone, Telstra, SingTel and Telefonica) and 55 content providers (i.e. Netflix, DailyMotion, 21st Century Fox) globally.

We believe the Ericsson relationship will provide QYOU with a material global sales channel and allow the company to reach markets significantly sooner that it may not otherwise have been able to reach on its own given its smaller size.

Other Recent Contracts/Relationships

In addition to the Sinclair Broadcasting and Tata Sky contracts announced above, QYOU has recently announced contracts with:

Flow Sports (June 2017) – QYOU will deliver 13 half-hour episodes entitled Q Sports Presented by Flow Sports featuring a mix of videos that tap into the sporting culture of the Caribbean. Flow is using the 13 shows to target sports-loving millennials in the region and is making the shows available on its Flow Sports app. Flow Sports was launched in November 2015 and is available in 400K+ homes in the Caribbean and delivers over 3k+ hours of live or original programming annually. Flow Sports is owned by Liberty Global.

WhereverTV Broadcasting (May 2017) – QYOU's content has been added to WhereverTV's product offering which delivers OTT subscription TV service to multiple devices including tablets and smartphones throughout Latin America.

United Group (April 2017) – QYOU is bringing its curated content to TV customers in South-East Europe in four of United's markets: Serbia, Slovenia, Bosnia and Herzegovina, and Montenegro. United Group is majority-owned by a private equity fund, KKR, and generates revenue of ~EUR 460MM and has 1.7MM revenue generating units (cable, satellite, broadband, fixed and mobile customers).

Tele2 Norway (April 2017) – QYOU is making its content available to Tele2 IPTV service in the Netherlands which is available to its 345K broadband customers. Tele2 Netherlands is controlled by Tele2 which operates in nine European countries with an enterprise value of ~US$6.8B.

Buffalo Wild Wings (February 2017) – QYOU has entered a partnership with HeroFi to bring its programming to over 1,110 Buffalo Wild Wings location across North America. QYOU's short-form curated sports theme content will play between sporting events. Buffalo Wild Wings (NASQ: BWLD) has an enterprise value of ~US$2.1B.

Vodafone Portugal (February 2017) – Vodafone has launched a linear channel of the QYOU curated content on its IPTV service which is available to almost 400k subscribers in Portugal. Vodafone Portugal is part of the Vodafone Group (LSE: VOD) that has an enterprise value of ~US$111.0B

ShowMax (February 2017) – QYOU has partnered with ShowMax to curate a series of shows for East Africa. ShowMax will use 13 half-hour episodes of QYOU's localized content to reach millennials through its online TV service in 16 countries in Africa. ShowMax is an Internet-based subscription video- on-demand service available on smart TVs, computers, smartphones and tablets. ShowMax is part of the Naspers Group, which operates multinational Internet and media companies globally and has an enterprise value of US$90.5B.

Global Eagle (August 2016) – QYOU entered an agreement to with Global Eagle to provide access to QYOU's catalog and new production with video content cover various categories including extreme sports, artist spotlights, dance, beauty and comedy. Content will be available on airline seatback portals and personal entertainment devices provided by airlines and cruise liners. Global Eagle is currently providing this content to Qatar Airways on 164 commercial airliners, 8 charter aircraft and 12 executive business jets. Global Eagle (NASQ: ENT) is LA based and has and enterprise value of ~US$670MM.

TotalPlay (July 2016) – TotalPlay will air QYOU's linear channel on its IPTV service across the Mexico market. TotalPlay services are available in 20 cities across Mexico and it is estimated to have ~600k customers. TotalPlay is controlled by Grupo Salinas, a technology focused company based in Latin America with annual revenue of ~US5.0B and ~US$1.3B in EBITDA.

Lufthansa Systems (April 2016) - QYOU was selected by aviation technology service provider Lufthansa Systems to supply episodes of its "Q Prime" shows for in-flight entertainment systems on select European carriers. Lufthansa Systems owned by the Lufthansa Group with over 600 aircraft is one of the largest airlines in the world with an enterprise value of ~US$13.0B.

Fox Sports (March 2016) - QYOU has established a partnership with Fox Sports to provide "Q-Sport" episodes to viewers in Greece, Cyprus, Malta, Turkey and Israel.

Capital Structure

QYOU was created through an RTO structure in February 2017 with Galleria. Through the transaction QYOU common shares were exchanged for 0.92 shares of the new structure and along with two recent financings. There are 65.9MM shares outstanding.

In addition, QYOU has 8.7MM stock options outstanding (average exercisable price - $0.50) as well as 10.7MM full warrants (average exercisable price - $0.75).

The 48.2MM QYOU shares are subject to contractual resale restrictions such that only 10% maybe sold after 45 days from the start of trading on March 31, 2017 on the TSXV with an additional 30% able to be released 6, 12 and 18 months after listing.

Financial Forecast

QYOU Media generates revenue from multiple services associated with the delivery of curating its "Best of the Web".

Linear Channel Fees – Fees generated from a 24/7 channel featuring "best of web" content available globally via traditional broadcast (cable/satellite) providers, over-the-top providers and mobile carriers on both a flat monthly fee and per sub basis (i.e. fees generated from Vodafone and Telefonica).

Channel Management – Fees with a revenue advertising share basis (i.e. fee generated from Sinclair Broadcasting) and from co-owned networks which can combine elements from both revenue streams.

Program Licensing Fees – Fees paid for custom programs from five minutes to one hour or more, large show orders (i.e. an order for episodes of Q-Sport) and packaged program blocks (i.e. airline and restaurant agreements).

Influence Marketing – Fees received for offering the support of talent both inside and outside of QYOU programming to promote the products and services of partners and third parties.

With the ramp up of the Sinclair and Tata Sky contracts in the 2H17 we are forecasting revenue in 2017 of $7.5MM compared to $2.6M in 2016 and for this to further ramp in 2018 as revenue increases to $15.4MM. Given the nature of QYOU's contracts are typically 2-4 years in length a portion of the 2018 increase relates to recurring revenue, which on an annual basis is typically 70-80%. In addition 2018 growth is expected to be driven by two additional sales of "TBD Style" networks similar to Sinclair and from the sale of an additional 12 new programs and format sales (i.e. Q-Sports shows) and from an increased focus on the influencer marketing segment. For 2019 we are forecasting revenue to increase to $25.9MM from the sale of an additional "TBA Style" network sale and from the sale of 10 additional new programs and program sales.

Content and production costs represent the costs of development, production and delivery of QYOU's ~5,000 hours of original programming. Channel delivery costs represent primarily the costs of the satellite, transponder and technical services for an operating lease to deliver content throughout Europe, the Middle East and Africa as well as costs to deliver content via the Internet. We expect QYOU's gross margins will increase from its 50% to 74% in 2018 to 78% in 2019 as production costs should moderate as the cost to develop its 5,000 hour library is behind them. As a result, we are forecasting healthy EBITDA margins in 2018 and 2019 of 32.0%. As QYOU grows we believe that EBITDA margins can expand forward 45%.

In 2017 we are forecasting an EBITDA loss of $2.7MM and significant improvement from an EBITDA loss of $5.7MM in 2016. We are forecasting QYOU to be EBITDA positive in Q1/18 and for the company to generate positive EBITDA of $4.9MM in 2018, growing to $8.1MM in 2019.

Figure 6: QYOU Financial Forecast Summary

in C$, millions except per-share items	**2017E**	**2018E**	**2019E**
Linear Channel	$ 0.8	$ 1.4	$ 2.0
Programming	$ 1.8	$ 4.5	$ 6.0
Channel Management	$ 4.5	$ 8.1	$ 15.6
Influencer Marketing	$ 0.4	$ 1.4	$ 1.4
Total Revenue	**$ 7.5**	**$ 15.4**	**$ 25.0**
YoY%	195%	106%	62%
Content & Production Costs			
Channel delivery	$ 1.4	$ 1.6	$ 2.6
Production expense	$ 2.4	$ 2.4	$ 3.8
Total Cost of Sales	**$ 3.7**	**$ 4.0**	**$ 6.4**
Gross Margin	**$ 3.76**	**$ 11.40**	**$ 18.60**
Gross Margin %	50%	74%	74%
Selling, general & admin			
Sales & Marketing	$ 3.1	$ 3.2	$ 4.8
Salaries and benefits	$ 1.6	$ 1.6	$ 3.2
Legal and consulting	$ 0.9	$ 0.9	$ 1.0
G&A	$ 0.9	$ 0.8	$ 1.5
Total SG&A	$ 6.5	$ 6.5	$ 10.5
Adjusted EBITDA	**$ (2.7)**	**$ 4.9**	**$ 8.1**
Adjusted EBITDA %	NA	32%	32%

Source: QYOU Media Financial Statements, Clarus Securities

Valuation

In valuing QYOU we are using a forward EV/EBITDA multiple approach. There are currently no direct comparables to QYOU. The closest comparable would be Stringray Digital Group (TSX: RAY.A) which curates music globally on multiple platforms and trades at 14.2x forward EV/EBITDA.

Media production and distribution companies such as DHX Media, Entertainment One and Lions Gate Entertainment would be the next closest comparables and trade at forward EV/EBITDA multiples 10.8x, 8.6x and 15.6x, respectively. Further, Kew Media recently completed its qualifying transaction by acquiring 6 production and distribution companies in Canada and currently trades at 6.5x EV/EBITDA.

In addition, the large cap diversified media companies in the U.S. (Disney, Time Warner, 21st Century Fox, CBS and Viacom) trade at an average of 9.5x.

In valuing QYOU we are using a 9.0x 2019E EV/EBITDA multiple which equates to $1.10/share. Our 9.0x multiple is at the low-end of the range of the comp group with the exception of Entertainment One and Kew Media. In our opinion Entertainment One trades at the low-end of the range due the wide range of entities within the company and concerns over whether management and shareholder goals are aligned. Kew Media, we believe, trades at the low-end as the company has reported only one full quarter since completing its qualifying transaction and is not yet fully followed by the street.

QYOU currently trades very cheaply at 4.4x and 1.8x 2018E and 2019E EV/EBITDA, and similar to Kew Media, we view the lack of investor knowledge as the main reason for its low valuation. We believe that as revenue begins to ramp up in 2H17 from its lead customers Sinclair Broadcasting and Tata Sky and as the company moves to EBITDA positive in Q1/18, this valuation discrepancy will disappear.

A 1.0x multiple point change in our target multiple would change out target price by +/- $0.11.

We are initiating coverage with a $1.10 one-year target price and a Speculative Buy rating.

Figure 7: QYOU Media Comparables

Company	Y/E	Cur	Price	Market Cap (MM)	EV (MM)	EPS		Rev (MM)		EBITDA (MM)		P/E		EV/Rev		EV/EBITDA	
						CY1	CY2	CY1	CY2	CY1	CY2	CY1	CY2	CY1	CY2	CY1	CY2
QYOU Media	**June**	CAD	**$0.38**	**$25**	**$22**	$ (0.04)	$ 0.06	**$7.5**	**$15.4**	**$ (2.7)**	**$4.9**	-	6.3x	3.0x	1.4x	-	4.4x
Stingray Digital	Mar	CAD	$ 9.33	$ 324	$ 539	$ 0.51	$ 0.52	$118	$127	$ 38	$ 43	18.3x	17.9x	4.6x	4.3x	14.2x	12.5x
DHX Media Ltd.	June	CAD	$ 6.77	$ 955	$ 1,590	$ 0.39	$ 0.49	$483	$520	$ 147	$ 168	17.4x	13.8x	3.3x	3.1x	10.8x	9.5x
Lions Gate Entertainment	Mar	USD	$ 30.38	$ 2,466	$ 9,585	$ 1.30	$ 1.50	$4,226	$4,546	$ 614	$ 699	23.4x	20.2x	2.3x	2.1x	15.6x	13.7x
Corus Entertianment	Aug	CAD	$ 9.27	$ 1,743	$ 3,812	$ 1.34	$ 1.20	$1,790	$1,701	$ 617	$ 610	6.9x	7.7x	2.1x	2.2x	6.2x	6.2x
Entertainment One	Dec	GPB	$ 2.49	$ 736	$ 1,488	$ 0.12	$ 0.15	$1,173	$1,258	$ 173	$ 192	20.7x	16.6x	1.3x	1.2x	8.6x	7.7x
												17.1x	**14.6x**	**2.2x**	**2.1x**	**10.3x**	**9.3x**
Conglomerates																	
Walt Disney Company	Sept	USD	$ 97.07	$ 76,909	$ 173,965	$ 5.85	$ 6.49	$55,942	$59,227	$17,306	$18,459	16.6x	15.0x	3.1x	2.9x	10.1x	9.4x
Time Warner Inc.	Dec	USD	$100.20	$ 185,971	$100,483	$ 6.12	$ 6.52	$30,857	$32,339	$ 8,797	$ 9,334	16.4x	15.4x	3.3x	3.1x	11.4x	10.8x
Twenty-First Century Fox	June	USD	$ 25.79	$ 11,554	$ 63,526	$ 2.02	$ 2.30	$29,774	$31,466	$ 7,504	$ 8,079	5.8x	5.0x	2.1x	2.0x	8.5x	7.9x
CBS Corporation	Dec	USD	$ 59.42	$ 23,649	$ 33,376	$ 4.45	$ 5.12	$13,660	$14,262	$ 3,183	$ 3,519	13.3x	11.6x	2.4x	2.3x	10.5x	9.5x
Viacom Inc.	Sep	USD	$ 27.27	$ 10,880	$ 21,989	$ 3.85	$ 4.02	$13,169	$13,406	$ 3,050	$ 3,193	7.1x	6.8x	1.7x	1.6x	7.2x	6.9x
												11.8x	**10.8x**	**2.5x**	**2.4x**	**9.5x**	**8.9x**

Source: FactSet, Clarus Securities

Investment Risks

Competition Risk

QYOU competes for the time and attention of viewers with other content providers on a number of factors, including quality of experience, relevance, acceptance and perception of content quality, ease of use, price, accessibility, and perception of ad load, brand awareness and reputation. Competitors may leverage their existing infrastructure, brand recognition and content collections to augment comparable content offerings.

In addition, QYOU faces competition from other content aggregators in its pursuit to acquire additional content, which could reduce the amount of content that QYOU is able to acquire/license and potentially lead to higher acquisition prices.

International Growth

The success of QYOU depends on expanding its operations into international markets which require significant resources that will need to be effectively managed. International markets tend to have long sales cycles, different regulatory and technical requirements than the North American market, may have greater difficulty in collecting accounts receivable, will result in increased costs to localize content and will have fluctuations in foreign exchange rates.

Rapidly Changing Industry

The rapidly changing technology and social media landscape could facilitate new entrants that could compete with QYOU. As a result, QYOU may have to invest more resources in its operations to compete effectively.

Appendix A. Board of Directors

G. Scott Paterson, Chairman of the Board

Mr. Paterson is a media/technology venture capitalist. Mr. Paterson serves as a Director of Lionsgate Entertainment and Chair of the company's Audit & Risk Committee. He also serves as Chairman of Symbility Solutions Inc., a cloud-based SaaS provider of software to the insurance industry; and Chairman of Engagement Labs Inc., a cloud-based SaaS provider of software for marketers. Shares held: 5.1MM or 7.7%.

Curt Marvis, Chief Executive Officer

Mr. Marvis previously served as Lionsgate's President of Digital Media from April 2008 to June 2013, helping the company evolve into a leading next-generation filmed entertainment studio. Mr. Marvis was responsible for guiding the company's portfolio of digital businesses including Lionsgate's broad spectrum of digital delivery agreements for its filmed entertainment content. Shares held: 2.0MM or 3.0%.

Timothy Hogarth

Mr. Hogarth is the President and Chief Executive Officer of The Pioneer Group Inc. and previously served as the Chairman and Chief Executive Officer of Pioneer Energy until it was acquired by Parkland Fuel Corporation on June 25, 2015 (upon which Mr. Hogarth joined the Parkland board). Mr. Hogarth was educated at Bishops University (BBA) and the Harvard Graduate School of Business (Program for Management Development).

Catherine Warren

Ms. Warren has been the President of FanTrust Entertainment Strategies since September 2001. Ms. Warren has extensive team management experience and has recruited, led and retained senior managers and line staff in public, private and non-profit environments. Formerly the Chief Operating Officer of Blue Zone, an international leader in uniting television with new media, she spearheaded significant convergence broadcasting deals and developed media creation/distribution/monetization IP. Ms. Warren obtained a Masters in Journalism from the Columbia University Graduate School of Journalism in 1985.

Damian Lee

Mr. Lee is a thirty-year veteran of the film and television industry. He has produced and directed over one hundred television sports specials before commencing a career in feature films. To date, Mr. Lee has written, produced and/or directed over fifty feature films, some of which have spawned profitable and entertaining sequels.

Amory Schwartz

Mr. Schwartz has more than 20 years of experience in international media business development, concentrating on television and news media. Mr. Schwartz was the co-founder and Chief Executive Officer of NASN (the North American Sports Network), the European network formed in 2002 that was acquired by ESPN, Inc., in February 2007. Mr. Schwartz was responsible for all of NASN's business activities within Europe, with specific emphasis on rights acquisition and distribution. At the time of Mr. Schwartz's departure from the business in 2008, NASN was available in nearly 20 million households in over 65 countries in Europe and the Middle East.

Wendy Bernfeld

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

Appendix B. Financial Forecasts

Income Statement															
in C$, millions except per-share items	Mar 17	Jun 17E	Sep 17E	Dec 17E	2017E	Mar 18E	Jun 18E	Sep 18E	Dec 18E	2018E	Mar 19E	Jun 19E	Sep 19E	Dec 19E	2019E
Linear Channel	*$0.19*	*$0.19*	*$0.20*	*$0.20*	$0.78	*$0.30*	*$0.30*	*$0.35*	*$0.45*	$1.40	*$0.50*	*$0.50*	*$0.50*	*$0.50*	$2.00
Programming	*$0.15*	*$0.15*	$0.75	$0.75	$1.80	$1.00	$1.25	$1.00	$1.25	$4.50	$1.50	$1.50	$1.50	$1.50	$6.00
Channel Management	*$0.71*	*$0.80*	$1.50	$1.50	$4.51	$1.20	$1.70	$2.45	$2.70	$8.05	$3.45	$3.80	$4.05	$4.30	$15.60
Influencer Marketing	*$0.04*	*$0.04*	$0.15	$0.15	$0.38	$0.35	$0.35	$0.35	$0.35	$1.40	$0.35	$0.35	$0.35	$0.35	$1.40
Total Revenue	**$1.09**	**$1.18**	**$2.60**	**$2.60**	**$7.47**	**$2.85**	**$3.60**	**$4.15**	**$4.75**	**$15.35**	**$5.80**	**$6.15**	**$6.40**	**$6.65**	**$25.00**
YoY%						162%	205%	60%	83%	106%	104%	71%	54%	40%	63%
Content & Production Costs															
Channel delivery	$0.26	$0.30	$0.40	$0.40	$1.36	$0.40	$0.40	$0.40	$0.40	$1.60	$0.70	$0.70	$0.60	$0.60	$2.60
Production expense	$0.45	$0.60	$0.70	$0.60	$2.35	$0.60	$0.60	$0.60	$0.60	$2.40	$0.95	$0.95	$0.95	$0.90	$3.75
Total Cost of Sales	**$0.71**	**$0.90**	**$1.10**	**$1.00**	**$3.71**	**$1.00**	**$1.00**	**$1.00**	**$1.00**	**$4.00**	**$1.65**	**$1.65**	**$1.55**	**$1.50**	**$6.35**
Gross Margin	$0.38	$0.28	$1.50	$1.60	$3.76	$1.85	$2.60	$3.15	$3.75	$11.35	$4.15	$4.50	$4.85	$5.15	$18.65
Gross Margin %	35%	24%	58%	62%	50%	65%	72%	76%	79%	74%	72%	73%	76%	77%	75%
Selling, general & admin															
Sales & Marketing	$0.59	$0.70	$0.90	$0.90	$3.09	$0.80	$0.80	$0.80	$0.80	$3.20	$1.20	$1.20	$1.20	$1.20	$4.80
Salaries and benefits	$0.27	$0.30	$0.50	$0.50	$1.57	$0.40	$0.40	$0.40	$0.40	$1.60	$0.80	$0.80	$0.80	$0.80	$3.20
Legal and consulting	$0.22	$0.22	$0.22	$0.22	$0.90	$0.22	$0.22	$0.22	$0.22	$0.90	$0.25	$0.25	$0.25	$0.25	$1.00
G&A	$0.20	$0.25	$0.25	$0.25	$0.95	$0.20	$0.20	$0.20	$0.20	$0.80	$0.40	$0.40	$0.40	$0.40	$1.60
Total SG&A	**$1.29**	**$1.47**	**$1.87**	**$1.87**	**$6.51**	**$1.62**	**$1.62**	**$1.62**	**$1.62**	**$6.49**	**$2.65**	**$2.65**	**$2.65**	**$2.65**	**$10.60**
Adjusted EBITDA	**-$0.91**	**-$1.20**	**-$0.37**	**-$0.27**	**-$2.75**	**$0.23**	**$0.98**	**$1.53**	**$2.13**	**$4.86**	**$1.50**	**$1.85**	**$2.20**	**$2.50**	**$8.05**
Adjusted EBITDA %						8.1%	27.1%	36.8%	44.8%	31.6%	25.9%	30.1%	34.4%	37.6%	32.2%
Foreign Exchange loss (gain)	(0.02)	-	-	-	(0.02)	-	-	-	-	-	-	-	-	-	-
Depreciation	$0.004	$0.004	$0.004	$0.004	$0.015	$0.004	$0.004	$0.004	$0.004	$0.015	$0.004	$0.004	$0.004	$0.004	$0.015
Interest expenses (income)	-$0.09	$0.00	$0.00	$0.00	-$0.09	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Net Income (loss)	-$0.80	-$1.20	-$0.38	-$0.28	-$2.66	$0.23	$0.97	$1.52	$2.12	$4.84	$1.50	$1.85	$2.20	$2.50	$8.03
Shares outstanding (MM)	65.94	65.94	65.94	78.44	78.44	78.44	78.44	78.44	78.44	78.44	78.44	78.44	78.44	78.44	78.44
Basic EPS	-$0.01	-$0.02	-$0.01	$0.00	-$0.04	$0.00	$0.01	$0.02	$0.03	$0.06	$0.02	$0.02	$0.03	$0.03	$0.10

Statement of Changes															
in C$, millions except per-share items	**Mar 17**	**Jun 17E**	**Sep 17E**	**Dec 17E**	**2017E**	**Mar 18E**	**Jun 18E**	**Sep 18E**	**Dec 18E**	**2018E**	**Mar 19E**	**Jun 19E**	**Sep 19E**	**Dec 19E**	**2019E**
OPERATING ACTIVITIES															
Net loss	-$2.44	-$1.20	-$0.38	-$0.28	-$4.29	$0.23	$0.97	$1.52	$2.12	$4.84	$1.50	$1.85	$2.20	$2.50	$8.03
Non-cash adjustments															
Foreign exchange loss (gain)															
Depreciation	$0.004	$0.004	$0.004	$0.004	$0.015	$0.004	$0.004	$0.004	$0.004	$0.015	$0.004	$0.004	$0.004	$0.004	$0.015
Working capital changes															
Account payables and accruals	$0.75	($0.22)	$0.00	$0.25	$0.77	$0.40	($0.26)	$0.26	($0.26)	$0.14	$1.44	($0.43)	$0.36	($0.45)	$0.92
Accounts receivable	($0.52)	($0.07)	($1.05)	$0.00	($1.64)	($0.07)	($0.53)	($0.39)	($0.42)	($1.40)	($0.45)	($0.23)	($0.16)	($0.16)	($1.00)
Prepaid expenses	($0.28)	-	-	-	($0.28)	-	-	-	-	-	-	-	-	-	-
Cash Used in Operating Activities	($2.48)	($1.49)	($1.42)	($0.03)	($5.42)	$0.56	$0.19	$1.40	$1.44	$3.59	$2.49	$1.19	$2.40	$1.89	$7.97
INVESTING ACTIVITIES															
Purchase of equipment	$0.00	($0.05)	($0.05)	($0.05)	($0.15)	($0.10)	($0.10)	($0.10)	($0.10)	($0.40)	($0.20)	($0.20)	($0.20)	($0.20)	($0.80)
Application production costs	($0.03)	($0.03)	($0.05)	($0.05)	($0.16)	($0.10)	($0.10)	($0.10)	($0.10)	($0.40)	($0.10)	($0.10)	($0.10)	($0.10)	($0.40)
Cash Used in Investing Activities	($0.03)	($0.08)	($0.10)	($0.10)	($0.31)	($0.20)	($0.20)	($0.20)	($0.20)	($0.80)	($0.30)	($0.30)	($0.30)	($0.30)	($1.20)
FINANCING ACTIVITIES															
Share issuance, net of costs	$7.75	-	$4.70	-	$12.45	-	-	-	-	-	-	-	-	-	-
Cash From Financing Activities	$7.75	-	$4.70	-	$12.45	-	-	-	-	-	-	-	-	-	-
Translation effect on cash	$0.02	-	-	-	$0.02	-	-	-	-	-	-	-	-	-	-
Net Change in Cash	$5.27	-$1.57	$3.18	-$0.13	$6.75	$0.36	-$0.01	$1.20	$1.24	$2.79	$2.19	$0.89	$2.10	$1.59	$6.77
Cash, beginning of period	$0.26	$5.52	$3.95	$7.13	$0.26	$7.00	$7.36	$7.35	$8.55	$7.00	$9.80	$11.99	$12.88	$14.98	$9.80
Cash, End of Period	**$5.52**	**$3.95**	**$7.13**	**$7.00**	**$7.00**	**$7.36**	**$7.35**	**$8.55**	**$9.80**	**$9.80**	**$11.99**	**$12.88**	**$14.98**	**$16.56**	**$16.56**

Source: QYOU Media, Clarus Securities

Balance Sheet ***in C$, millions except per-share items***	**Mar 17**	**Jun 17E**	**Sep 17E**	**Dec 17E**	**2017E**	**Mar 18E**	**Jun 18E**	**Sep 18E**	**Dec 18E**	**2018E**	**Mar 19E**	**Jun 19E**	**Sep 19E**	**Dec 19E**	**2019E**
Current Assets															
Cash	5.5	4.0	7.1	7.0	7.0	7.4	7.3	8.6	9.8	9.8	12.0	12.9	15.0	16.6	16.6
Accounts receivable	0.8	0.9	1.9	1.9	1.9	2.0	2.5	2.9	3.3	3.3	3.8	4.0	4.2	4.3	4.3
Other receivable	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Prepaid expenses	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total current assets	**6.8**	**5.3**	**9.6**	**9.4**	**9.4**	**9.9**	**10.4**	**12.0**	**13.6**	**13.6**	**16.3**	**17.4**	**19.6**	**21.4**	**21.4**
Property & Equipment	0.0	0.1	0.1	0.2	0.2	0.3	0.4	0.5	0.6	0.6	0.7	0.9	1.1	1.3	1.3
Application development costs	0.6	0.6	0.7	0.7	0.7	0.8	0.9	1.0	1.1	1.1	1.2	1.3	1.4	1.5	1.5
Intangible assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Assets	**7.5**	**6.1**	**10.4**	**10.4**	**10.4**	**11.0**	**11.7**	**13.5**	**15.4**	**15.4**	**18.3**	**19.7**	**22.3**	**24.3**	**24.3**
LIABILITIES AND SHAREHOLDERS' EQUITY															
Current Assets															
Accounts payable	1.4	1.2	1.2	1.4	1.4	1.8	1.6	1.8	1.6	1.6	3.0	2.6	2.9	2.5	2.5
Accrued expenses	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total current liabilities	**2.0**	**1.8**	**1.8**	**2.0**	**2.0**	**2.4**	**2.2**	**2.4**	**2.2**	**2.2**	**3.6**	**3.2**	**3.5**	**3.1**	**3.1**
SHAREHOLDERS' EQUITY															
Share Capital	11.9	11.9	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6
Warrants	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Contributed surplus	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Foreign currency translation	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Accumulated deficit	(12.2)	(13.4)	(13.8)	(14.1)	(14.1)	(13.9)	(12.9)	(11.4)	(9.2)	(9.2)	(7.8)	(5.9)	(3.7)	(1.2)	(1.2)
Total Shareholders Equity	**5.5**	**4.3**	**8.6**	**8.3**	**8.3**	**8.6**	**9.5**	**11.1**	**13.2**	**13.2**	**14.7**	**16.5**	**18.7**	**21.2**	**21.2**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**7.5**	**6.1**	**10.4**	**10.4**	**10.4**	**11.0**	**11.7**	**13.5**	**15.4**	**15.4**	**18.3**	**19.7**	**22.3**	**24.3**	**24.3**

Source: QYOU Media, Clarus Securities

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